UK Stewardship Code Report 2022

DWS Investments UK Limited

DWS | Investors for a new now

Important information

The information in this document has been produced by DWS Investments UK Limited (DWS UK) to demonstrate its adherence to the Principles under the UK Stewardship Code 2020 and covers the reporting period 1 January 2022 to 31 December 2022. DWS UK is authorised and regulated by the Financial Conduct Authority (FCA reference number: 429806).

DWS UK is a subsidiary of DWS Group GmbH & Co. KGaA and DWS is the brand name under which DWS Group GmbH & Co. KGaA and its subsidiaries operate their business activities. Many if not all of the activities described in this document are conducted by affiliates of DWS UK within the DWS group. Information is correct, to the best of our knowledge, as at the date of publication. DWS specifically disclaims all liability for any direct, indirect, consequential, or other losses or damages including loss of profits incurred by any third party that may arise from any reliance on this document or for the reliability, accuracy, completeness, or timeliness thereof.

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Dear Reader,

It is with great pleasure that we are presenting to you our 2022 UK Stewardship Code report. We hope that you will find the information provided herein helpful in understanding DWS's approach to stewardship and how it guides us in ensuring that our fiduciary responsibility has a solid foundation for the responsible management of our client's capital, while creating long-term value for them and their beneficiaries.

2022 was a year of unprecedented volatility, both economically and politically. As we came out of the worst of the COVID-19 pandemic, the global economy was thrust into a whole new crisis in February on the back of the Russian invasion of Ukraine. As this rocked international trade, inflation reached double-digits, which precipitated a European energy crisis. Despite the deep uncertainty that this has brought, we are hopeful that the challenges around energy security are causing an acceleration in renewable energy production and availability. During these times of multiple crises, trust and responsible relationship management between clients, investors and investee companies becomes an even more important priority.

However, 2022 demonstrated that the fight against climate change continues to be a global issue. While COP27 resulted in some progress with respect to climate change adaptation and funding for loss and damages, it fell short on taking action on climate change mitigation and led to increasing doubts over whether the 1.5°C goal can be reached globally. Climate action is an important topic not only for proxy voting but also in our engagement activities. In 2022, our three largest management companies in EMEA, namely DWS Investment GmbH, DWS International GmbH and DWS Investment S.A prioritised climate-related issues in their engagements with investee companies. This led to accelerated constructive dialogue with board members and other representatives of investee companies also via direct participation in more than 64 virtual shareholder meetings and engaged also on policy level to advocate for the protection of shareholder rights.

Looking back on the first half of 2023 and beyond, the sustainable world we aim for can only manifest in the long-term if we endeavour to create a "new normal" that respects both people and planet. At DWS, we remain committed to using our influence as a fiduciary investor and as a corporate citizen to strive for positive change and support our stakeholders, with our stewardship activities playing an increasingly important role in our efforts.

Sincerely,

Dr Stefan Hoops

Sam Manchanda

Our senior investments team

Dr. Stefan Hoops

CEO and Head of Investment Division: Frankfurt

Stefan first joined Deutsche Bank Group in Fixed Income Sales in 2003. Between 2006 and 2007 he worked for Lehman Brothers in Germany. In 2008, he moved to Deutsche Bank's Credit Trading in New York, and took on various leadership roles within Global Markets in the United States and Germany in the following years, including Global Head of Institutional Sales. In October 2018 he was named Head of Global Transaction Banking. From 2019 he headed Deutsche Bank's Corporate Bank, which encompasses all of Deutsche Bank' corporate and commercial client activities. Stefan was appointed CEO of DWS Group (the "Company") in 2022 and officially took on the responsibility as Head of Investment Division on 1 January 2023. He has a Master's degree in Business Administration and PhD in Economics from the University of Bayreuth.

Vincenzo Vedda

Head of Portfolio Management – Public Markets: Frankfurt

Joined the Company in 2013 with 9 years of industry experience. Prior to his current role, Vincenzo was Head of Client Coverage EMEA ex Germany and Global Head of Wholesale and Digital Coverage and before the Global Head of Trading, where he was responsible for a team of 60 traders in Hong Kong, New York, Boston and Frankfurt and the execution of trades of a volume of USD 830bn globally. He joined the Global Leadership Team (GLT) in June 2020 and is member of the board of DWS Investment GmbH since beginning of 2023. Before joining DWS, he held a number of positions within the equity division at Morgan Stanley in London and Frankfurt, most recently in covering key institutions for a broad range of sales trading ser-vices. Prior to this, he worked in sales for UK clients within the fixed income division at DZ Bank in Frankfurt. Vincenzo began his career in internal audit at Morgan Stanley in London.

Bjoern Jesch

Global Chief Investment Officer; Chief Executive Officer – DWS CH AG: Zurich

Rejoined the Company in 2020 and has 30 years of industry experience. Prior to rejoining, Bjoern worked as Global Head of Investment Management at Credit Suisse. Before that, he was a CIO & Head of Portfolio Management at Union Investment. Previously, he held several roles such as Head of Global Investment Solutions Germany, CIO Head of Portfolio Management Germany, Head of Portfolio Solutions & Head of Investment Office at Private Wealth Management division of Deutsche Bank. Before that, Bjoern served as Head of Investment Centre at Citibank Privatkunden AG.

Bank Training Program ("Bankkaufmann");General Manager Degree from Harvard Business School; Certified FX Trader.

Petra Pflaum

Chief Investment Officer – Responsible Investments: Frankfurt

Joined in 1999. Prior to her current role, Petra served as EMEA Head of Equities and, before that, as Co-Head of Global Research and Global Head of Small & Mid Cap Equities. Earlier, she worked as a senior equity portfolio manager and as a member of the equity investment management team focusing on institutional clients. Before DWS, Petra was a research analyst at BHF-BANK.

Educational background: Bank Training Program ("Bankkauffrau") at BHF-BANK; Master's Degree in Business Administration ("Diplom-Betriebswirtin (FH)") from University of Trier; Studies at University of St. Thomas; CEFA - Certified European Financial Analyst.

Nicolas Huber

Head of Corporate Governance: Frankfurt

Joined in 1999. Prior to his current role, Nicolas served as Head of ESG Initiatives and worked in the ESG Head Office. Previously, he was Head of Green Investments. Before joining, he held several senior portfolio management and research roles at Zurich Invest, Nordinvest and at CRM Capital Research and Management.

Educational background: Bank Training program ("Bankkaufmann") at Berliner Bank; Investment Analysis Program at DVFA; Business and Environment Programme for Sustainability Leadership at University of Cambridge; Certified Sustainability Investment Manager (Euroforum).

DWS UK board employee director

Sam Manchanda

Director on DWS Investments UK Limited Management Board, Head of UK & Head of Xtrackers, North EMEA – Client Coverage Division

Sam is responsible for the DWS client coverage teams in the UK, across all channels, for all products and also for our Xtrackers specialists in the North EMEA region. Prior to this role, Sam held a variety of client coverage and specialist sales roles in Asia. Over this period Sam held roles comprising Head of Insurance APAC, Head of South East Asia and Head of Xtrackers, South Asia. Before moving to Asia, Sam was part of the Deutsche Bank Global Markets division, covering fixed income and fund sales. Sam began his career at Lehman Brothers and holds a BSc in Chemistry from the University of Bristol and an MSc in International Management from the University of Exeter.

1 Purpose and Governance: Purpose, Strategy and Culture

Context

Signatories should explain:
– the purpose of the organisation and an outline of its culture, values, business model and strategy; and
– their investment beliefs, i.e., what factors they consider important for desired investment outcomes and why.

DWS as an organization

DWS Group (DWS) is one of Europe's leading asset managers with EUR 821 bn of assets under management ("AuM") as of 31 December 2022[1]. Building on more than 60 years of experience, it has a reputation for investment excellence in Germany, Europe, the Americas, and Asia. DWS is recognised by clients globally as a trusted source for integrated investment solutions, stability, and innovation across a full spectrum of investment disciplines.

We offer individuals and institutions access to our strong investment capabilities across all major asset classes and solutions aligned to growth trends. Our diverse expertise in Active, Passive and Alternatives asset management – as well as our deep environmental, social and governance focus – complement each other when creating targeted solutions for our clients. Our expertise and on-the-ground-knowledge of our economists, research analysts and investment professionals are brought together in one consistent global CIO View, which guides our investment approach strategically.

DWS wants to innovate and shape the future of investing: with 3,657 full-time-equivalent employees as of 31 December 2022 in offices all over the world, we are local while being one global team. We are investors – entrusted to build the best foundation for our clients' future.

DWS consists of 75 consolidated entities, comprising of 49 subsidiaries and 26 consolidated structured entities (as of 31 December 2022)[2]. Within DWS, three UK investment entities are wholly owned by DWS Group GmbH & Co. KGaA. Specifically, DWS Investments UK Limited, Deutsche Alternatives Asset Management (UK) Limited and DWS Alternatives Global Limited are the entities within scope of the Financial Reporting Council (FRC), of which only DWS Investments UK Limited provides services relevant within the scope of the UK Stewardship Code. Similar to other asset managers, investment stewardship activities are performed by other entities within the group, based on our established global centres of excellence model. DWS Investments UK Limited ("DWS UK") retains overall responsibility for services provided to its client base, including monitoring and oversight of all delegated activities.

Specifically, many of the stewardship activities described and referred to in this report are conducted by other entities in the DWS Group and not directly by DWS UK. Agreements in place with DWS UK's direct investment clients cover these services to the extent applicable. In particular, this may include governance, proxy voting activities as well as engagement with issuers. The descriptions in this report of such activities are examples of the relevant processes and operational set-up related to specific products and regions of other DWS entities. Due to differing local regulations and industry practices, some of the processes outlined throughout this report may be handled differently and independently by the local entities or their respective representatives. Accordingly, some references are of an exemplary nature.

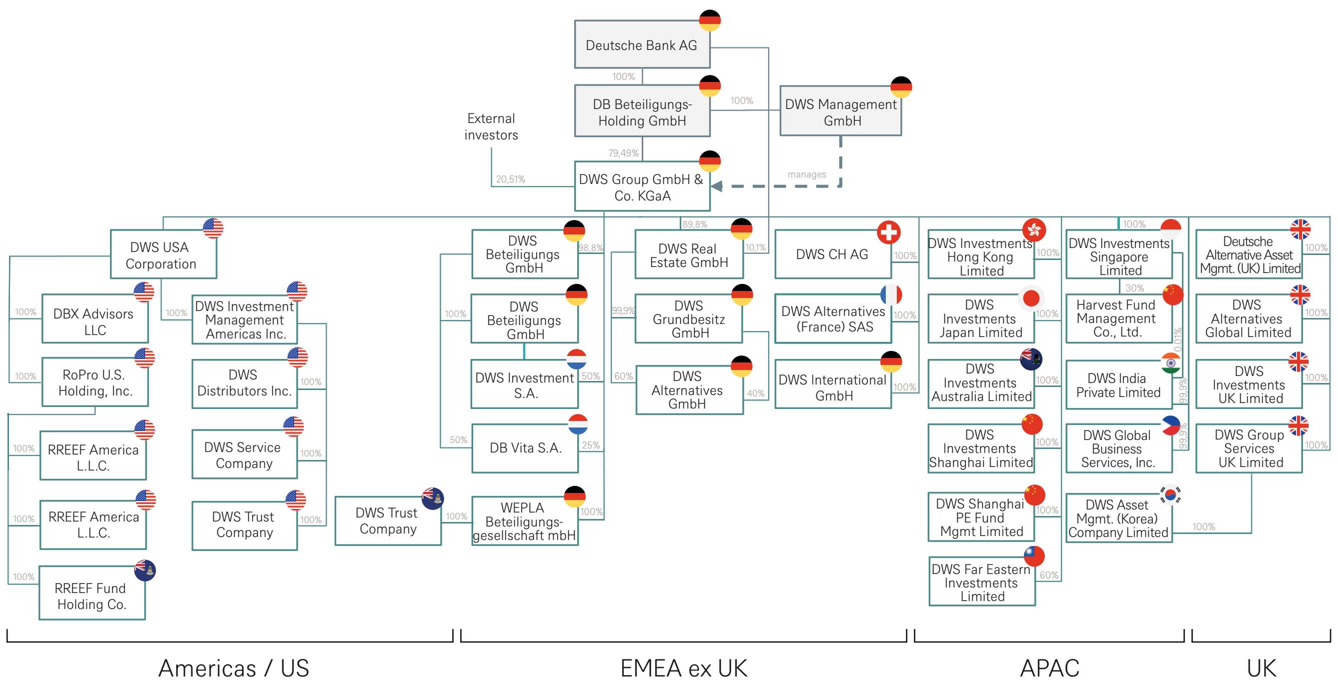
In light of the above, DWS provides this report on behalf of DWS UK, an entity which is an integral part of the DWS Group.

Since March 23rd, 2018, DWS Group GmbH & Co. KGaA has been listed on the Frankfurt Stock Exchange. Although Deutsche Bank Group listed a minority investment[3], keeping the majority of the shares, this was an important step towards establishing DWS's identity as a standalone publicly listed asset manager operating in a fiduciary capacity for its clients worldwide.

Please find below a group organisational chart.

[1] All information in this report is as of 31 December 2022 and refers to activities in calendar year 2022 unless stated otherwise in the text.
[2] For a listing of DWS's subsidiaries and consolidated structured entities, please refer to DWS Annual Report for the reporting year 2022.
[3] DWS Group GmbH & Co. KGaA is held 79.49% by Deutsche Bank Group and 20.51% by external investors (as of 31 December 2022).

Chart 1.1 Corporate structure – DWS Group (Major Operating Legal Entities)



DWS Group perimeter legal entities

Legal entities outside DWS Group perimeter

As of December 31, 2022. Source: DWS

Our Purpose

At DWS, our fiduciary responsibility is to safeguard and enhance the investments of our clients – as an asset manager, we are entrusted to build the best foundation for our clients' investments. At the same time, we believe we have an important role to play in enabling economic growth and societal progress by contributing to a sustainable future through our investment and stewardship activities.

DWS strives to establish, maintain, and develop genuine partnerships, not only with its clients but with the wider communities and societies in which we live and work. We see it as part of our duty as an investment manager, to publicly disclose relevant policies related to our investment stewardship responsibilities; these include our Conflicts of Interest Policy, DWS Real Estate ESG Framework, Policy on Controversial Conventional Weapons, Engagement Policy, ESG Integration Policies, as well as our Corporate Governance & Proxy Voting Policy. We also believe that active investment stewardship, exercised via constructive dialogue and engagement with portfolio companies, combined with the appropriate exercise of voting rights, plays an important role in fulfilling our fiduciary responsibilities to clients. We publish our voting and engagement results in our annual Active Ownership: Engagement and Proxy Voting Report[4] ("Active Ownership Report"). Effective oversight is a key component of our investment stewardship responsibilities. An example of this is our goal to ensure that monitoring and disclosure of transactions and our voting activities are performed in line with local jurisdictional requirements.

Our responsibility

As a fiduciary asset manager, we seek to consider material risks and opportunities that may impact our clients' investments and aim to make our clients aware of these, enabling them to make informed sustainable and responsible investment decisions.

We understand that sustainability factors can materialise and impact all three of the risk areas relevant for DWS - non-financial risks (operational and reputational risks), financial risks and investment risks. In addition, we also observe the increased focus on assessing and monitoring the adverse impact of our corporate and investment activity on the environment and society.

We regard stewardship as being the responsible allocation, management, and oversight of investment capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

[4] This report exclusively describes the activities of DWS Investment GmbH, DWS International GmbH and DWS Investment S.A.

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Our culture

DWS is a leading European asset manager with global reach. We value teamwork, partnership, and inclusion, with the goal of delivering the high standards expected of us by our clients, shareholders, partners, employees, and local communities. Responsible investing is a key part of our heritage – stretching back over 25 years – because we firmly believe it is in the best interests of our clients. We believe that incorporating environmental, social and governance (ESG) analysis into the investment process assists research analysts and portfolio managers in identifying companies that are leaders in their industries; companies that are better managed, more forward-thinking, and better placed to anticipate opportunities and mitigate risk related to ESG factors.

Our values

Client commitment: The trust of our clients will always be one of our greatest assets. As investors, we are committed to acting on behalf of our clients and investing with their best interests at heart so that they can reach their financial goals, no matter what the future holds. We work every day to deliver outstanding investment results, in both good and challenging times. This is what defines us.

Entrepreneurial spirit: We continuously invest in our diverse mix of people, empowering them to make change and fostering their creativity, courage and long-term thinking. Our entrepreneurial and collaborative spirit empowers them to share their perspective and have their voice heard. We always question the status quo, make swift – yet considered – decisions, and strive to simplify and perfect how we do things – all for our common goal of serving our clients.

Sustainable action: ESG themes are rapidly transforming businesses, society, and our planet. While there are risks associated with any change, there are new opportunities for investments, too. We understand that, both as a corporate as well as a trusted advisor to our clients, we have a crucial role in helping navigate the transition to a more sustainable future.

Please view our website here: https://www.dws.com/en-gb/Our-Profile/who-we-are/ for more details.

Our strategy

We are always looking to further refine our approach regarding sustainability to better meet the evolving needs of our stakeholders - most importantly our clients. In this context, we remain committed to sustainability with a focus on climate and stakeholder engagement.

To mitigate climate change, transformational change is required across all parts of the real economy. Reflecting on our responsibilities as an asset manager, we are committed to supporting our clients in navigating this transformation by providing our expertise and bespoke investment solutions. As a founding signatory to the Net Zero Asset Managers initiative (NZAM), we have established a net zero framework with science-based interim targets for 2030. In navigating the path to net zero, we intend to focus on systematic engagement with key stakeholders along the entire investment value-chain.

Our sustainability strategy is anchored around four strategic priorities:

- Corporate transformation: We continue seeking to increase the level of sustainability associated with our activities throughout our organisation.
- ESG in the investment process: While having already built-up strong capabilities, we seek to further embed ESG considerations into our investment process, that are designed to improve the assessment of the future expected risk and return of a security.
- Innovative and sustainable investment solutions: We seek to launch new and innovative ESG products and solutions across asset classes to meet the requirements of our clients. At the same time, we acknowledge differentiated client demand as well as regulatory expectations and therefore target distinct ESG and non-ESG offerings for new product launches.
- Stakeholder engagement: We seek to take a holistic and systematic approach to engagement as we consider engagement with key stakeholders across the entire investment value-chain as the key driver for achieving our sustainability ambitions.

Further information on DWS's sustainability and climate strategies can be found in our first integrated Annual Report and Climate Report here: https://group.dws.com/ir/reports-and-events/annual-report/

Our investment beliefs

In our Responsible Investment Framework[5], we outline our approach to responsible investing and the principles that guide us.

DWS believes that the shift to a net-zero society will lead to an economic transformation. We consider our role is to support and enable participants in this transformation on which we can exert influence: namely on investees, regulators, other market participants and our clients.

This view guides our investment policies and beliefs, our approach to ESG integration, ESG governance at DWS, active ownership / investment stewardship principles and our collaborations with clients to facilitate responsible investing. We aim to share our global investment expertise and engagement strategy with our investees, other capital markets institutions

[5] See https://www.dws.com/en-gb/solutions/esg/ri-statement/.

(such as index providers or stock exchanges), and ESG initiatives with the goal of delivering responsible investment solutions tailored to individual client's needs. This is underpinned by ESG thematic research from our DWS Research Institute.

In addition to ESG integration approaches across the platform, DWS manages investments across a wide range of sustainable strategies covering the entire ESG spectrum from ESG screening strategies to sustainable investment funds, real estate strategies promoting environmental and social characteristics, and infrastructure assets focusing on, for example, energy efficiency in supply chains. DWS has long recognised the importance of ESG factors in investing and was among the early signatories of the United Nations-backed Principles for Responsible Investment (PRI) in 2008.

Our ESG Investment process is guided by the six Principles for Responsible Investment[6].

DWS's investment approach specifically incorporates:
Standards: Our investment approach is based on ESG data. We also aim to incorporate best practices for our investment professionals on how to undertake a comprehensive assessment of investment risks and opportunities by enabling them (and in certain cases requiring them) to incorporate ESG factors into the investment process, the analysis, and final decisions. ESG integrated fundamental analysis entails identifying the important global sustainability trends and the ESG factors that may result in actual or potentially negative effects on the financial position, results of operations and the reputation of a company. The result of the analysis should be fed into the financial model (e.g. via cash-flows or discount rates) and the investment recommendation, where applicable.

Engagement: We encourage good governance and sustainable corporate practices at our portfolio companies with the goal of increasing the value of equity and fixed income investments over the long-term. In addition, we plan to increasingly focus on engagement with additional parties, such as index providers and/or stock exchanges. Our responsible investment approach continues to be influenced by, for example, the EU's (non-binding) guidelines on reporting information, recommending an "outside in" and an "inside out" perspective. In order to account for the required 'double materiality' principle, DWS assesses the business relevance of each global topic for us as well as the potential impact we could have on the topic. Both our investment approach and engagement activities seek to embed both perspectives of materiality. The Investment Division is subject to several policies, statements, and commitments. Some of these apply globally, some in the relevant region and some are national in scope or applicable to certain product teams, depending on the nature of the matter concerned and applicable regulation.

Activity

Signatories should explain what actions they have taken to ensure their investment beliefs, strategy and culture enable effective stewardship.

Reflecting our beliefs in the investment process

We have an asset class approach with regard to ESG Integration, differentiating between Active, Passive and Alternative Investments. Our ambition is to apply a high standard of due diligence in reviewing potential sustainability risks in the selection and monitoring of our investments.

DWS works across all asset classes to advance ESG integration in line with client interests and business-specific goals. We are regularly re-evaluating and expanding the use of ESG standards and Key Performance Indicators (KPIs) in our investment management process. Data from our proprietary ESG data solution for liquid assets, the ESG Engine, is available to analysts and portfolio managers via our front office system. The ESG Engine derives key ESG grades and assessment for liquid assets, which form the basis for ESG integration and ESG investment strategies in all regions.

We incorporate ESG information in the Active investment process with the aim of improving the assessment of the future expected risk / return of a security and the sustainability outcomes of our portfolio companies. For example, this may include the impact of several ESG issues at the sector level or the analysis of potential impacts of ESG risks and opportunities on an issuer's business model, competitive position, and valuation. This is governed by the internal ESG Integration Policy for Active Investment Management which is reviewed on a regular basis.

DWS's Passive investments maintains an ESG Integration Policy which sets out minimum standards for index inclusion. It also defines the consideration of ESG factors and Sustainability Risks into the Passive investment process and is applicable for all European passively managed portfolios across all asset classes.

Within Alternatives, the incorporation of ESG into the investment process takes place during investment due diligence and active portfolio management. The inherent differences between the liquid and illiquid asset classes require that the approach to incorporating ESG for Alternatives be tailored specifically to the relevant Alternative asset classes. The scope of illiquid investments comprises direct investments into unlisted real estate, infrastructure (both via debt or equity) and private equity. Our Global Real Estate ESG and Sustainability Framework is an operational-focused roadmap that relates to ESG implications associated with the full range of real estate investment activities. Single products within our Sustainable Investment fund range maintain public disclosures regarding their environmental & social framework.

Continuous improvement in our engagement activities

We continue to intensify our focus on engagement and stewardship activities (see Principle 9). Portfolio companies with critical issues (e.g., strategy, financial and non-financial performance, risk, capital structure, as well as ESG issues) that may result in actual or potential negative effects on the company and its financials, reputation or on society and the environment are reviewed and those issues may trigger an engagement activity. These engagement activities may cover a range of topics spanning poor financial or non-financial performance, lack of or limited ESG disclosures and strategy, weak risk management, high climate transition risk, human rights related risks and other serious violations of international norms. DWS launched an enhanced engagement framework in 2021 for its three largest management companies in EMEA, namely DWS Investment GmbH, DWS International GmbH and DWS Investment S.A., incorporating a more comprehensive screening criteria process (see Principle 5). Our engagement activities are recorded in our Engagement Database, which has enhanced tracking and accountability of our engagement activities.

This database empowers our investment professionals and reporting teams with a centralised repository for engagement activities, status, areas of concern and the latest engagement updates.

Learning from external perspectives

Our ESG integration activities are regularly assessed by the United Nations (UN)-backed Principles for Responsible Investment (PRI). The PRI[7] reviews and measures our progress in implementing responsible investment practices – and also indicate areas where improvements could be made. For more details, please refer to Principle 5.

Outcome

Signatories should disclose:
- **how their purpose and investment beliefs have guided their stewardship, investment strategy and decision-making; and**
- **an assessment of how effective they have been in serving the best interests of clients and beneficiaries.**

ESG integration in our investment strategy and decision-making

Our approach to integrating ESG into the investment process for relevant asset classes under DWS management is guided by regulatory requirements, client requests, the Principles for Responsible Investment, and/or dialogue with other relevant stakeholders.

Accordingly, pursuant to the ESG Integration Policy for Active Investment Management and relevant procedures, we aim to expand our investment opportunities and reduce investment risks across DWS Active.

The ESG Integration Team for Active helps ensure that DWS Active investment professionals are able to perform the roles and responsibilities relevant to our approach to ESG Integration for DWS Active through the delivery of specialized trainings to them and other relevant staff. For 2022, these trainings covered updates to the DWS ESG grades and assessment methodologies, the newly implemented enhanced engagement framework for DWS Investment GmbH, DWS International GmbH, DWS Investment S.A, and the integration of ESG signals into company- and sector-level fundamental research.

Our approach to ESG integration for DWS Active includes the operations of our enhanced engagement framework, which is designed to define and track sustainability outcomes for our investees[8]. During 2022, 532 engagements were conducted. More details on our 2022 engagement activities can be found in our response to Principle 2, 4, and 7. Our enhanced engagement process is partially driven by our proprietary ESG tool, the DWS ESG Engine. The ESG Engine incorporates data from five external commercial ESG data providers and is central to our ESG Integration process across Active portfolios and is also used for portfolio analysis, reporting, risk management etc. DWS is continuously working to expand the scope of application of the ESG Engine as well as enhance our data and methodologies. to ensure that our purpose and investment beliefs related to ESG topics are reflected in our investment process.

[6] See https://www.unpri.org/about-us/about-the-pri.

[7] https://www.unpri.org/about-us/about-the-pri
[8] On behalf of our pooled legal entities, as executed by DWS Investment GmbH.

Serving the best interests of clients and beneficiaries

External Assessments

We scored above the median, amongst all signatories, across the 15 modules assessed by the UN-backed PRI annual assessment for the calendar year 2020, which was published in 2022. We, specifically, achieved five out of five stars in eight modules and four stars out of five stars in seven modules. For more details, please refer to Principle 5.

Considering the increasing attention from stakeholders on ESG ratings, DWS regularly pursues ESG ratings deemed as strategically important. In 2022, amongst others, we were rated by CDP (result 'A-: Management Level') and by Morningstar (result 'ESG Commitment Level: Basic').

Based on an above sub-sector average rating, we were again included in the FTSE4Good index in 2022.

In addition, we have received awards[9] and been acknowledged in industry surveys for the progress we are making in terms of ESG investment and investment stewardship.

Below are examples of how DWS has been assessed externally for its effectiveness in serving the best interests of its clients:

External publication – proxy voting – a ranking of the 68 world's largest asset managers' approaches to responsible investment. Please find the 2022 report here: https://shareaction.org/reports/voting-matters-2022#contents

External publication – proxy voting – Majority Action. Fulfilling the Promise – How Climate Action 100+ Investor-Signatories Can Mitigate Systemic Climate Risk. Please find the 2022 report (also citing DWS) here: https://static1.squarespace.com/static/5d4df99c531b6d0001b48264/t/61f9dd286de416510cf30326/1643765035439/MajorityAction_CA100_Report2022.pdf

Further details, including how we use research and client feedback to improve our investment decisions and stewardship activities can be found in Principle 6.

In addition, we consider the development of our net flows, overall and ESG-product specific, as an important indication to evaluate whether we have been effective in serving the best interests of our clients.

Further details, including details on our net flows, overall and ESG-product specific, can be found in Principle 2.

[9] See for example: https://www.dws.de/das-unternehmen/auszeichnungen/

2 Purpose and Governance: Governance, Resources, and Incentives

Activity

Signatories should explain how:
organisation and the rationale for their chosen approach;
– they have appropriately resourced stewardship activities, including:
– their chosen organisational and workforce structures;
– their seniority, experience, qualifications, training, and diversity;
– their investment in systems, processes, research, and analysis;
– the extent to which service providers were used and the services they provided; and
– performance management or reward programmes have incentivised the workforce to integrate stewardship and investment decision making.

DWS sustainability governance structure

Introduction

Sustainability governance at DWS starts with the Executive Board (the "Board"), which has the overall responsibility for managing sustainability-related risks and opportunities throughout our activities.

During 2022, we adapted our sustainability governance and created a Sustainability Strategy Team to support the CEO in the development of our sustainability strategy and to ensure that it is embedded within our corporate strategy. Effective January 2023, the Executive Board is supported by a new sub-committee, the Group Sustainability Committee, which is empowered to take decisions on the implementation of our sustainability strategy. Additionally, we have set up a Sustainability Oversight Office which aims to ensure effective sustainability governance throughout the organisation and to support the Group Sustainability Committee.

The external ESG Advisory Board continues to advise the Board on sustainability issues and opportunities.

Group Sustainability Committee (GSC)

In January 2023, we transformed the Group Sustainability Council into a Committee of the Board. In 2022 the Group Sustainability Council supported the Board in driving group-wide alignment and oversight of climate-related activities including the pre-discussion and review of recommendations – prior to Board presentations. The Group Sustainability Council recommendations to the Board included the following topics for approval: corporate sustainability-related disclosures, a coal policy framework, and the implementation plan for our operational net zero ambitions.

The Group Sustainability Committee is mandated to implement the sustainability strategy as approved by the Board at the fiduciary and corporate level across all divisions and legal entities. It consists of global senior representatives from all divisions, is chaired by the Head of Product Division and acts as a senior decision-making body for sustainability-related topics unless decision-making falls in the core area of competence of the Board or a legal entity. Relevant legal entities are regularly informed about discussions and decisions of the Group Sustainability Committee.

ESG Advisory Board (EAB)

The ESG Advisory Board consists of internationally recognized sustainability experts from diverse disciplines and met four times during 2022. The members act independently and advise the Board on a range of long-term sustainability trends, challenges, and opportunities.

Our investment stewardship governance structure

Throughout 2022, the DWS CIO oversaw the integration of ESG and sustainability risks and opportunities in the Investment Division. He was supported by the Global Head of Research, the CIO for Responsible Investments (RI) and the Global Investment Division leadership team. At a practical level, the integration of ESG and sustainability considerations takes place through the following formalised channels:

CIO Research

The CIO Office, in close collaboration with the Economics team, is responsible for delivering market and economics views both to the Investment Division and internal and external stakeholders. Since 2018, we have incorporated ESG

(including climate) aspects into our quarterly CIO View publications. Furthermore, the CIO Daily Newsletter contains an ESG section that comments on material information related to ESG and climate-related risks and opportunities. Relevant climate and ESG issues are taken into consideration in defining both the Tactical View (time horizon 0-3 months) and the Strategic View (12 months). For more details, please refer to Principle 4
– Integration of ESG in the Investment Process. The process of integration of ESG and sustainability-related risks and opportunities at portfolio level is led by the CIO for RI.

Product Division
The Product Division owns processes across the whole product value chain starting from product specific strategic planning processes, product development, product launches and product lifecycle management. The Head of Product Division is responsible for overseeing the consideration of climate-related issues in the launch of new products and the management of existing products in line with our sustainability strategy. Dedicated ESG teams within the Product Division support our internal investment teams and external clients in providing ESG and climate-related information, analysis, and investment solutions.

Client Coverage Division
The Client Coverage Division aims to deliver sustainable and climate-related investment solutions and advice to our clients. The Global ESG Client Officer leads these efforts to ensure that sustainability remains central to our strategic client relationships. Additionally, 25 ESG Ambassadors, organised regionally and along distribution/client channels, coordinate regional sustainability solutions for our clients working with investment professionals and product experts.

Executive Division
In 2022, the Executive Division comprised Human Resources, Corporate Office, Corporate Strategy and M&A, and Communications, Brand & Corporate Social Responsibility (CSR). Human Resources is responsible for incorporating sustainability related KPIs into the compensation structure. The Corporate Office ensures that the Board's agenda reflects relevant sustainability items. Communications, Brand and CSR manages our sustainability-related communications, corporate marketing, and CSR. Within our Corporate Strategy and M&A function, the new Sustainability Strategy team supports the CEO in the development of our sustainability strategy and ensures that it is embedded within our corporate strategy. Following structural changes in 2023, the Human Resources function and the Corporate Office were moved to the Chief Administrative Office Division

Chief Financial Office (CFO) Division
Climate-related matters are overseen by three functions. The Finance Sustainability team is responsible for managing all corporate climate-related disclosures including the Climate Report and CDP questionnaire, the non-financial reporting control framework and tracking of sustainability KPIs. The Sustainability Risk team is responsible for tracking sustainability risks, the Sustainability Risk Policy, the integration of ESG factors in our Risk Management Framework and the Risk Appetite Statement. The Sustainability Oversight Office team aims to ensure sustainability governance across the organisation and supports the Group Sustainability Committee.

Chief Operating Office (COO) Division
The COO Division leads our objective to achieve operational net zero.

Chief Administrative Office (CAO) Division
In 2022, the CAO Division consisted of AFC & Compliance, Client & Investment Monitoring, Corporate Governance and Legal. Following structural changes in 2023, Human Resources and the Corporate Office were added to the Chief Administrative Office Division. CAO Division advises on all relevant regulations, including those with a focus on sustainability including climate-related matters.

CIO for Responsible Investments
The CIO for RI works towards enabling and strengthening ESG incorporation in the investment platform for Active and Passive and oversees parts of the ESG processes within Alternatives. It develops structures and processes with the aim of integrating ESG considerations into the investment process. The CIO for RI specifically manages the RIC, the ESG Integration Team, the ESG Engine and Solutions Team and the Corporate Governance Center. The CIO for RI also investigates ESG matters in collaboration with the DWS Research Institute.

ESG Integration Team for Active Investment Management
The ESG Integration Team for Active Investment Management supports investment professionals to integrate material ESG factors into the investment process. The team expanded its headcount in 2022 to further advance Active ESG integration activities and to assume additional engagement responsibilities as part of the enhanced engagement framework for our portfolios and mandates according to the pooled agreements between DWS Investment GmbH, DWS Investment S.A. and for specific portfolio management mandates of DWS International GmbH.

Corporate Governance Center
The Corporate Governance Center is organised by regional focus areas to account for varying market practice standards and proxy voting operational procedures. For our largest management companies in Europe, the Corporate Governance Center defines our proprietary standards and expectations for good corporate governance for our portfolios and mandates according to the pooled voting rights agreements between DWS Investment GmbH, DWS Investment S.A. and for specific portfolio management mandates of DWS International GmbH. For our other legal entities that have their own processes and policies in place, the Corporate Governance Center provides guidance and support on relevant stewardship topics.

In 2022, the Corporate Governance Center further expanded its headcount to accommodate for increasing proxy voting coverage and corresponding engagement duties. Our corporate governance understanding is built on almost 30 years' experience as active owners and is based on relevant national and international legal frameworks and associations (e.g., the German Corporate Governance Code, the UK Corporate Governance Code, the International Corporate Governance Network, and the Group of Twenty/OECD Principles of Corporate Governance). We actively participate in relevant global investor working groups, as well as provide input on German and international regulatory consultations.

Coordination and Conduct of Engagement
Our engagement activities are undertaken by research analysts, portfolio managers, the Corporate Governance Center and the ESG Integration team. Collaboration between these teams is an important factor of our active ownership strategy as we strive to streamline our engagement approach to promote sustainable performance. DWS regularly engages with senior management, board representatives and investor relations teams at our investee companies. Our engagement activities are framed by our ESG Integration Policy for Active Investment Management and our Engagement Policy as well as our Corporate Governance and Proxy Voting Policy, both applicable for the three largest management companies in EMEA. Each policy plays a key role in DWS's overarching objective to influence investee companies to improve their conduct, where necessary, relating to environmental, social and/or corporate governance factors, as well as strategy, financial performance and risk.

Towards the end of 2021, DWS introduced an enhanced engagement framework for portfolios within its pooled legal entities in EMEA, which was applied throughout 2022.

Proxy Voting
Proxy voting is core to our corporate governance activities. Our voting decisions are driven by the DWS Corporate Governance and Proxy Voting Policy for the three pooled legal entities in EMEA, which has been developed over many years of voting at investor meetings. We review our policy on a yearly basis to ensure that our corporate governance expectations reflect relevant regulatory changes and remain robust against market standards and developments.

Reporting on Stewardship Activities
The Corporate Governance Center also provides regular information and relevant reports to internal stakeholders as well as to clients. The annually published Active Ownership: Engagement and Proxy Voting Report is used to demonstrate our progress and provide insights on our overall stewardship activities within the Active investment division.

2022 Developments
Towards the end of 2021, DWS introduced an enhanced engagement framework for portfolios within its pooled legal entities, which was applied throughout 2022. The enhanced engagement framework establishes three clusters of engagement for issuers depending on the type and degree of interaction with the investee company:
– The Core List is the main list for proxy voting and is the source for the focus and strategic lists. It contains holdings that are screened according to agreed criteria.
– For the Focus and Strategic Engagement Lists different engagement themes are defined according to a detailed screening process. For certain investees, the main priority is on climate and norm violations as well as on governance-related issues.

The enhanced engagement framework considers active and passive holdings and sets targets towards sustainability outcomes that are mapped to the Principle Adverse Impacts (PAIs) and Sustainable Development Goals (SDGs). Progress is tracked with clearly defined timelines for follow-up and escalation, as required. Engagement may lead to a review of ESG assessments that can impact the ability of our portfolio managers to invest in the security.

Class Action Advisory Meeting (CAAM)
In specific cases, we may decide to recommend filing individual claims against portfolio companies on behalf of DWS funds or mandates in a CAAM. For funds managed by DWS Investment GmbH or DWS Investment S.A., the CAAM acts as an established governance function and assesses and opines on relevant cases.

The CAAM consists of representatives of all relevant stakeholders including Compliance, Legal, Portfolio Management, Corporate Governance Center, Chief Operating Office, and Communications. It convenes regularly on a quarterly basis and on an ad-hoc basis if required.

The CAAM assesses a wide range of information received on each individual case to discuss the extent of damage, the probability of success, the jurisdiction, the time-horizon, the nature of the case and the costs associated with the case.

Based on its assessment, the CAAM presents the case to the management boards of the affected funds for approval to file a claim.

The process described is applicable only for funds managed by DWS Investment GmbH or DWS Investment S.A.

DWS Research Institute

Our Research Institute is responsible for delivering research on key investment themes, including ESG, produced by the DWS investment teams. In 2022 the ESG Thematic Research team focused on the implications of the war in Ukraine given its impact on global energy and food systems. In addition, the team further examined risks surrounding climate, biodiversity and water and their financial materiality and published a major report on European Transformation (discussed in a Case Study under Principle 4).

ESG Engine & Solutions Team

The ESG Engine and Solutions team is responsible for the ESG Engine, our proprietary ESG tool. This includes seeking to define the ESG factors that should be incorporated in the Engine, including for example double materiality factors. Key tasks include:
- identifying the most appropriate vendors for ESG data
- managing data provided by ESG data vendors
- maintaining the DWS ESG Engine
- ensuring that the relevant data is delivered to the relevant parties (most notably portfolio management, research, Sustainability Risk Management, Client Reporting, or the Investment Guideline team within DWS).

Throughout 2022 DWS used five external commercial ESG data providers. The data is made available to research analysts and portfolio managers for liquid assets through the Aladdin platform to ensure support for research, investment decision making and management of ESG strategies. Active analysts and portfolio managers are expected to take ESG topics into account when making material investment decisions, where applicable. To that end, they use, amongst other things, the ESG assessments as provided by the ESG Engine. It is also the foundation of dedicated ESG strategies using, for example, our ESG investment standards and can also be used for some passively managed strategies and for Liquid Real Assets (LRA).

The ESG Engine covers most listed asset classes but is dependent on ESG assessment coverage by contracted third-party vendors. There may be limited information on certain asset classes. The integration of the ESG Engine into relevant ID systems provides the means to incorporate ESG into the investment process. The Liquid Real Assets team has a separate and proprietary process for using selected ESG vendor data relevant to their strategy. Dedicated ESG strategies in LRA may be based on the ESG Engine assessments, as disclosed in the pre-contractual documents.

Appropriate resourcing regarding seniority, experience, qualifications, training, and diversity

Seniority and Experience

The Global Head of Portfolio Management – Public Markets[10], Global CIO, and CIO for RI all have approximately 20 or more years of experience in investment management. They work collaboratively with each other and their respective teams. They manage diverse teams across the globe and are well respected within DWS and the broader investment community.

Table 2.1 List of key DWS colleagues in the Investment Division contributing to our sustainability strategy

Role	Years at DWS	Years in Industry
CEO and Head of Investment Division*	19	20
Global Head of Portfolio Management – Public Markets	10	19
Global CIO**	14	30
CIO for RI	24	27
Head of Corporate Governance	24	32

Note: The "Years in Industry" column refers to years of experience in financial services and is not limited to asset management.
* The "Years at DWS" figure for our CEO and Head of Investment Division includes 1 year of experience since joining DWS in 2022 from the Global Transaction Banking division of Deutsche Bank Group with 19 years of industry experience, 18 years of which were from roles in the Global Markets and Global Transaction Banking divisions of Deutsche Bank Group.
** The "Years at DWS" figure for our Global CIO includes 3 years of experience since joining DWS in 2020 from a company independent of Deutsche Bank Group and 11 years of experience from the Private Wealth Management division of Deutsche Bank Group.

[10] The role of Global Head of Portfolio Management – Public Markets was previously referred to as the Global Head of Active and the title for this role was updated in 2023. The updated title for this role is used in this report to align with the current organizational structure and terminology.

Qualifications and Training

Since 2011, we have organised internal trainings for our investment professionals to better assess ESG risks and opportunities and to improve our understanding of the integration of ESG into our Active investment processes and our ESG methodologies.

In 2022, we continued to engage investment professionals for ESG integration through global training sessions on new ESG methodologies, the updated Engagement Policy and the enhanced engagement framework for DWS Investment GmbH, DWS International GmbH, DWS Investment S.A, as well as on how to integrate ESG signals into fundamental research. In total, more than 20 training sessions were conducted.

In 2023, we will continue to offer training sessions as well as additional workshops on sector materiality, with a greater focus on the EU taxonomy, sustainable investment regulations (notably the Sustainable Finance Disclosure Regulation (SFDR)), and principal adverse impact indicators in investment decisions. All of these activities support our investment professionals to make better-informed investment decisions, to engage with our portfolio companies effectively and to focus on achieving the most important sustainability outcomes.

Since 2017, DWS employees have been given the opportunity to register for the European Federation of Financial Analysts Societies (EFFAS) ESG exam to build their professional skills with regard to ESG integration, stewardship, and materiality. We currently have 330 employees who are Certified ESG Analyst (CESGA) certified and actively employed within DWS as of December 31, 2022, of which 60 were newly certified in 2022.

Diversity

As a corporate, DWS is committed to building an inclusive culture that respects and embraces the diversity of our colleagues, clients, and communities and that nurtures an environment where every perspective matters and where every voice is heard.

We aspire to offer a workplace where creativity, confidence and ideas can bloom. Where individual strengths, different backgrounds and broad perspectives are valued. And where everyone can come to work as their true authentic selves as we attempt to create a workforce as diverse as our global footprint.

With colleagues across 68 nationalities, speaking more than 79 languages, locally rooted, yet globally connected across 25 countries, we celebrate our differences, treat each other with respect, listen openly without judging, and value each other's insights. This brings us closer together and contributes to a thriving and inspiring workplace.

We are proud of the progress we are making to foster a more diverse and inclusive workplace. But we know that the process of building a more just and equitable society is not easy or quick. Driving real change requires long-term commitment and action. It requires all of us to push beyond comfortable boundaries.

This includes constantly examining our own culture and talent practices, tackling unconscious bias and building a network of allies. It means speaking up as we work with peers to advocate for broad change, both within our industry and the society we serve. And it means putting building blocks in place across the firm that enable diverse and multicultural talent to thrive.

Diverse Representation

DWS aims to attract, develop, and retain the best people from all cultures, countries, races, ethnicities, genders, sexual orientations, abilities, beliefs, backgrounds, and experiences. To this end, and to prepare for opportunities and challenges arising from changing demographics, digitalisation, and the future of work, we follow an integrated and multi-dimensional approach to DE&I. We also aim to give equal opportunities to employees who work both full-time and part-time. This year the percentage of employees globally who work part-time stood at 7.4% (2021: 8.8%).

As part of our broader Sustainability Strategy and our Human Rights commitments, we worked on the following DE&I areas during 2022:
- Reaching voluntary goals at the Supervisory Board and Executive Board-1 and Executive Board-2 levels per the German Gender Quota Law (FüPoG I). Our efforts will also continue to align us to the German Executives Positions Act II (FüPoG II) introduced in August 2021. Gender Diversity is one of the KPIs that we are tracking internally with continued success in meeting our voluntary goals
- Establishing Regional DE&I Committees across our APAC, EMEA and US regions
- Launching our first internal global DE&I survey – sponsored by the Executive Board
- Recruiting our first Regional Head of DE&I in the US
- Publishing our first external DE&I webpage "Proud to be different" to outline to the market who we are and what we stand for
- Piloting an unconscious bias training programme for US employees, ahead of a global roll out in 2023
- Introducing an Advancing Diverse Talent Programme in the US
- Introducing a Disability Smart focus in the UK working towards the UK Government Disability Confident scheme to become Disability Confident Employer

– Sponsoring five Black women to be part of the Black Women in Management Programme in the UK
– Increasing opportunities for social mobility in the UK by partnering with upReach, CityHive, The Skills Workshop and 10,000 Black Interns for the second year running to offer work experience, mentorship and skills training to students from lower socio-economic backgrounds or black heritage

Employee Inclusion and Engagement Networks
Our internal Employee Inclusion and Engagement Networks are spearheaded by colleagues across all regions. Many leverage diversity in its broadest sense – from race, colour, religion, age, physical or mental disability, medical condition, sexual orientation, gender and veteran status – to create a greater sense of purpose for themselves, their colleagues, and the Group.

The networks inspire inclusiveness in our daily interactions. They are voluntary, employee-led groups, driven by a common purpose: making a better workplace – for everyone. By sharing information, educating, and engaging with our communities, they contribute to business development as well as recruitment, retention, and professional development. They are open to all employees. Allies who do not self-identify with a particular group are all welcome.

Continuing our focus on gender diversity
Our aspiration is for greater female representation across our organisation, and we continue to monitor and report on our progress to the Executive Board. Individual goals and targets form part of Balanced Scorecards allocated to senior leaders across the firm – and these are aligned to performance evaluation and compensation.

We are committed to ensuring that:
– At least 30% of our Supervisory Board members are women.
– Female representation on our Executive Board is always in line or above German Gender Quota Legislation.
– We reflect gender diversity within our product range.
– 32% of managers at the first management level below the Executive Board are women by December 2024.
– 33% of managers at the second management level below the Executive Board are women by December 2024.
– We increase diversity in decision-making bodies which include voting committees, legal entity boards, and other bodies.
– We continue to participate in "Women in the Workplace Study" developed by LeanIn.Org and McKinsey & Company.
– Together with Deutsche Bank Group, we publish our Gender and Ethnicity Pay Gap Report in the UK.
– We promote gender balance through our hiring and retention practices, external partnerships with charities and industry groups, and internal mentorship and sponsorship programmes.
– In Germany, the German Remuneration Transparency Act (EntgTranspG), which came into force in January 2018, offers employees the right to request specific aggregated information about the remuneration of employees of the opposite gender in comparable jobs. As a global company, we continue to look forward to monitoring and reporting on our progress. In 2022, we have seen an increase in requests for this information.

Implementing German Gender Quota Legislation at the Group
The percentage of women on the Supervisory Board was 33.3% at the end of 2022 (2021: 33.3%), which exceeded the statutory requirement of 30% for listed and co-determined German companies under gender quota legislation. Similarly, we will have three females representing 50% of the DWS Executive Board as of 1 January 2023 which is above the new enhanced requirements. As of year-end 2022, 34.5% of the executive positions at the first management level below the Executive Board were held by women (2021: 28.1%). At the second level below the Executive Board, this percentage stood at 32.9% (2021: 29.0%).

Inclusive benefits
We as DWS are proud to be named among the leading US companies on Seramount's "2022 100 Best Companies" list. This year, we secured a spot on this list after being recognised for its inclusive benefits for families, such as paid gender-neutral parental leave, emergency childcare support, mental health care resources and more.

In addition, we were also recognised in the "2022 Best Companies for Dads" list in the US for the first time. Both awards reflect our commitment to providing its employees with a range of family-friendly benefits and flexible work arrangements – and demonstrating that we are taking greater efforts to make our workplace more inclusive for all parents.

EEO-1 reports
We have also published our consolidated EEO-1 reports for the US workforce. The EEO-1 report is a mandatory annual data collection that requires all private sector employers with 100 or more employees to submit demographic workforce data including data by race/ethnicity, sex, and job categories to the US Equal Employment Opportunity Commission on an annual basis.

External partnerships
In nurturing an inclusive work environment, we have developed several key external partnerships across the globe. These partnerships not only help us to drive our internal agenda, but they also enable us to share good practice and positively impact the societies we are operating in.

They include:
– Partnership and Sponsorship with Diversity Project, whose vision is to create a truly diverse and inclusive UK investment and savings industry. As part of this, we signed up to the Diversity Project's Pathways scheme to develop female portfolio managers across the industry.
– Additionally, we worked closely with the Menopause workstream to raise awareness and to support individuals going through the menopause through a series of webinars, created a toolkit to support managers, and signed up to an industry-wide pledge to stop women from retiring early and leaving the financial services industry.
– Membership with New Financial, a think tank and forum launched in 2014 with the view to rethinking how Diversity and Inclusion can be improved in capital markets in Europe, and to look at rebuilding trust and improving industry culture.
– Sponsorship of the Fondsfrauen initiative in Germany, a business network for women in asset management and finance.
– Member of the "U.S. Institute", a think tank for leading investment management firms.
– Member of the Business Disability Forum whose vision is to improve the life experiences of disabled employees and consumers by removing barriers to inclusion.
– Financial Supporter of Level20, a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry.
– DWS joined the Human Rights Campaign's Business Coalition opposing Anti-LGBTQI State Legislation and also signed in support of the Respect for Marriage Act.
– DWS is a founding member of Morgan Stanley's diversity and inclusion initiative "The Equity Collective". The group is comprised of 23 leading asset managers. The partnership was named best "Inclusive Program" at the Money Management Institute/ Barron's 2022 Industry Awards.
– DWS is proud to be a signatory for the Charter of Diversity. The Charter for Diversity is the largest employer diversity network in Germany with over 3900 companies and institutions. It was launched by Deutsche Telekom, Daimler, BP and Deutsche Bank, Patronage of Angela Merkel. The Charter outlines specific principles to which DWS adheres to via the following practices, targets, and networks:
  – Elevate diversity focus on hiring, talent management and career progression processes
  – Gender diversity targets included in the executive balanced scorecard of reporting and disclosure with respect to diversity, in line with what we already report
  – Re-certified in line with ISO30414, aspects such as diversity, culture, wellbeing, health, and security of employees is respected
  – The signing strengthens our commitments to Diversity, Equity and Inclusion and deepens the breadth of our ESG commitments.

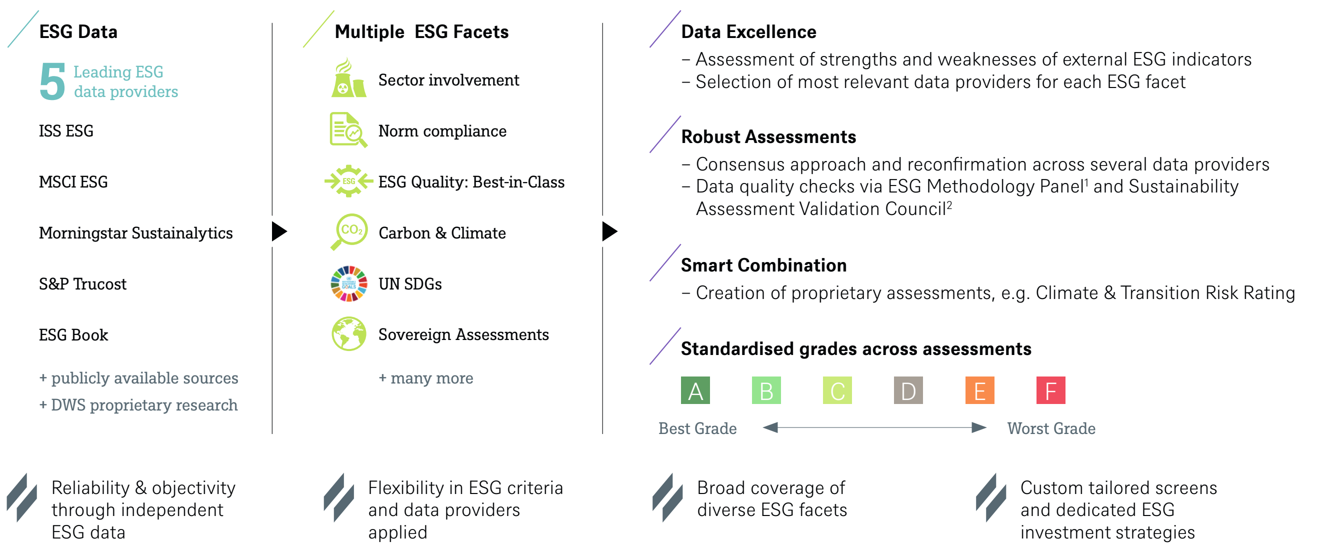
Investing in systems, processes, research, and analysis
Our in-house Capabilities
DWS has further invested in building out its ESG capabilities. As part of these efforts, we have partnered with leading external ESG specialists and subscribe to five trusted commercial ESG data providers for our proprietary tool, the DWS ESG Engine. With this approach, DWS can utilise the expertise of a large number of external ESG specialists and build on significant ESG industry experience. We also use publicly available information as often requested by clients such as Freedom House (political and civil liberties) or Urgewald.

We prefer to use external and independent ESG specialists and data vendors for a number of reasons, but mainly to increase data reliability and to support robust decision-making. Firstly, asking for multiple opinions ensures that a verdict is based on a common re-confirmed base, which is important before making an investment decision. Secondly, it increases coverage. Thirdly, it allows us to create unique and meaningful ESG assessments that are developed in-house at DWS. Fourthly, it allows a high degree of flexibility in selecting and applying ESG signals and sub-signals explicitly requested by many of our clients, Lastly, certain data providers are explicitly requested by clients, while others are used to reflect market opinion (e.g., Sustainalytics drives Morningstar's sustainability "globe" ratings for funds). Additionally, in our Real Estate business, we have begun deploying smart building technology that captures real-time data to allow us to manage and operate our buildings more efficiently and sustainably.

We believe that our ability to process, integrate, combine, and analyse multiple data sources automatically is a differentiator for DWS.

[11] https://www.dws.com/solutions/esg/esg-engine/

Chart 2.1 Understanding the structure of the DWS ESG Engine



[1] The ESG Methodology Panel (EMP) consists of several ESG experts within DWS across asset classes and divisions. The EMP meets weekly to discuss the design of new or adjustment of existing ratings, verification of questionable data points, and the onboarding of new data providers, among others. [2] The Sustainability Assessment Validation Council (SAVC), chaired by the Global Head of Research, consists of ESG specialists from DWS's research department and reviews ESG Engine assessments before they become effective. The council applies corrective adjustments in case a result is found materially incorrect, especially as a result of current insights gained from engagements and company disclosure reviews.
Source: DWS International GmbH, as of January 2023. For illustrative purposes only.

Developing our systems

The DWS ESG Engine[11] is our in-house business-managed application tool that empowers our employees to meet growing client demand on ESG solutions.

The DWS ESG Engine derives so-called ESG assessments (A-F letter coded grades and numerical scores on a 0–100-point scale) to clearly quantify and qualify ESG risks and opportunities. This coded information is supplemented with a variety of raw ESG data as published by our data vendors, most notably ESG specialist written narratives. The DWS ESG Engine produces ESG assessments for liquid securities in corporate and sovereign fixed income, equities, listed real estate, mutual funds, and ETFs. It supports solutions in Active as well as Passive mandates. The DWS ESG Engine runs on a regular production schedule, picking up the latest available information from our data vendors. The vendors continuously check for significant events (e.g., a controversy) and corporate actions (e.g., mergers) and update their records accordingly. Fundamental revisions are usually conducted on an annual basis. At the same time, there is a continuous feedback loop with the contracted data providers to improve and extend the data sets used by the DWS ESG Engine.

The resulting ESG signals are published into BRS® Aladdin[12], our portfolio management system, for easy and flexible integration into DWS's investment platform, including its research platform, and consumption by DWS's investment professionals. The DWS ESG Engine thereby allows DWS's investment professionals to conduct a comprehensive assessment of about 10,000 issuing entities.

Our Analysis

Using the DWS ESG Engine, we can conduct granular ESG assessments on the companies in our portfolio, which are further enhanced by our proprietary SynGrade and Climate and Transition Risk Grade which are designed to assess a company's ESG performance and climate transition risk respectively. The chart below provides an overview of some of the broad-ranging signals that it is able to detect:

Our ESG vendors and service providers

As per chart 2.1, DWS has contracts with various providers including ISS-ESG (sector tests, norm tests, ESG ratings, climate data, water risk, sustainable development goals & SFDR/EU taxonomy data), MSCI ESG (sector tests, norm tests, ESG ratings, net zero & climate data, water risk, sustainable development goals & SFDR/EU taxonomy data, fund data), Morningstar Sustainalytics (norm tests, ESG ratings; for funds: sector tests, norm tests, ESG ratings), S&P TruCost (sector tests, climate & net zero data, water risk), and ESG-book (water risk). Supplementary information is processed to cover additional issues such as green and sustainability bonds, and sustainable structured finance. The information is processed in DWS' ESG Engine, which calculates cross-vendor ESG assessments. DWS's multi-data vendor approach turns the multiplicity of subjective assessments into a strength: verdicts that are supported by a cross-vendor consensus are prioritised.

[12] https://www.blackrock.com/aladdin

Chart 2.2 DWS ESG Engine signals

High degree of flexibility in selecting and applying in-house developed, unique and meaningful ESG signals and sub-signals.

For illustrative purposes only. As of February 2023. Source: DWS Group GmbH & Co. KGaA

To exercise our voting rights at general meetings, we primarily use the services of two providers: Institutional Shareholder Services Europe Limited ("ISS") and IVOX Glass Lewis GmbH. Both companies analyse annual general meetings and their agendas based on our proprietary proxy voting policy and provide us with voting recommendations and their rationale. IVOX Glass Lewis covers general meetings in Germany, while ISS provides us with a sophisticated online platform to support our proxy voting process for international annual general meetings.

Furthermore, data from the ISS Governance Quality Score is also used to support our voting process. Where a deviation from the policy recommendations is considered relevant, DWS's Proxy Voting Group is the ultimate decision-making body. This group is composed of relevant investment representatives to ensure that the deviation follows a consistent voting process and is in line with our understanding of good corporate governance.

Investment views (including ESG and stewardship criteria), and changes to these, are communicated directly to investment professionals, as well as being centrally housed within BRS® Aladdin – the fully integrated software environment we use for our investment activities.

With BRS® Aladdin, our portfolio managers work in a fully integrated software environment with straight-through processing, from research and idea generation to trade execution and quality management. This system allows us to not only manage our portfolios efficiently and safely but to also incorporate requirements like proprietary DWS ESG assessments.

Operational enhancements in 2022

The most important developments of the ESG Engine that took place in 2022 were the following: updated norm & controversy assessment and improved data concerning net zero (e.g. to assess involvement in coal). Based on these developments, we made further enhancements to our Client Reporting, please refer to Principle 5. These changes were made in order to ensure that we further refine ESG incorporation and provide the relevant ESG factors for the investment process. The ESG Engine produces key assessments, which are the basis for DWS ESG investment strategies.

In addition, we intensified our ESG integration and engagement process across the Active business within DWS's ID. The ESG Integration Team supported the investment platform in several areas:
- Reviewed the global Credit and Equity Research handbooks and increased the visibility of the ESG analysis in the research notes.
- Continued to engage investment professionals for ESG integration through global training sessions on new ESG methodologies, the updated Engagement Policy and the

enhanced engagement framework for DWS Investment GmbH, DWS International GmbH, DWS Investment S.A, as well as on how to integrate ESG signals into fundamental research. In total, more than 20 training sessions were conducted.
- Held regular meetings with ESG Gatekeepers (ESG representatives in investment teams),
- Continued the global materiality workshops to assist investment professionals in their day-to-day identification of critical ESG issues based on double materiality approach.
- Trained colleagues aiming to get the CESGA certification. By the end of 2022, additional 60 colleagues qualified as certified ESG analysts.

We scored above the median, amongst all signatories, in 15 modules assessed by the UN-supported PRI assessment for the calendar year 2020 which was published in 2022. We achieved five out of five stars in eight modules and four stars in seven modules.

Throughout 2022, we continued to increase the number of our European-domiciled actively managed retail funds and Xtrackers ETFs which promote environmental or social characteristics and report as Article 8 SFDR. Most of our European-domiciled actively managed retail funds apply one of two DWS ESG filters: "DWS ESG Investment Standard" or "DWS Basic Exclusions". The "DWS Basic Exclusions" filter represents our basic approach to incorporating certain exclusions in the investment policy of the relevant fund. Products applying this filter only are excluded from the 2022 ESG AuM number. The "DWS ESG Investment Standard" filter enhances the exclusions in comparison to the "DWS Basic Exclusion" filter and adds an "ESG quality assessment" approach encompassing investments in issuers selected for positive ESG performance relative to industry peers (so-called "Best-In-Class approach"). Products applying this filter are included in the 2022 ESG AuM number.

We introduced a framework for ESG product classification or disclosure (ESG Framework) in 2021. Given the further refinement of EU regulation, notably the issuance of SFDR Level II Regulatory Technical Standards and MiFID II requirements, the ESG Framework was further refined during 2022 for our EU-domiciled funds.

Based on the refinements made to our global ESG Framework, the following products are considered as ESG AuM as at the end of 2022:
- Liquid actively managed products: retail mutual funds which follow the "DWS ESG Investment Standard" filter, or have a "sustainable investment objective", and US mutual funds which have been labelled as ESG and seek to adhere to an ESG investment strategy
- Liquid passively managed funds (ETFs) which apply a screen comparable to the "DWS ESG Investment Standard" filter, or which track indices that comply with the EU Benchmark regulation on EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks, or have a "sustainable investment objective", and other liquid passively managed funds which have been labelled as ESG and/or seek to adhere to an ESG investment strategy
- Liquid mandates or special funds for institutional clients or White Label products in-scope of SFDR and report pursuant to Article 8 SFDR which follow the "DWS ESG Investment Standard" filter or a comparable ESG filter aligned with the client, or which are in scope of SFDR and report pursuant to Article 9 SFDR
- Liquid mandates or special funds for institutional clients or White Label products which are out of scope of SFDR but comply with certain of the "General Industry Standards and Guidelines for Sustainable Investing"
- Illiquid products which are in scope of SFDR and report pursuant to Article 9 SFDR
- Illiquid products which are out of scope of SFDR, but which have a "sustainable investment objective"

Three councils address ESG activities in the ID:
- The global Sustainability Assessment Validation Council (SAVC) is designed to operate as a quality assurance function on ESG assessments.
- The global ESG Engine Methodology Panel is designed to define and oversee the ESG assessment and grading methodology. Its roles and responsibilities remain unchanged compared to previous reporting periods.
- The regional Engagement Council oversees the engagement activities defined by the enhanced engagement framework, such as providing guidance to the engagement leads, performing quality checks and tracking engagement progress. The objective of this council is to facilitate the discussion of important financial and non-financial issues and to drive engagement for the assets managed by DWS Investment GmbH, DWS International GmbH and DWS Investment S.A.

Performance management and reward programmes

The consideration of ESG criteria and ESG risks form an integral part of the performance-based component of variable compensation at DWS. This is assessed and measured by ESG--related targets as well as how our employees adhere to the sustainability principles stipulated in our core values. In line with DWS's ESG sustainability strategy as laid out in Principle 1, performance-related variable compensation of the DWS Executive Board has been linked closely to ESG ambitions: through individual objectives in the Short-Term Award (STA) as well as through joint targets in the Long-Term Award (LTA), overall at least 20% of the total variable target compensation is linked to ESG targets.

The STA is used to reward the achievement of individual and divisional objectives of an Executive Board member. The performance criteria are short-term objectives which support DWS's business and strategic objectives during the financial year. The STA is determined based on the objectives listed in the individual Balanced Scorecard and contains some sustainability KPIs as well as up to three further individual objectives which balance financial and non-financial objectives, with at least one of them relating to the ESG strategy.

The focus of the assessment of variable compensation is on the achievement of long-term and strategic objectives. The LTA, which covers the long-term strategic targets, comprises 60% of the total reference variable compensation. The LTA consists mainly of the DWS Group component linked with the strategy of the Group through three selected performance indicators as key metrics for the success and growth of the business:
- Adjusted cost-income ratio (CIR) (weight 50%)
- Net flows (as a percentage of AuM) (weight 20%)
- ESG footprint (weight 30%).

Based on the communicated medium-term targets by 2024 as our ESG footprint ambitions, ambitious targets for 2022 were defined. The success of the targets was measured at the end of the year on the basis of the defined assessment matrix of 2022 as follows:

Adjusted cost-income ratio (CIR)

The adjusted cost-income ratio underscores the consistent focus of the Group's management on further increasing operational efficiency and cost control in order to generate long-term growth and maximise shareholder value.

The adjusted cost-income ratio (adjusted for litigation expenses, restructuring costs and severance packages as well as costs incurred in the context of transformation) result of 60.6% for 2022 was at a good level and was in line with the medium-term financial target of 60% by 2024.

Net flows

Net flows represent assets acquired or withdrawn by clients within a specified period. Inflows and outflows constitute a key driver of change in AuM. For that reason, this financial indicator has represented a key yardstick for measuring the organic growth of the Group since its IPO.

Net flows were at € (20) billion in the extraordinarily challenging environment of 2022. High-margin Alternatives generated net inflows in 2022, while Cash products, Active (ex-Cash) and Passive could not withstand the industry-wide pressure on flows and suffered net outflows.

Table 2.2 Overall achievement DWS Group component 2022

Objectives	Medium-term targets / ambitions as at December 2022	Weight	Result	Target achievement level	Acievement level (weighted)
Adjusted cost-income ratio	Adjusted cost-income ratio of 60% in the medium term to 2024	50%	60.6%	95%	47.5%
Net flows	Net flows of >4% (as % of beginning of period AuM on average in the medium term) in the medium term to 2024	20%	€ (20) bn.	0%	0%
Environmental, Social and Governance (ESG) footprint[1]		30%		108%	32.4%
Thereof:					
Environment					
– ESG net flows[2]	– Grow ESG net flows at the same, or at a faster rate than our overall flow target of >4% of AuM	6%	€ 1 bn.	20%	1.2%
– Sustainability rating (CDP)	– Maintain or improve our CDP B rating by 2024	6%	A-	140%	8.4%
– Travel emissions reduction (air end rail)[3]	– Reduce our travel emissions by 25% by 2022 compared to 2019	6%	(49)%	150%	9.0%
Social					
– CSR volunteer minutes per employee	– Perform 1.5 hours of volunteering on average per employee by 2024	6%	84 minutes	120%	7.2%
Governance					
– Ethic, conduct and speak-up culture[4]	– N/A	6%	77%	110%	6.6%

[1] To improve understandability and transparency, the number of collective ESG objectives was reduced from six to five following removal of "energy consumption" which previously had a 1% weighting. The remaining ESG objectives are now equally weighted.
[2] ESG net flows are derived from the ESG Framework, with ESG net flows being included only at the point from which products are classified as ESG under this framework. Any products that are declassified as ESG under this framework will no longer be included from that point in time. The growth of ESG net flow is calculated as % of beginning of period ESG AuM on average in the medium term.
[3] Rail emissions are determined on a pro-rata average number of effective staff employed (full-time equivalent) basis from Deutsche Bank Group data. DWS flight data is sourced from Deutsche Bank Group and associated air emissions are calculated using Deutsche Bank Group methodology.
[4] The percentages figure reflects the level of agreement in a predefined set of questions asked within the Annual People Survey. The survey is conducted on a platform hosted by an external company.

UK Stewardship Code Report 2022

ESG footprint

The Group's strategic direction remains committed to sustainability with a focus on climate change and stakeholder engagement.

ESG objectives and targets achieved in 2022

Under environmental aspects, ESG net flows of € 1.0 billion were achieved, despite a challenging market environment. In 2022, the Group improved its sustainability CDP rating to A- compared to B in the previous year. Emissions from travel (air and rail) continued to be significantly reduced versus a 2019 baseline.

Social aspects are used as a benchmark for a corporate culture that actively promotes social commitment, striving to achieve a broad-based involvement of the Group's employees in projects relating to corporate social responsibility (CSR) with partner organisations. The resumption of physical volunteering activities in 2022 led to a significant increase in volunteer hours compared to 2021.

Corporate governance aspects relate to ethical conduct, integrity and a speak-up culture as a component of the annual employee survey. In particular, the aim is to gain insight into and assess attitudes towards leadership and to develop a culture of open dialogue. The level of agreement achieved in 2022 was 77%.

For further details on the DWS Executive Board compensation, please refer to DWS Annual Report 2022 [For more information, refer to: Remuneration (dws.com) section Executive Board compensation].

For employees at all levels, DWS has established "Variable Compensation Guiding Principles", which detail the factors and metrics that must be taken into account by managers when making individual variable compensation decisions. The factors and metrics to be considered include, but are not limited to, divisional risk-adjusted financial and non-financial performance, culture and behavioural considerations, disciplinary sanctions, individual performance, and retention considerations. For more information, refer to: Remuneration (dws.com). In addition, as the variable compensation in turn is linked to the DWS Group/Franchise component, of which 30% of the target value is determined by achieving our collective ESG ambitions, there is also a direct mandatory link to the fulfilment of ESG KPIs for individual employees.

DWS seeks to integrate ESG criteria into its corporate processes, and for several years has set out specific ESG priorities in its overall objectives communicated to all employees. All employees are asked to take these ESG priorities into account into account when setting their own individual performance objectives, thereby linking their performance on ESG priorities to their variable compensation (where possible). Sustainability principles in the Group-wide Code of Conduct are also taken into account in compensation considerations.

In addition, ESG and stewardship activities have been embedded as core responsibilities within our investment teams through ongoing and formal commitment, and these requirements are taken into account when evaluating the teams' effectiveness in these areas.

Outcome

Signatories should disclose:

– how effective their chosen governance structures and processes have been in supporting stewardship; and
– how they may be improved.

Measuring effectiveness via our sustainability KPIs

We made good progress in 2022 against our sustainability KPIs and remain confident of meeting our medium-term ambitions.

As of 31 December 2022, we had € 117 billion in ESG AuM and achieved ESG net flows of € 1.0 billion in 2022, despite a challenging market environment. Please refer to our alternative performance measures on ESG shown in the section 'Our Performance Indicators – Our Financial Performance' in our 2022 Annual Report for more information.

Our operational emissions from business travel continue to be significantly lower than our 2019 baseline, primarily driven by the residual impact of COVID-19 and the new ways of working this has promoted including the increased use of technology. We also continued to make progress in reducing the overall amount of energy we consume in conducting our operations and our transition towards procuring 100% of the electricity we consume from renewable sources.

In 2022, we improved our CDP rating to A- compared to B in the previous year, despite a fall in the financial services average from B to B-. We also exceeded our medium-term ambition in relation to the proportion of women at the first management level below the Executive Board and met our ambition for the second management level. The resumption of physical volunteering activities in 2022 led to a significant increase in volunteer hours compared to 2021. The decline in corporate engagements versus the prior year was driven by additional requirements for the preparation and documentation of engagements under our enhanced engagement framework, however, we remain above our medium-term ambition.

The table above summarises our 2022 results against the near-term ambitions DWS announced in the 2021 Annual Report. Our sustainability strategy is underlined through the following sustainability KPIs which we will track in 2023.

Our sustainability KPIs have changed compared to 2022. ESG net flows will no longer be reported to align our sustainability KPIs with the AuM focus of our medium-term financial KPIs. Our commitment to net zero has been reflected in an adjustment to our operational emissions KPIs and the introduction of a new KPI for portfolio emissions aligned to our 2030 interim net zero targets.

Awards

Our service quality was ranked in the top three by "FONDS professionell", one of the largest magazines for financial advisors in Germany and Austria. Each year, "FONDS professionell" readers are asked to choose asset managers, broker pools and real estate investment providers with the best service quality and award them with the "German Fund Award".

DWS collaborated with Ceres to publish a joint report on the financial materiality of water that was selected by Environmental Finance as their 2022 winner in the "ESG research of the year – Europe" category.

How our process is supporting our stewardship activities

To measure the effectiveness of our stewardship processes, we focus on one indicator in particular – the scope of AuM for which we exercised our voting rights. In 2022, we submitted votes at a total of 3,781 general meetings at 2,827 investee companies across 62 markets. As with previous years, we increased our proxy voting coverage once more while making sure not to compromise the quality of the analysis. These meetings represented approximately 92% of AuM of our funds domiciled in Europe (funds of legal entities in scope: DWS Investment GmbH (with discretion to vote for certain AuM of DWS International GmbH, DWS Investment S.A. (incl. SICAVs and PLCs) based on delegation agreements)). The majority of

Table 2.3 Sustainability KPIs

KPI	Ambition as of 31 December 2022	2022 Result	2021 Result
ESG AuM and net flows:[1]			
ESG AuM	Continue to grow our ESG AuM through a combination of flows into existing products, flows into new products and supporting the transfer by existing clients of their assets from non-ESG products into ESG products	€ 117.0 bn.	€ 115.2 bn.
ESG net flows	Grow ESG net flows at the same, or at a faster rate, than our overall flow target of >4% of AuM	€ 1.0 bn.	€ 18.9 bn.
Operational emissions:[2]			
Energy	Reduce our total energy consumption by 20% by 2025 compared to 2019	(28)%	(21)%
Electricity from renewable sources	Source 100% renewable electricity by 2025, with an interim ambition of 85% by 2022	96%	95%
Travel (air and rail)	Reduce our travel emissions by 25% by 2022 compared to 2019	(49)%	(88)%
Sustainability rating	Maintain or improve our CDP B rating by 2024	A-	B
Proportion of women	Achieve 32% of positions at the first management level below the Executive Board held by female executives and 33% at the second management level below the Executive Board by 2024	34.5% – 1. level 33.0% – 2. level	28.1% – 1. level 29.0% – 2. level
Volunteer hours per employee	Perform 1.5 hours of volunteering on average per employee by 2024	84 minutes	38 minutes[3]
Corporate engagements	Participate in 475 or more corporate engagements per annum by 2024	532	581

[1] ESG net flows are derived from the ESG Framework, with ESG net flows being included only at the point from which products are classified as ESG under this framework. Any products that are declassified as ESG under this framework will no longer be included from that point in time. The growth of ESG net flow is calculated as % of beginning of period ESG AuM on average in the medium term.
[2] DWS Group energy consumption, electricity from renewable sources and rail emissions are determined on a pro-rata average number of effective staff employed (full-time equivalent) basis from Deutsche Bank Group data. DWS flight data is sourced from Deutsche Bank Group and the associated air emissions are calculated using Deutsche Bank Group methodology. Prior year emissions and energy consumption results have been restated due to updated methodology and historic data.
[3] Volunteer hours per employee was impacted by COVID-19 restrictions in 2021.

the voted meetings were for companies listed in the United States, followed by Asia-Pacific countries, Japan, and Germany. For strategies domiciled in the Americas, we voted at a total of 9,340 meetings in 63 markets of listing, which represented 99% of voteable meetings.

In Principle 5 we further assess the effectiveness and future development of our policies and processes in this area.

Room for improvement

To deliver on our strategic ambitions, we identified five key enablers that we need to improve on:

- Partnerships: Expand distribution partners
- DB: Standalone Operating and Corporate Governance Model while Leveraging Divisional Capabilities
- Technology: Enable business by migrating to cloud and streamlining data management
- High Performance Culture: Create diverse culture to drive strong performance for our clients
- Management Team: Build on diversified management team with focus on execution

We seek to further integrate wider sustainability aspects into our stewardship roles of proxy voting and engagement. This involves developing our engagement processes and topics. For example, we will continue to work on our commitments to the Net Zero Asset Managers initiative. With this, we strive to measure and improve the effectiveness of our engagements. Furthermore, we will further work on our escalation process.

Table 2.4 Sustainability key performance indicators from 2023

KPI	Ambition from 2023
ESG AuM[1]	Continue to grow our ESG AuM through a combination of flows into existing products, flows into new products and supporting the transfer by existing clients of their assets from non-ESG products into ESG products
Scope 1 and 2 operational emissions reduction	Achieve a 46% reduction of in-scope operational emissions by 2030 compared to base year 2019 (aligned to NZAM commitment)
Scope 3 operational emissions reduction (travel)	
Scope 3 portfolio emissions reduction	Achieve a 50% reduction in WACI adj. related to Scope 1 and 2 portfolio emissions by 2030 compared to base year 2019 (aligned to NZAM commitment)
Sustainability rating	Achieve a CDP (Climate Change) B rating or better by 2024
Proportion of women	Achieve 32% of positions at the first management level below the Executive Board held by female executives and 33% at the second management level below the Executive Board by 2024
Volunteer hours per employee	Perform 1.5 hours of volunteering on average per employee by 2024
Corporate engagements	Participate in 475 or more corporate engagements per annum by 2024

[1] For details on ESG product classification, please refer to 'Our Responsibility – Our Product Suite'.

/ 3 Purpose and Governance: Conflicts of Interest

Context

Signatories should disclose their conflicts policy and how this has been applied to stewardship.

As a global asset manager, conflicts of interest are inherent at DWS. As a fiduciary investor, it is essential that DWS is able to identify actual or potential conflicts of interest and manage them fairly and appropriately, including preventing any conflict of interest which could adversely affect the interests of a client.

As a result, we set out our principles, arrangements, and procedures in connection with the identification, documentation, escalation, and management of conflicts of interest in our "Conflicts of Interest Policy". This policy, as with all our policies, is reviewed annually and updated when required. Further details can be found here:
https://download.dws.com/download?elib-asset-guid=24592e66bb8b4b3684a7cd8f3397f11e&

https://www.dws.com/globalassets/cio/dam-us/pdfs/conflicts-of-interest-policy.pdf

Framework and arrangements

DWS has a number of means to manage a conflict of interest including:
– Organisational arrangements
– Systems, controls, policies, and procedures designed to prevent the conflict of interest arising or to mitigate associated risks
– Disclosure directed to inform the affected parties of the conflict of interest and its likely impact on them or to specifically seek client consent to act accordingly
– Avoidance of the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means

We elaborate on our policy to address conflicts of interests with regard to stewardship in our Engagement Policy. Further details can be found here:
https://download.dws.com/download?elib-assetguid=e609c46cc03148eead59178e865d9fed&&&&&&&&&&&&&&&&&.

DWS applies this ethos to all aspects of its activities including investment stewardship.

Managing conflicts of interest

The Executive Board and the Management Boards of DWS entities are responsible for putting a framework in place and implementing systems, controls, and procedures to identify, escalate and manage conflicts of interest. Board Members must generally act in the best interest of the DWS entity they represent and must ensure that business decisions are unaffected by conflicts of interest. Senior management are responsible for overseeing the identification, documentation, escalation, and management of all conflicts of interest as they arise within their relevant areas of responsibility. Every employee is responsible for identifying and escalating potential conflicts of interest so that they may be appropriately managed and resolved. DWS UK oversees and monitors all activities delegated elsewhere in the group within this framework.

Executive Board member appointments and board changes at DWS are subject to approval by German regulators BaFin and Bundesbank, fit and proper assessments and future notification requirements on other internal or external board memberships individually and collectively including potential conflict checks. The proper segregation of duties within the board is ensured in the business allocation plan on the responsibility of the board members and separation between market-facing activities and non-market facing and control functions.

Furthermore, individual board members of DWS Group GmbH & Co. KGaA and other DWS Group legal entities that are in parallel acting as directors for DWS funds must act in line with their fiduciary duties in case of any potential conflicts of interest between DWS Group and DWS funds.

Our businesses, control and audit functions constitute jointly the internal control framework of DWS – the "Three Lines of Defence". Compliance is the second Line of Defence, as the "Risk Type Controller" for conflicts of interest assigned to it under DWS's risk governance framework. As a function, Compliance is responsible for the design of the risk management framework, particularly in terms of risk appetite setting (in conjunction with the business and Executive Board). Once a conflict of interest is determined, the responsible conflicts representative must assess the materiality of the risk according to the group-wide risk rating metric and identify relevant mitigation for any conflict above tolerance threshold.

At a local legal entity level, conflicts of interest reviews are organised by business lines and by region. By doing so, DWS ensures that there are conflict representatives in each location. Each legal entity runs regular review meetings in which conflicts are presented, monitored and, where necessary, escalated. Conflicts identified by each regional business need to be reported to the relevant supervisor, the conflicts of interest ("CoI") representative and Compliance.

For escalation within the business line, the global CoI representative and the Corporate Operations Office are responsible for ensuring that conflicts are reviewed and reported to the relevant business line. The regional reporting and escalation to the respective operational fora and main legal entities reside with the DWS CoI framework owner, whereas the escalation to the DWS Risk & Control Committee is performed by the CoI risk type controller within the Compliance function.

Table 3.1 Conflict of Interest Materiality Levels

Materiality level	1st LoD	2nd LoD
Critical	DWS Risk & Control Committee (DWS Board)	
Significant	DWS Global OpCo DWS Regional OpCo's	DWS Risk & Control Committee
Important	Business Line (Risk) Forum	
Unrated	No escalation required	No escalation required
No conflicts	No approval required	No escalation required

Activity

Signatories should explain how they have identified and managed any instances of actual or potential conflicts related to stewardship.

Role of the Executive Board in managing conflicts

The DWS Risk and Control Committee (RCC), which is mandated by the Executive Board to deal with conflicts of interest, meets on a monthly basis on an ad hoc basis as necessary. Employees must follow the internal escalation process prescribed in DWS's policies and procedures in connection with conflicts of interest (including potential conflicts of interest). In the absence of a specific escalation process, employees must inform their supervisor and/or Compliance of the existence and nature of the conflict of interest. Supervisors are responsible for assessing the actual or potential conflict of interest and determining, after consulting relevant control functions, the best course of action, including further escalation to a higher authority and where appropriate, notification to country or regional management or relevant Boards. Conflicts of interest that are rated as posing a greater risk are reported/escalated into the RCC. The Executive Board and Management Boards of the entities have responsibility in respect of conflicts affecting their own members.

In addition to the framework, we have implemented to deal with the identification and management of conflicts of interest, the responsible boards and committees are informed on a regular basis:
– On a monthly or ad hoc basis, the RCC needs to be informed on conflicts of interest rated as posing a greater risk
– On a quarterly basis the regional groups are informed about the current situation of the registered conflicts of interest
– Every six months the local entity boards (including DWS Investments UK Limited) are informed about the current situation of the registered conflicts of interest

Ownership structure

Conflicts arising from DWS Group being majority owned by Deutsche Bank AG ("DB") are addressed by maintaining strict segregation of duties between DB and DWS and by controlling and clearing access to sensitive information and transactions through the Compliance Department. DWS does not exercise its voting rights for shares of DB held in investment portfolios, or of DWS itself.

The exercise of voting rights is carried out solely following DWS's proprietary processes and policy and is fully independent from DB. The policies and processes described and referred to in the following are applicable for holdings in funds domiciled in Europe. Processes and policies may differ for funds domiciled elsewhere, i.e., the US, due to differing regulatory requirements.

By applying our Conflicts of Interest Policy to all aspects of our activities, we have identified the below list of actual and / or potential conflicts of interest related to investment stewardship (non-exhaustive):

Cross-directorships

Where DWS employees hold directorships or other positions of influence in organisations other than DWS, conflicts of interest may arise between DWS and these external organisations. Before agreeing to a directorship or position of influence within an external organisation, regardless of the listing status or profit-making nature, employees must first obtain approval from Compliance and business management. The external appointment is then assessed for potential conflicts of interest in line with the Conflicts of Interest Policy, Outside Business Interests Policy, and business considerations.

Proxy voting

Within this area, there is a potential for a conflict of interest where client or beneficiary interests diverge from each other, and we could vote in a manner that favours one client over another. At DWS, this is managed by clearly documenting who is responsible for voting on rights for assets held within DWS managed strategies and by ensuring voting is applied consistently so that all clients are treated equally.

If a client transfers voting rights to us, and we manage these assets on their behalf, we have the discretion on the voting decisions based on our Corporate Governance and Proxy Voting Policy for EMEA. If the client outsources this responsibility elsewhere then that is documented in the contract and the client will make alternative arrangements for voting. As a result, currently all client assets where DWS has been contracted to provide proxy voting will be voted in accordance with DWS's voting guidelines which ensures the equal treatment of all clients / beneficiaries.

Please refer to Principle 12 with regard to data on our Proxy voting activities in 2022.

Securities lending

A conflict of interest in relation to investment stewardship may arise from securities lending. The securities lending programme benefits clients and fund investors by increasing the income derived from investments held by the client or the fund. However, when a security is lent the voting rights are effectively transferred to the lender. This has the potential to weaken the voting power of clients and fund investors in the pursuit of increasing income.

In practice for all active portfolios generally all shares are recalled before the votes are required to be exercised. For all passive portfolios, we do not lend entire positions so we can vote on items where the full weight of holdings is not required. In relation to passive investments, the team will only recall all stocks ahead of a vote if there is a stipulation in the voting item that requires the full weight of a holding to be voted on.

For further details on securities lending and conflict mitigation, please refer to Principle 12.

Differing individual recommendations

During the ordinary course of business, there may be instances where the responsible Portfolio Manager or Analyst proposes a recommendation different from our standard DWS Corporate Governance and Proxy Voting Policy for EMEA (i.e., regarding substantial transactions and M&A).
In such cases, our Proxy Voting Group is the ultimate decision-making body and makes a determination in line with the DWS Corporate Governance and Proxy Voting Policy. This group is composed of senior managers from the investment platform, the research function, and the Corporate Governance Center to ensure an effective, timely and consistent voting process (please refer to Principle 12 for more details). Furthermore, based on our fiduciary duty to our investor clients, in relation to M&A transactions where we hold both companies in our portfolios, these cases must be decided on a "case-by-case" approach, based on our Conflicts of Interest Policy and the DWS Corporate Governance and Proxy Voting Policy. A decision made on a fund level will be considered (depending on the position weight), thereby ensuring that no investor client (i.e., shareholder) is at a disadvantage.

Differing objectives between fixed income and equity portfolio managers

Since meetings with issuers are notified to both the fixed income and equity platforms, analysts from both sides can participate in engagement meetings/calls if relevant for their investment decision. In case of different expectations from an equity and fixed income perspective on issues to be raised during the engagement activity, two separate meetings will be organised.

If there are voting decisions of particular significance for a company our Proxy Voting Group (PVG) is the ultimate decision-making body.

Outcome

Signatories should disclose examples of how they have addressed actual or potential conflicts.

Examples of management of actual conflicts

Fiduciary voting rights: External board roles of DWS board members
Conflict description: A DWS board member (management / supervisory) sitting on multiple boards of companies including those in which DWS has invested.

It is possible that a conflict of interest exists / occurs where the director in question sits on boards of investee companies. There is the risk that DWS votes in a manner that is not in accordance with DWS's Corporate Governance and Proxy Voting Policy.

Control / Mitigation: DWS votes in a manner that was based on our fiduciary duty in line with DWS processes (e.g., DWS Corporate Governance and Proxy Voting Policy), acting at all times in the best interest of our clients and treating them all equally. We do not deviate from our voting behaviour and from existing / established processes.

DWS target funds: Proxy voting process
Conflict description: When DWS funds hold a position in another DWS fund (or an affiliate), it is the policy to refrain from voting those shares. Exercising those voting rights could result in reputational risks and/or conflicts of interest. In cases where DWS' participation is necessary to enable a quorum, DWS may elect to vote those particular shares.

Control / Mitigation: In general, DWS does not vote at the meetings of DWS fund entities in which other funds managed by DWS hold an interest. Furthermore, cases where DWS' participation is necessary to enable a quorum will be discussed with and approved by Compliance.

Clients seeking influence on votes
Conflict description: On very rare occasions, clients who are affiliates of investee companies may seek to influence voting decisions especially shortly prior to specific AGMs. A deviation from our voting policy can, however, only be based on factual grounds that are also in the interests of other clients and needs to be approved by the Proxy Voting Group (PVG).

Control / Mitigation: Generally, within DWS client related functions are strictly separated from the Stewardship function. Also, DWS does not accept any guidance or demand by clients on any voting decision to ensure that we follow our stringent voting process based on our policy.

Exercise of Voting Rights at affiliates of DWS / Deutsche Bank
Conflict description: As a global investor, DWS also holds shares of its majority shareholder, Deutsche Bank AG. Exercising voting rights could cause conflicts of interest, e.g., when voting against specific agenda items, such as the omission of dividends, the election of directors, the approval of remuneration reports or capital issuances.

The majority shareholder of DWS, Deutsche Bank AG, is restricted from voting on specific agenda items pursuant to Sec. 136 of the German Stock Corporation Act.

Control / Mitigation: To avoid any potential reputational risks and/or conflicts of interest, DWS does not exercise any voting rights at Deutsche Bank AG.

Participation of Portfolio Managers in EMP
Conflict description: There is a potential conflict of interest that a portfolio manager representative might through participation on the ESG Engine Methodology Panel at DWS which develops and defines the ESG methodologies and grades/ assessments to be considered in the investment process becomes aware of potential changes in grades/ assessments prior to the general information to the investment platform which he/she could use in his/her investment decision for the managed portfolio or for personal account dealing.

Control / Mitigation: All Members must promptly notify the Chairperson should they believe their involvement with a particular issue may fairly give rise to an actual or perceived conflict of interest. If the Chairperson agrees that an actual or perceived conflict is likely to exist, the Member must abstain from considering the respective issue or must leave the meeting while discussion of the issue takes place. As to potential conflicts involving the Chairperson, the same process applies except that the Chairperson must appropriately consider and weigh the facts potentially leading to a conflict and on that basis decide whether he / she is in a position to attend the respective meeting and to discuss the respective issue.

Proposal for conflict management and mitigation:
– Chairperson (who is not a PM) reserves the right to make a final decision and maintains retrospective veto right on any final decision.
– The EMP seeks a consensus vote. This ensures a broad acceptance of all involved and impacted parties. In the case that no consensus can be found, the final decision lies with the Chairperson.
– It is acknowledged that EMP representation of portfolio managers creates potential conflicts of interests or obstacles to information barriers. The Establishing Person defined portfolio management participation to be necessary for analysing existing methodology and evaluating any possible changes to the methodology and implications. The Secretary closely monitors the relevant portfolios of voting members who are also portfolio managers and can escalate in case of a perceive conflict of interest. When voting concerns an issuer held by a voting portfolio manager, that member needs to abstain from the voting.

4 Purpose and Governance: Promoting Well-Functioning Markets

Context

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

DWS recognizes that market-wide and systemic risks need action and attention by investors to complement ESG integration, company engagement and impact / sustainable investment strategies.

Activity

Signatories should explain:
– how they have identified and responded to market-wide and systemic risk(s), as appropriate.
– how they have worked with other stakeholders to promote continued improvement of the functioning of financial markets;
– the role they played in any relevant industry initiatives in which they have participated, the extent of their contribution and an assessment of their effectiveness, with examples; and
– how they have aligned their investments accordingly.

Identifying market-wide and systemic risks

DWS has governance structures and processes in place which systematically identify, measure, assess, model, aggregate, mitigate, and monitor risks. These processes are in place across the organisation in all regions and business divisions, as well as infrastructure functions, and are part of DWS's overall Risk and Governance framework. A detailed outline of the DWS Risk Management framework is available in DWS's Annual Report: https://group.dws.com/ir/reports-and-events/annual-report/.

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

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

The integration of sustainability factors in our risk management framework remains a strategic focus area. Its importance has been emphasised by increased public attention, continued client interest as well as the entry into force of ESG and sustainability risk-related regulations on the EU and national level. We are therefore continuously enhancing our ESG-related risk identification, measurement, and management methods and processes. In 2022 we enhanced these processes through the initiation of the integration of adverse sustainability impacts.

Sustainability risk and sustainability factors have potential impacts on the portfolio risk profiles, for both liquid and illiquid alternative asset classes. The number of sustainability factors potentially impacting the valuation of assets contained in a managed portfolio led to the conclusion that a comprehensive measurement and management of sustainability risk requires a diverse set of risk indicators and measures.

As part of fiduciary sustainability risk management in liquid asset classes, to identify and assess the sustainability risk profile of a fund, the DWS Climate Transition Risk Assessment as well as the DWS Norm Controversy Assessment are considered in the risk management process in combination with gross and risk-adjusted exposure information. In 2021, we implemented a portfolio sustainability risk management process for European-domiciled funds pursuing actively managed Equity or Fixed Income strategies. In 2022, this process was enhanced and subsequently implemented across all European-domiciled UCITS and AIFs, including the ETF product suite. This process includes portfolio risk appetite setting, measurement, monitoring and reporting activities. In addition to the above, selected ESG assessments were considered within counterparty risk and issuer concentration risk processes.

Within fiduciary sustainability risk management in alternative asset classes, we identify and assess the level of sustainability risk taken by illiquid alternatives funds based on individual asset level risk scores or grades, which are informed by both quantitative and qualitative data points. These can be based on external ESG data providers (e.g., benchmarking and/or certification issuers such as GRESB, BRE for BREEAM or US GBC for LEED, Measurabl for Real Estate, which provides access to Moody's 427, S&P TruCost, and the CRREM Tool), as well as internal and external subject-matter experts (e.g., DWS ESG Specialists). In 2022, sustainability risk measurement and management processes were developed for the European-domiciled illiquid alternative asset classes Real Estate, Infrastructure Equity, Sustainable Investments, Private Debt and Private Equity.

Forward-looking identification of market-wide and systemic risks

DWS has a hybrid model for identifying and responding to market-wide and systemic risks, where a top-down approach driven by research and our CIO View is further integrated with a bottom-up approach where the insights developed within the investment teams across the asset classes and regions are regularly discussed. Such views are integrated with other functions at DWS. The key activities for identifying market-wide and systemic risks are outlined as follows:

1. Forward-Looking Risk Council (including scenario analysis),
2. CIO Office and CIO View,
3. Long-Term Capital Markets Forecast
4. DWS Research

In developing their views, DWS colleagues also participate in a number of ESG and stewardship initiatives that we believe will enable us to help society respond to market-wide and systemic risks so that we can support the development of sustainable outcomes for the economy, environment, and society.

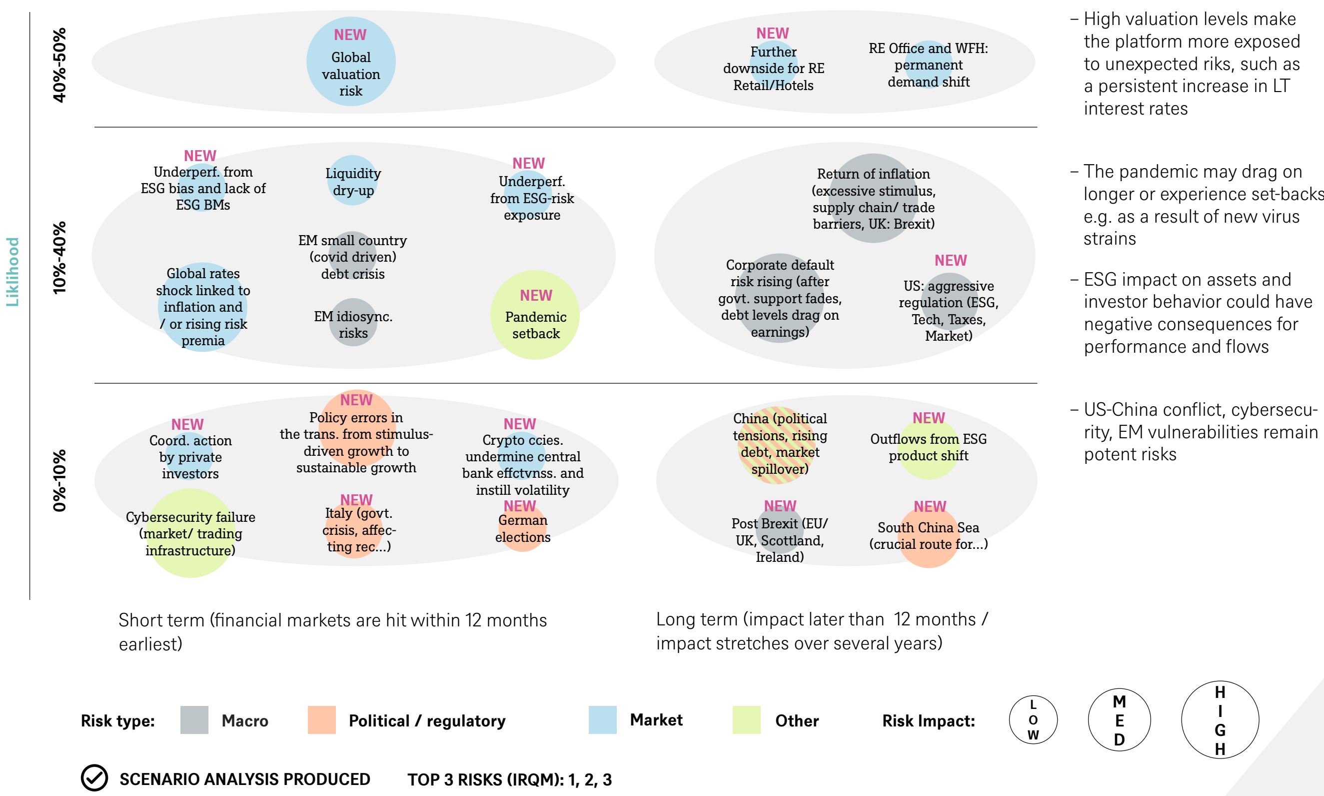
1. Forward Looking Risk Council and Scenario Analysis

Our CFO division including both Finance and Risk, together with DWS's Research House[13], regularly organise a Forward Looking Risk Council with the aim of identifying key investment platform risks that are relevant across asset classes and investment strategies. The risks selected are based on fundamental analysis and are qualified in terms of likelihood, time horizon and investment platform risk exposure. Examples of systemic and market-wide risks identified in the past include:

- Macro risks: resurgence of inflation, policy effectiveness, recession, debt crisis etc.
- Political risks: election outcomes, fiscal policy, geopolitical risks etc.
- Market risks, such as liquidity dry-up in certain segments of the market, valuation risk, bond risk premia re-pricing etc.
- Other risks such as the COVID-19 pandemic, climate change, cybersecurity failure etc.

[13] DWS division responsible for producing research. DWS does not produce investment research that is sold to third parties.

Chart 4.1 Illustration of Key Investment Platform Risks



Each of the financial and non-financial risks (including ESG-related risks) highlighted in the illustration are based on a more detailed description of the risks, broken down by category, topic and region, risk, rationale, and implications, as well as impact, timeframe, and likelihood assessment.

Table 4.1 Examples of identified risks

Category	Topic/Region	Risk / Rationale / Implications	Impact	Time	Probability
Alternatives	RE Office and WFH: permanent demand shift	Increased Home Office as a result of Covid'-19 is here to stay. Existing and "coming-to-market" office space may create excess supply, with implications for rents, prices, developers, investors	Low	MT	High
Alternatives	Further downside for RE Retail / Hotels	Negative impact from Covid-related lockdowns, tavel bans,on-line shopping may drag on longer than expected as a result of new virus strains and the reckoning of delayed defaults when fiscal policy support measures and reserves fade	Low	MT	High
ESG	Underperf. from ESG-risk exp.	Negative performance as a result of ESG-impact on assets including uninsured physical (heat, flood, earthquake, wind) and transition (CO_2 costs, adaption costs, financing costs). Inability to trade out of assets concerned due to lack of demand, low liquidity, uncertainty, lack of information on ESG risk exposure or lack of activity.	Low	ST	Med
ESG	Underperf. from ESG bias and lack of ESG BMs	If low rated ESG assets outperformed high rated ESG assets, a secular ESG bias may lead to underperformance in the absence of an ESG biased benchmark	Low	ST	Med
ESG	Outflows from ESG prod. shift	Negative flows as a result of clients shifting out of traditional into ESG products, driven by shifting preferences, regulation, disclosure, ESG credibility. ESG strategy mitigation efforts by DWS to be considered	Med	MT	Low
Market	Global valuation risk	A sense of complacency permeating financial markets as investors seem to bet on a persistent policy backstop and uniform market views raise the risk of a price correction. A sudden sharp tightening of financial conditions from current very low levels – for example, as a result of a persistent increase in longterm interest rates – could be particularly pernicious should such tightening interact with financial vulnerabilities	High	ST	High
Market	Liquidity dry-up	Funds face outflows while liquidity dries up in relevant market segments – ETFs and funds become forced sellers in the event of market-wide outflows – Volcker rule regulation "took away" bank balance sheet buyers – Central banks reduce tradable volumes	Low	ST	Med
Other	Cybersecurity failure (market/ trading infrastructure)	Business, government and household cybersecurity infrastructure and/or measures are outstripped or rendered obsolete by increasingly sophisticated and frequent cybercrimes, resulting in economic disruption, financial loss, geopolitical tensions and/ or social instability. A cyberattack on DWS, exchanges or other market infrastructure might deter DWS from trading on behalf of clients	High	ST	Low

For risks with significant likelihood and impact, DWS runs a dedicated scenario analysis. This type of analysis has three main objectives:

i) Obtaining insights about risk drivers and potential risk outcomes

ii) Understanding potential risk impact on asset classes and client portfolios

iii) Using the insights to take action in terms of portfolio risk adjustment or other preventive actions

The scenario analysis process follows three main steps before conclusions can be drawn or mitigation action is initiated:

1. Scenario description

A scenario narrative is created providing a realistic outline of the risk event and its possible outcome at some point in the future with the support of research analysts from the Investment Division.

2. Translation of scenario into factor shocks

The scenario narrative is used to explore the effects on financial market factors, for example, equity or fixed income indices as well as currencies. Impact estimates are obtained both from expert judgement by asset class specialists, as well as from quantitative techniques applied by the Risk team

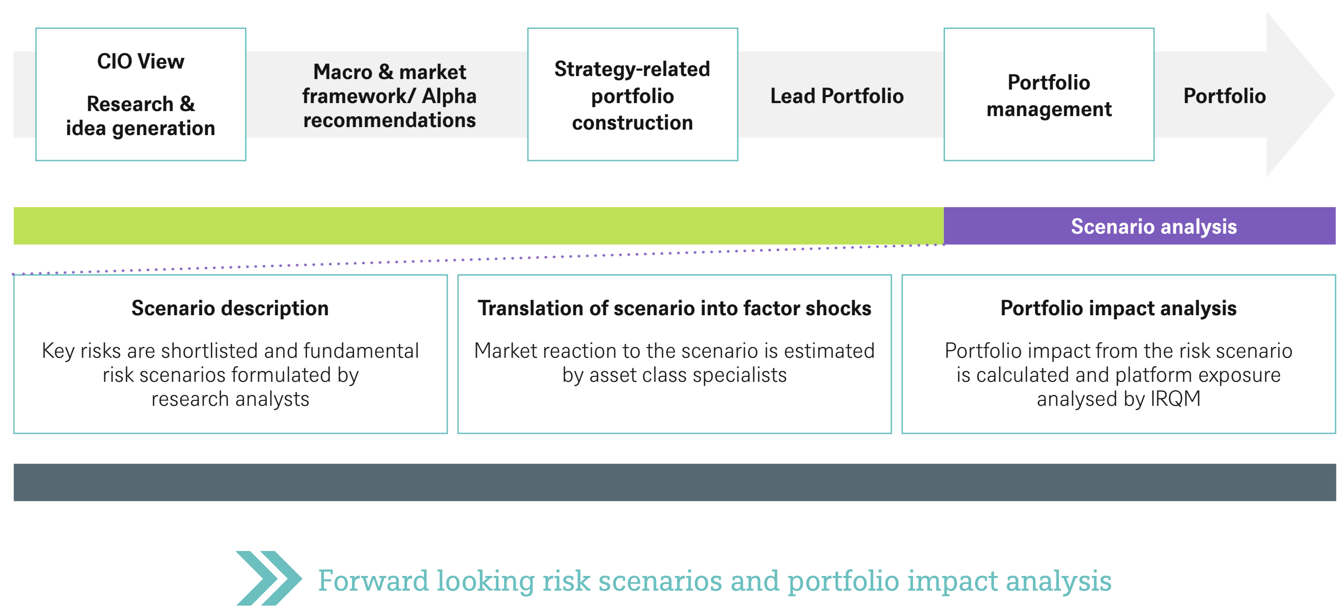
3. Portfolio impact analysis

Factor shocks are used to derive potential client portfolio performance impact both for individual portfolios and across asset classes. Based on the scenario description, asset class specialists provide impact estimates on factors such as treasury yields, investment grade credit spreads and equity markets in Europe, USA as well as Emerging Markets, consistent with the main exposures of the investment platform. The Risk team use these estimates, vets them for consistency and then applies the refined inputs to run the resultant impact analysis across portfolios

The results of the impact analysis provide insights into the gain or loss or drivers of the relevant portfolios, strategies, and asset classes. Based on these results, the Investment Division then reviews and optimises exposure, while the CFO division identifies pockets of risks which require further scrutiny or potentially mitigation action.

This impact analysis was first implemented during the COVID-19 pandemic. As soon as January 2020, DWS started to assess the impact based on a global infection scenario modelled by DWS's Macro Economics team. Economic implications, as well as financial market reactions in terms of equity, bonds, currencies, and alternative assets, were estimated. Based on portfolio exposures, the potential impact of the pandemic on client portfolios and the investment platform was derived. The information was used within both DWS's Investment and CFO divisions to assess where significant effects might require

Chart 4.2 Outlining the scenario analysis process:



Note: precise results of scenario analysis are confidential and constitute proprietary DWS Group work product for internal use only by DWS Group.

mitigating action. Due to the positive experience resulting from this exercise, DWS has institutionalised the approach.

2. CIO Office and CIO View

The CIO Office is responsible for bringing together the results of a research process and market analysis aimed at defining risks and opportunities for all investors and clients of DWS for the next 12 months (on a rolling basis). These views are communicated both internally and externally through meetings, publications, the media, and industry events.

The main market-related events are analysed daily and commented on through the DWS CIO Daily newsletter, which is published every day by 8:30 am CET and is available to all DWS employees and to clients by 10:00 am CET at the latest.

The CIO View is our house view on macroeconomic topics and individual asset classes, providing financial-market forecasts, model multi-asset allocations and DWS's views on market risks. As part of our fiduciary responsibility, our portfolio managers use the CIO View as a foundation for their active investment decisions. The view also serves to share our investment expertise with clients. In 2018 we incorporated ESG aspects into our quarterly CIO View publication for the first time, recognising the impact that ESG and sustainability issues have on the asset-management industry and markets in general. Since the beginning of 2021, all of our publications and presentations reflect the ESG perspective whenever it is applicable.

The investment process is designed to incorporate insights from both top-down and bottom-up perspectives in forming opinions.

Strategic CIO View generation process

In this top-down process, we divide our investment universe into individual components, so-called "alpha sources". For each of these alpha sources, there is an analyst with primary responsibility who, as part of the strategic investment process, must provide a qualitative assessment and a forecast for the performance of the respective alpha source once per quarter, or at shorter intervals in times of increased uncertainty. Depending on the alpha source, the overall assessment is made up of individual elements, such as the credit analysis of individual issuers in the case of corporate bonds. The top-down research is further supported by proprietary economic and political research, which provides forecasts and probabilities regarding economic developments, political events, and monetary policy.

The analysts will present their conclusions in asset class meetings, where an asset class view will be formed taking into consideration both core scenarios and tail risks. The collective findings are then presented simultaneously in a cross-asset class meeting, the "CIO Day", at the end of which the house view (the DWS CIO View) is determined. This process takes place on a quarterly basis, but ad-hoc events may take place if and when required. In March 2022, an ad-hoc CIO Day was held, following President Putin's invasion of Ukraine. The CIO Day adjusted our market forecasts[14]. How DWS addressed other implications of the invasion are discussed in other sections of the Stewardship Code response.

This integrated and cross-asset class process is designed to ensure that insights from one asset class are available for the entire research and investment process. For example, insights from real estate research can be compared with the assessment from mortgage-backed securities or covered bonds, and similarly, insights from commodity research with the priced-in or expected default rates of high-yield bonds. In 2022, the CIO Day added for the first time, a one-year forecast for the price of EU carbon allowances. As well, the investment platform was educated regarding the addition of physical climate risk data into the ESG Engine and the regions and sectors facing the greatest risk.

Tactical CIO View generation process

The strategic process is complemented by a tactical process, where the focus is on the upcoming quarter. Research analysts formulate their positioning recommendation for the respective alpha source under their responsibility. These recommendations are tracked and measured. With the positioning recommendation, the analyst must also specify a target and risk level. From a risk perspective, the formulation and strict monitoring of target and review levels is important. A repeated breach of target and especially review levels in an area can point to developments in the market at an early stage which could turn out to be systemic risks.

3. Long-Term Capital Markets Forecast

DWS has instigated a Long-Term Capital Markets Assumptions research agenda[15], to complement our existing twelve-month forecasting framework. Central to this approach is our belief that clients should consider a long-term perspective beyond 1–5 years when it comes to constructing investment portfolios. The team that developed this process provided input to the 2021 IIGCC Paris Alignment investment framework regarding strategic asset allocation (SAA).

[14] www.dws.com/insights/cio-view/cio-flash/cwf-2022/new-12-month-targets-after-the-putin-shock/
[15] www.dws.com/en-gb/insights/global-research-institute/dws-long-view-2020-Q1/

The DWS Long-Term Capital Market Assumptions (LTCMA) framework estimates long-term return forecasts for 600+ indices across major asset classes (equities, fixed income, commodities, listed and private real estate equity, listed infrastructure equity, listed and private infrastructure debt, hedge funds); volatility and correlation of these indices (based on lengthy historical timespans covering a number of market cycles) are also part of the estimates. The framework is run by the DWS Research House, in consultation with asset-class experts across the Investment Division. The models are evaluated quarterly and fed into the DWS Long View report (an annual publication with short quarterly newsletter updates) and serve as building blocks for SAAs built by the Multi-Asset team. The Client Coverage Division and Structuring team also leverage the results for their work with institutional clients on long-term allocation frameworks and asset-liability studies.

In 2022, the LTCMA framework was applied to analyse potential ten-year asset class return implications from the Bank of England's climate scenarios[16]. The analysis concludes that the climate action scenario would likely produce higher returns compared to a no additional action scenario. The Research Institute team uses this conclusion in institutional client presentations as a macro-financial case for climate action.

Process

While the model is quantitative and systematic in nature, it combines a top-down and a bottom-up approach, together with macro and micro data at the constituents' level. The aim is to identify the fundamental drivers of long-term total returns in each asset class and make them as comparable as possible. The three key pillars we have identified are Income, Growth and Valuation; these are interpreted in the appropriate manner in each asset class. For example, in equities, income means dividends plus share buybacks (net of capital issuance); growth means nominal earnings growth (which at the index level we proxy via inflation as well as trend real GDP growth); valuation builds on the paradigm of mean-reverting long-term / cyclically adjusted valuation ratios. Similarly, in fixed income, the key drivers of index total returns are yield, roll return, valuation, and credit migration / credit default.

Example: DWS response to identified market-wide wide and systemic risks via input into DWS's Strategy

The Multi-Asset team constructs SAAs for public funds or institutional clients subject to constraints, risk tolerance, diversification requirements etc – but it all starts with the LTCMAs return forecasts. Some of DWS's institutional clients independently construct their own SAAs but utilise our LTCMAs as one of their inputs.

In 2022, the Multi-Asset team published[17] an update to their framework including Paris alignment, EU PAI and the EU Taxonomy.

SDG Analysis

In DWS's 2019 Sustainability Report[18], we published the findings of an analysis of the SDGs for the first time, assessing the likelihood, influence, and magnitude of both positive and negative impacts on DWS. The three SDGs where DWS can have the greatest impact are: SDG 8, "Decent Work and Economic Growth;" SDG 10, "Reduced Inequalities" and SDG 13, "Climate Action". We aim to reflect these goals in our evolving Corporate Responsibility Strategy.

4. DWS Research

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

As the asset management industry evolves, we also continue to modernize and digitise our platforms to improve and enhance internal research and development for our products and services. We expect our proprietary research to continue to become increasingly important following the implementation of MiFID II in 2018.

Case Study 1: Risk Identified and DWS' Response through the CIO View generation

Over the course of 2022, inflation continued to be an increasingly important risk for financial markets. An analysis focused on various drivers, some of which have been deemed of a transitory nature, whereas other factors have been identified as structural drivers:

- The conflict in Ukraine and implications for energy and food prices
- One of the structural, and hence longer term, drivers is demographics. A rising dependency ratio especially in industrialised countries technically means a shift in the aggregate supply curve to the left, hence leading to an equilibrium of lower output at higher prices, i.e., inflation.
- Climate protection, while necessary, was identified as another structural driver. With regards to this topic, DWS Macro Research distinguished between direct effects and indirect effects.
- The direct effects of policies to fight climate change on inflation stem from an increase in CO_2 pricing via a CO_2 tax

[16] www.dws.com/AssetDownload/Index?assetGuid=63114926-e589-4c3a-b6b6-bb0d0d6f06cc&consumer=E-Library
See from p.8. The comments, opinions and estimates contained herein are for informational purposes only and set forth our views as of the date of this report. Th underlying assumptions and these views are subject to change without notice at any time, based on market and other conditions and should not be construed as a recommendation.
[17] www.dws.com/insights/global-research-institute/esg-in-strategic-asset-allocation-the-2022-update/
[18] group.dws.com/responsibility/sustainability-report/

(e.g., French carbon tax), the CO_2 emission trading system, or a CO_2 cap-and-trade-system (e.g., EU-ETS), as well as abolishing existing subsidies for fossil fuels.
- Indirect effects are caused by a pass-through of higher energy costs on goods and services prices, climate-related regulation, and transition costs. Over the medium term, private and public investments into low or no-emission production facilities, retrofitting of buildings, etc. will add to the indirect effects.

Case Study 2: Russia's invasion of Ukraine
During 2022, the Russian invasion of Ukraine impacted our product range. Given the situation, it was decided in March 2022 that our actively managed retail funds should no longer make new investments into Russian securities until further notice. Furthermore, in coordination with fund boards, we have suspended the subscription and redemption of new shares in retail funds with significant Russian exposure and manage existing Russian exposure on behalf of our clients in line with the individual funds investment policy and our fiduciary commitment

The review of actively managed retail funds for Russian exposure included the Sustainability Assessment Verification Council (SAVC) and decisions on amending DWS internal ESG grades for sovereign bonds of Russia and Belarus (prior to amendments by ESG data providers) and analysis of holdings of companies with high Russia government ownership and companies linked to individuals on sanction lists.

The ad-hoc CIO Day in March 2022 following the invasion, resulted in changes to our one-year asset class return forecasts[19]. The ESG thematic research team also published articles[20] and a report[21] on the implications of the invasion for responsible investors and the clean energy transition. The Case Study on energy efficiency also highlights DWS efforts to address energy security by providing policy recommendations for helping reduce energy demand.

Case Study 3: Political Uncertainty and Geopolitical Risk Identified
Continued elevated levels of political uncertainty worldwide, an increase of protectionist policies as well as geopolitical risk could have adverse consequences on the economy, market volatility and investors' confidence. Examples are the escalation of US-China relations concerning new sanctions (more tariffs, non-tariffs measures, and export restrictions), political backlashes in French presidential and US elections, or events in regional hotspots.

Case Study 4: Climate Risks Identified
Risks and opportunities from climate-related events can be categorized into two types: transition risks and opportunities, and physical risks. Transition risks and opportunities focus on the impact which policy changes, designed to bring about a transition to a greener economy, may have on individual companies. This includes potential increased costs to companies and business opportunities that may arise from adopting or developing low-carbon technologies and climate solutions. Climate change is also likely to cause acute or chronic physical climate effects, resulting in property damage or business interruptions – such effects are referred to as "physical risks". Policy risks are expected to be more material for carbon-intense industries, such as energy, utilities, and materials. However, sectors showing high policy risks also demonstrate higher potential in technology opportunities that may be leveraged by early adopters of policy changes. APAC and Europe are estimated to benefit slightly more from adoption of low-carbon technology in most sectors. With regard to physical risks, APAC and South/Central/Latin Americas regions may be impacted more significantly from extreme climate events. Among the climate events considered, heatwaves may result in a multitude of adverse effects on labour availability, productivity, and thermal efficiency. Companies in capital-intensive sectors including utilities and energy, especially those where production facilities are located at coastal locations, are more likely to suffer from acute events, especially flooding and tropical cyclones.

DWS response through sustainability-related Stewardship
In 2022 DWS engaged with investee companies held in both actively and passively managed funds, as well as fixed-income issuers. The 2022 Active Ownership Report[22] describes our thematic engagements on net zero, human rights and blue economy have largely continued the work that began in 2021. More than 770 investee companies received our post-season letters for votes against management during 2021. More than 2,300 received our pre-season engagement letter and we voted at 3,822 general meetings at 2,827 investee companies (92% of our equity AuM). We supported 74% of all environmental shareholder proposals and 70% of all social shareholder proposals. We held 532 engagements with 448

[19] www.dws.com/insights/cio-view/cio-flash/cwf-2022/new-12-month-targets-after-the-putin-shock/
[20] www.dws.com/insights/cio-view/charts-of-the-week/cotw-2022/chart-of-the-week-20220422/
[21] www.dws.com/insights/global-research-institute/russias-invasion-of-ukraine-esg-sustainability-implications/
[22] www.dws.com/solutions/esg/corporate-governance/active-ownership-report-2022/

investee companies, including 175 net zero engagements. In addition, we sent questions to the Annual General Meetings (AGMs) of 64 investee companies. We voted against the re-election or discharge of directors at more than 70 companies because of ESG controversies, including 24 companies that failed to provide adequate oversight of climate-related risks.

Towards the end of 2021 DWS introduced an enhanced engagement framework for portfolios within its pooled legal entities, whose activity started to unfold in 2022. The enhanced engagement framework establishes three clusters of engagement for issuers depending on the type and degree of interaction with the investee company:
- Core List: This is the main list for proxy voting and is one source for the focus and strategic lists. It contains holdings that are screened according to agreed criteria.
- For the Focus and Strategic Engagement Lists different engagement themes are defined according to a detailed screening process. For certain investees, the main priority is on climate and norm violations as well as on governance-related issues.

The enhanced engagement framework considers active and passive holdings and sets targets towards sustainability outcomes that are mapped to the PAIs SDGs. In addition, investee engagement reports aim to map the relevant SDG and PAI categories to the engagement KPIs. Progress is tracked with clearly defined timelines for follow-up and escalation, as required. Engagement may lead to a review of ESG assessments that could have an impact on the ability of our portfolio managers to invest in the security.

In 2022, we developed a regional Engagement Council to oversee our engagement activities defined by the enhanced engagement framework, such as providing guidance to the engagement leads, performing quality checks and tracking engagement progress. The objective of this council is to facilitate the discussion of important financial and non-financial issues and to drive engagement for the assets managed by DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. It is chaired by the Head of the Corporate Governance Center and the Head of the ESG Integration team.

In 2022 we identified the issuers and portfolios with the largest emissions using an enhanced methodology based on inflation adjusted weighted-average carbon intensity (WACI) adjusted portfolio contribution. This will act as a basis for DWS's own decarbonisation target. We will set additional requirements for companies facing high carbon risks. This includes consulting shareholders on the implementation of a climate transition strategy, aligning capital and operational expenditures as well as lobbying activities related to climate and decarbonisation targets.

In 2023, we will continue developing and enhancing our active ownership activities. As we close the first full year of our enhanced engagement framework, 2023 will be the first opportunity to review our engagement KPIs with investee companies and monitor their development.

DWS activities to promote continued improvement of the functioning of financial markets

DWS has a long track-record in using investor influence with the intention to help society manage systemic risks, particularly regarding the climate crisis. For instance:
- Since 2009, DWS has continued to participate in signing an annual investor letter to governments calling for stronger climate policies[23]. A DWS expert joined the policy working group of the Institutional Investors Group on Climate Change in 2021.
- DWS established a strategic focus on European Transformation, outlined in the case study below, seeking to contribute capital and ideas. Capital is needed for the climate, sustainability, digital and national/energy security transformation of Europe. However, current sustainable finance policies favour divestment over transition or transformation.
- DWS privately responded to the European Commission's consultation on ESG data providers as well as other consultations through trade associations. The response built on a 2021 report[24] which identified the conflicts of interest within data providers.
- Companies that are potentially involved in the production of nuclear weapons received a letter[25] from us, requesting clear disclosure about the level of involvement and on how their potential involvement would look in the future. Bilateral discussions continued in 2022. The risk of nuclear warfare is a systemic risk for humanity and our letter asked companies to respond to efforts to develop a treaty on the prohibition of nuclear weapons.
- Through industry associations, DWS experts also contributed to consultation responses from different governments and regulators. Other examples of DWS

[23] www.theinvestoragenda.org/focus-areas/policy-advocacy Investor Agenda 2021 www.theinvestoragenda.org/focus-areas/policy-advocacy/ theinvestoragenda.org/focus-areas/policy-advocacy/
[24] www.dws.com/insights/global-research-institute/a-transformational-framework-for-water-risk/
[25] DWS 2021 https://download.dws.com/download?elib-assetguid=6e7b34ef866142f5956fb284d48ba6ee&&&

collaboration with other institutional investors, to address systemic issues, can be seen under Principle 10.

Case Study: European Transformation initiative

Before DWS's Capital Markets Day in December 2022, we published a press release[26] stating that contributing to the transformation of Europe's economies will be a strategic corporate priority for DWS. DWS's CEO stated that we will leverage our existing private market products and create new investment products to provide capital to support transformational change in Europe's economies. A research partnership with the Frankfurt School of Finance and Management was also announced.

The DWS Research team published a major report[27] shortly after this announcement, analysing that if Europe wishes to maintain the same level of sustainable prosperity, transformation is needed. The report identified policy recommendations, which will be taken up where possible, through consultation responses and trade associations that DWS experts participate in. For instance, the Transformation report concluded that sustainable finance policies need reform to ensure sustainable-focused investors are not disadvantaged compared to traditional investors. Follow up reports[28] were published in early 2023 on vehicle electrification, lending to small and medium-sized companies, and on energy efficiency.

Case Study: Engagement with Index Providers

DWS developed a strategic framework to engage on sustainability considerations with providers of indices for our Passive Products business. There are trillions of Euros of capital benchmarked to core indices offered by index providers, and hundreds of billions of Euros benchmarked to these indices by Passive instruments. By engaging with index providers and formally requesting improvements, Passive Investments will be able to add an additional pillar to achieve the sustainability-related targets proposed by DWS. The engagement process is in addition to sustainability-related due diligence and assessment carried out on index providers as well as their index(es) in question during the index selection process for Passive. The engagement framework focuses on:

1. Integration of sustainability-related criteria into benchmark indices.
2. Adequate sustainability reporting and transparency.
3. Improvement of sustainable index offering.
4. Alignment of strategy and product offering with Net Zero and reduction of carbon risks.
5. Internal governance and conflicts of interest management.
6. Implementation of the framework began at the end of 2021.

Case Study: Public Policy Engagement on Energy Efficiency

An example of continuous contribution to public policy development is on energy efficiency. Through the management of DWS's real estate portfolios and the management of the European Energy Efficiency Fund[29] for the European Commission and European Investment Bank, DWS aims to support the climate goals of the European Union. Following Russia's invasion of Ukraine and the subsequent energy crisis in Europe, energy efficiency became much more of a focus for policymakers, investors, companies and individuals.

A DWS expert was a founding member of the European Energy Efficiency Financial Institutions Group[30] (EEFIG) in 2013 and joined the initiative's first Steering Committee in 2018. DWS previously led the committee in writing a letter to the EU Energy Commissioner in May 2020, with recommendations for the EU Renovation Wave strategy.

DWS's Head of ESG Real Estate was asked to provide a keynote speech at the 2022 annual EEFIG plenary meeting and DWS's Senior ESG Strategist provided a presentation with recommendations during the EEFIG Steering Committee meeting.

In May 2022, DWS organised a roundtable meeting of insurance company Chief Investment Officers and senior experts from the Energy Directorate of the European Commission to discuss how energy efficiency is a multi-asset class opportunity and how investment can be strengthened in the context of the energy crisis.

Additionally, DWS experts presented policy recommendations during a roundtable meeting with a senior Commission representative and members of the Institutional Investors

[26] www.dws.com/our-profile/media/media-releases/deutsche-bank-dws-set-european-transformation-as-strategic-priority/
[27] www.dws.com/insights/global-research-institute/a-framework-for-european-transformation/
[28] www.dws.com/solutions/esg/research
[29] www.eeef.eu Included as information only for the purposes of the 2021 Stewardship Code report by DWS Investments UK Limited
[30] http://eefig.eu/ http://eefig.eu/

Group on Climate Change (IIGCC), shortly before the Commission published its REPowerEU strategy for sustainable energy independence. The REPowerEU strategy included a mention of the need to develop a Pay for Performance market for energy efficiency, a suggestion that DWS has made for several years.

Also as part of the REPowerEU strategy, the Commission stated:

"It is key to strengthen the cooperation with financial institutions on energy efficiency investments and to mobilise their active commitment toward the achievement of the REPowerEU and the European Green Deal objectives. In this regard the Commission, in cooperation with Member States, continues to strengthen the work of the successful Energy Efficiency Financial Institutions Group (EEFIG) with a view to transforming it into a high-level European Energy Efficiency Financing Coalition with the financial sector."[31]

In several meetings, Commission officials expressed appreciation for DWS's long involvement in energy efficiency policy discussions.

In the UK, DWS participated in a working group of the Green Finance Institute. Also, a DWS expert provided substantive contribution to a UK Investment Association (IA) consultation response on energy efficiency and energy security. DWS successfully encouraged the IA's CEO to sign a joint letter sent to the UK Prime Minister calling for stronger energy efficiency policies. This was the first such 'real economy' policy advocacy letter that the UK IA had supported.

Case Study: Air quality and residential real estate

Poor air quality is a major systemic health and well-being issue and is strongly linked with carbon emissions. DWS's real estate business sponsored a report[32] from the UK charity Global Action Plan (GAP). The report is the first landlord-sponsored research, surveying residential tenants in buildings owned by DWS funds in Germany, the Netherlands and the UK. GAP is the organiser of Clean Air Day in the UK and a recognised expert in this area. The report found that over half of renters are concerned about air pollution but lack understanding of the actions that can be taken to reduce exposure. Over half of renters said that they would be more likely to renew their tenancy if a property had been managed to minimise air pollution, even if it meant paying more. Renters also consider landlords highly responsible for managing air quality within their homes.

DWS is actively involved in initiatives to improve air quality across its European real estate portfolio as it focuses on the health and wellbeing of tenants.

DWS' Role in Relevant Industry Initiatives

To promote well-functioning financial markets through building and sharing of knowledge and good practice, DWS experts are involved with a number of organisations. Below is a list of the most relevant, having regard to the purpose of the UK Stewardship Code's Principle 4.

[31] EU SAVE (2023)
[32] www.dws.com/our-profile/media/media-releases/dws-and-global-action-plan-survey-reveals-significant-impact/

Table 4.2 DWS' Role in Relevant Industry Initiatives

Name	Type of engagement	Events / developments 2021
Corporate Governance		
Berufsverband der Investment Professionals (DVFA) – Corporate Governance & Stewardship Commission and Sustainable Investment Commission	Member	DWS continued to be an active supporter of the DVFA and DWS staff was invited to several conferences. Furthermore, DWS has remained an active promoter and co-initiator of the DVFA-Corporate Governance Scorecard.
Bundesverband Investment und Asset Management (BVI) – Sustainability Committee, Corporate Governance, and Compliance working groups	Member	DWS remained active in several political engagement and sustainability groups of the BVI, providing consultations on several national and European legislative initiatives and collective comments regarding ESG issues, annually reviewing the Guidelines on German AGMs, as well as drafting and developing several position papers on virtual AGMs.
Corporate Governance Roundtable by Harvard Law School	Member	DWS participated in the roundtable which was focused specifically on the topics Hedge Fund Activism, Board Independence & Efficiency, Proxy Access, and Campaigns.
European Funds and Asset Management Association (EFAMA) – Responsible Investment and Corporate Governance working groups	Member	DWS continued to be part of the workstreams regarding ESG & Stewardship Standing Committee as well as Sustainable Finance, providing feedback to various topics.
Global Institutional Governance Network (GIGN)	Member	DWS continued to participate in an investor group focused on good corporate governance and improving long-term shareholder value.
International Corporate Governance Network (ICGN)	Committee Member	DWS was a member of the Global Governance Committee participating in meetings on topics around supply chains and controlled companies as well as consultations.
UK Stewardship Code	Signatory	DWS Investment UK Ltd. was recognized for the second year as a signatory to the Financial Reporting Council's UK Stewardship Code, which sets high standards of stewardship for those investing money on behalf of UK savers and pensioners.
UK The Investment Association (IA)	Member	A DWS employee acted as an Advisory Board member. Further activities of different DWS employees include being Chair of the IA Passive Investment Committee, being a member of the IA Stewardship & Governance Committee, contributing to a thought leadership working group focused on UK corporate governance best practices, and being a member of the Sustainable and Responsible Investments Committee. DWS provided significant input to IA's response to a Parliamentary committee consultation on energy security and successfully encouraged the IA to sign a letter to the UK Prime Minister calling for stronger energy efficiency policies, one of the first such letters that the IA has signed. DWS employees also participated in the TCFD Implementation Forum on a regular basis.
Corporate responsibility and sustainable finance		
Dutch Association of Investors for Sustainable Development (VBDO)	Member	VBDO and DWS hosted an online Expert Session on Water Risk across asset classes via DWS BrightTALK platform, accessible for a global audience. VBDO and DWS hosted an online Expert Session on Ocean Sustainability via DWS BrightTALK platform, accessible for a global audience.
European Financial Reporting Advisory Group (EFRAG)	In-kind donation	A DWS employee was a member of the Project Task Force on European Sustainability Reporting Standards (PTF-ESRS).
Forum Nachhaltige Geldanlagen (FNG)	Member	DWS contributed to the market report of Nachhaltige Geldanlagen with DWS data.
Global Impact Investing Network (GIIN)	Member	DWS attended the annual Global Impact Investing Network investor forum and hosted a networking event for sustainability leaders.
Pension for Purpose (PfP)	Member	A DWS employee participated in a PfP workshop on physical climate risk. Several DWS Research Institute reports have been distributed to PfP members.

Name	Type of engagement	Events / developments 2021
Principles for Responsible Investment (PRI)	Signatory	DWS has been signatory to the PRI since 2008. A DWS employee was a member of the sub-sovereign advisory committee and provided feedback to PRI's white paper on ESG Integration in Sub-Sovereign Debt. Another DWS employee held a lecture on integrating climate change considerations in the investment management process for PRI Latin American members.
World Economic Forum (WEF)	Working group participant	DWS Research participated in a working group focused on transformative investments.
Climate		
CPD	Signatory, Member, Commitment, Reporter	DWS has been an investor signatory of CDP since 2006. As a CDP reporter, DWS received a CDP score of A-, reaching CDP "Leadership level". In addition, DWS is once again a signatory to CDP Science-Based Targets (SBTs) campaign with the purpose to accelerate the adoption of science-based climate targets in the corporate sector. In addition, DWS became a signatory to CDP Municipal Disclosure campaign aimed at increasing US municipality participation in the annual CDP reporting.
Ceres Investor Network on Climate Risk and Sustainability	Member	DWS employees participated in working group update sessions including on net zero in private equity and attended presentations. DWS collaborated with Ceres to publish a report on the financial materiality of water. The report won an award from Environmental Finance. The report helped to establish the Valuing Water Finance initiative's investor engagement, which DWS became a member of.
Climate Action 100+	Signatory	DWS has been a signatory to Climate Action 100+ since 2017 and continued the engagement with an Italian utility company via Climate Action 100+.
Climate Policy Initiative's (CPI) Global Innovation Lab for Climate Finance	Founding Member	DWS is a member of the Climate Lab cycle and participated in conferences and workshops held by the Climate Policy Initiative.
Coalition for Climate Resilient Investments (CCRI)	Founding Member	DWS is a founding member of the Coalition for Climate Resilient Investment (CCRI). A DWS expert provided input to CCRI's guide to incorporate physical climate assessment methodology, which received special recognition in the report.
EU Energy Efficiency Financial Institutions Group (EEFIG)	Founder and Steering Committee Member	A DWS employee is a member of the EEFIG steering committee. As such, the activities of the employee include providing advice to the EU Commission on energy efficiency policy, participating in a working group on financial risk in energy efficient loans, and being a keynote speaker at EEFIG's annual meeting.
Eurosif	Working group member	A DWS employee participated in the climate reporting & indicators advisory group.
Global Investor Statement on Climate Change	Signatory	DWS renewed its signatory for the Global Investor Statement on Climate Change and is one of the longest standing supporters since the statement was initiated in 2009.
Global Off-Grid Lighting Association (GOGLA)	Member	DWS became a member of GOGLA in January 2021, alongside contributing to work streams on best practice for transparency in off-grid solar.
Green Climate Fund (GCF)	Accredited Entity Status	In 2022, GCF entered into a commitment agreement worth USD 78.4m and a technical assistance facility agreement worth USD 1.6m for DWS's Universal Green Energy Access Programme, an investment fund that invests in decentralised renewable electrical energy production and distribution in Africa. The investment fund is managed by DWS Investments S.A..
Institutional Investors Group on Climate Change (IIGCC)	Member	Various DWS experts contributed to working groups covering net zero, physical climate risk and resilience, providing feedback on net zero metrics for banks, and providing input to investor expectations for data providers. A DWS expert joined the policy working group, providing input to energy efficiency related policy advocacy.

Name	Type of engagement	Events / developments 2021
Investment Adviser Association (IAA)	Member	DWS continued to participate in the ESG Committee focused on ESG investing in the context of SEC-registered investment advisors. Specifically, DWS provided input to the Investment Advisor Association on an industry-group comment letter to the SEC on the proposed climate disclosure rule.
Investing in a Just Transition	Signatory	DWS continued to support the PRI Investor Statement on a Just Transition on Climate Change.
Net Zero Asset Manager Initiative (NZAM)	Signatory	DWS has been a founding signatory to the NZAM initiative since 2020. DWS provided its first "Net Zero Annual Disclosure - Base year 2020" in December 2022.
Science Based Targets Initiative (SBTi)	Commitment	DWS committed to SBTi in 2021 and regularly engages with SBTi in context of its net zero activities. A DWS employee served in a SBTi working group to develop a target setting methodology for Sovereign Debt.
Taskforce on Climate related Financial Disclosure (TCFD)	Supporter	DWS has been a TCFD supporter since 2017 and issues a Climate Report since 2020.
Social Commitments		
Diversity and Inclusion Working Group of the US Institute	Member	DWS has continued to be part of a think tank for leading investment management firms which allowed sharing and discussing successes in advancing diversity practices in the firms' organizations.
New Financial	Member	DWS has remained a member of a think tank and forum launched in 2014 with the view to rethinking how Diversity and Inclusion can be improved in capital markets in Europe and to look at rebuilding trust and improving industry culture. Activities included publishing research papers, preparing for how aspects of Diversity and Inclusion can be brought into regulatory requirements, focusing on diversity data to understand the workforce and eliminate potential bias.
Real Estate and Infrastructure		
Better Buildings Partnership (BBP)	Member/ Signatory of Climate Commitment	DWS has been a signatory to BBP since 2013. It has committed to deliver net zero carbon real estate portfolios by 2050. Further, DWS has continued to participate in working groups focusing on net zero, embodied carbon of development, refurbishment, and fit-out works, as well as resilience.
Building Research Establishment (BRE)	Member	A DWS employee was active in a working group to support the development of BREEAM standards.
Carbon Risk Real Estate Monitor (CRREM)	Member	DWS continued to participate in the Scientific & Investor Committee focused on accelerating the decarbonisation and climate change resilience of the EU commercial real estate sector. Further, another DWS key activity comprised integrating CRREM into transaction ESG screenings, annual fund business planning, and SFDR targets.
European Association for Investors in Non-Listed Real Estate Vehicles (INREV)	Member	A DWS employee co-chairs the INREV ESG Committee. In addition, DWS participated in various working groups focusing on developing ESG reporting standards and looking into regulatory requirements for real estate.
Global Infrastructure Investors Association (GIIA)	Founding Member	As a founding member of the GIIA, DWS Infrastructure is working jointly with governments and other stakeholders to boost the role of private investment in providing infrastructure that improves national, regional and local economies. DWS employees participated in various working groups, for example, regarding UK water and ESG.

Name	Type of engagement	Events / developments 2021
GRESB (Global Real Estate Sustainability Benchmark)	Member	A DWS employee chairs the GRESB Real Estate Standards Committee. Besides, DWS experts continued to participate in the Real Estate Benchmarking Committees, contributing to develop a GRESB roadmap for the future.
Urban Land Institute (ULI)	Founding Member	A DWS employee contributed as a speaker to a number of panels and webinars. Further, DWS continued to submit data to the ULI Greenprint Center Building Performance and participated in working groups focused on sustainable practices in the real estate asset management industry.
US Department of Energy Better Buildings Challenge	Member	DWS committed to a 20% reduction in energy and water use by 2030 for its portfolio of US office properties, and had previously met a 2020 target three years early. The progress was published on the website of the US Department of the Energy Better Building Challenge.
Transparency and Reporting		
Operating Principles for Impact Management (OPIM)	Signatory	DWS became a signatory of the Operating Principles for Impact Management in 2019 and published a DWS Disclosure Statement based on the principles. DWS had four Sustainable Investments funds aligned with OPIM's guided impact principles.
Schmalenbach Gesellschaft für Betriebswirtschaft	Member	Since 2015, a DWS employee is an active member of the working group "integrated reporting and sustainable management" and since 2021, a DWS employee is an active member of the working group "Sustainable Finance".

Public Advocacy and other Stakeholders

DWS collaborates regularly with a variety of academic institutions to foster education on ESG, sustainability, and other topics.

Table 4.3 DWS' Collaborations with Academic Institutions

Name	Type of engagement	Events / developments 2021
Academic engagement		
Columbia University	Lecturer	A DWS employee has continued to teach financial inclusion and impact investing at Columbia University's School of International Public Affairs as adjunct professor.
Goethe-University Frankfurt	Guest lecturer	A DWS employee delivered a guest lecture on Corporate Governance (M.Sc-program).
HHL – Leipzig Graduate School for Management	Guest lecturer	A DWS employee delivered a guest lecture on Corporate Governance (PhD-program).

Furthermore, DWS engages regularly with non-governmental organisations (NGOs) on diverse sustainability related topics and has also contributed to their research and publications. Amongst others, DWS collaborates with Reclaim Finance, ShareAction, Greenpeace, and the World Wide Fund For Nature (WWF).

Table 4.4 DWS' Collaboration with NGOs

Name	Type of engagement	Events / developments 2021
NGO		
Greenpeace	Stakeholder	DWS was in exchange with Greenpeace in context of its fossil fuel investments.
Reclaim Finance	Stakeholder	DWS contributed to the 2022 Asset Manager's coal as well as oil and gas scorecards and had a regular exchange on multiple sustainability related topics with Reclaim Finance.
ShareAction	Stakeholder	DWS contributed to ShareAction asset manager benchmarking in August 2022.
WWF	Stakeholder	Since 2021, DWS partners with WWF in the context of DWS Concept ESG Blue Economy fund and on a multi-year marine conservation project in the second largest coral reef in the world.

Global regulatory consultations are a key component of our stewardship efforts, and we regularly engage with global regulators and authorities (e.g., IOSCO, ECB, European Commission, CBI, CSSF, BoE) to discuss developments in the capital markets and funds industry. Furthermore, DWS communicates with exchanges and other capital markets participants approach DWS for periodic / regular inputs on prudential oversight.

How DWS has aligned its investments according to analysis of market-wide and systemic risks

As laid out above, identifying and responding to market-wide and systemic risks are embedded in DWS's investment process. The research process is driven through a hybrid model that is both top-down and bottom up and is tactical (time frame: next quarter), strategic (time frame: next twelve months) and long term in nature (time frame: next decade). This approach also enables us to share insights across the organisation and with external stakeholders such as investors or the general public, and it helps the development of new products and client solutions. It informs clients and other stakeholders on risk and opportunities and is able to drive re-allocation in assets. Through our work with investees and other stakeholders, we endeavour to support a well-functioning financial system.

Our investment decisions are constrained by product prospectuses that set out a clear guideline that investors should take into consideration as part of the investment process. Value-focused investments may over- or underperform the broader benchmark in a growth-driven equity market, but it is important that the focus remains on fulfilling the guidelines as set out in the relevant fund prospectus, while integrating market-wide and systemic risks. At DWS, this approach is integrated into the DNA of the organisation, across functions, products, and distribution. Subject to guidelines set out in the relevant fund prospectus or mandate; our investments are aligned with what is described in this Principle.

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

Outcome

Signatories should disclose an assessment of their effectiveness in identifying and responding to market-wide and systemic risks and promoting well-functioning financial markets.

Effectiveness of our response to market-wide and systemic risks

Evaluating the effectiveness of any financial institution's response to market-wide and systemic risks outside of its portfolio activities and operations is difficult as we are not able to assess the impact that a different course of action would have resulted in. On the previous pages, we have described the process followed at DWS. However, there are inevitably risks and here are some tangible examples of how we addressed such residual risks at DWS and how we work internally and with our partners to promote a proper functioning of markets:

- Contradictory Research Recommendation Process: Within DWS, research is integrated by the various investment teams. Situations occur where different teams may take a different view on the upside or downside in prices on a specific security. This may be due to a different time frame for the investment, asset class (fixed income, equities), or investment style (Value and Growth). To ensure that the divergence of views is not a result of some more relevant risk, a monthly review focuses on the rationale for divergence in recommendations. If the risk is deemed material, an escalation process takes place. There were 16 reviews and 1 escalation made in 2022. The Research Governance Forum determined that there were no real contradictions across the 16 securities reviewed last year. The process can also be called upon if material events occur and other researchers may have not identified the matter. This is particularly useful in times of crises.
- Ensuring that the ESG grade fully reflects the risk and opportunities of the underlying security. There are situations where different vendors may use the same 'materiality' framework but have different ESG scores on the same security. To manage such risks, and to promote better functioning of financial markets, DWS is engaged and acting on multiple fronts:
  - Using a multivendor approach to ESG grades
  - Calling for an official definition of ESG and Sustainability standards
  - Setting up a council to review ESG grades from vendors based on DWS proprietary research insights (Sustainability Assessment Validation Council - SAVC). The SAVC was set up in December 2021. This council takes a decision when there are different opinions from vendors, as well as when new material information emerges that may lead to future changes in grades
  - Engaging with vendors to clarify ESG grades and their methodologies

DWS continuously reviews its processes with the goal of proactively managing risks and opportunities. In addition, successfully engaging on market-wide and systemic risks such as ESG-risks is, in our view, an indicator of the effectiveness of what we do. Please refer to Principle 9 and 11 for examples.

Effectiveness of DWS promoting well-functioning markets through engagement, publications, and public advocacy

We believe that in most cases it is not possible to achieve change in companies' or government policies and practices through the actions of a single investor. However, in some cases, we can see a correlation between our actions and the actions of the markets.

Today, companies are increasingly setting net zero targets which is likely due to a large range of factors. This is good progress, but we believe we need more investors to advocate for more ambitious science-based targets so that collectively, we can accelerate the transition to net zero.

For instance, DWS's Climate Report (https://group.dws.com/responsibility/) shows a growing proportion of DWS equity and bond holdings are in companies that have or have committed to develop a Science Based Target. DWS's engagement along with other investors and broader stakeholders contribute to this growth, even though it is difficult to assess our own contribution.

DWS Research Institute reports have identified systemic risks impacting society and a proper working of financial markets. Such issues, particularly climate-related issues, are regularly highlighted in our research and marketing material, conferences and in our stakeholder engagement. The objective is to increase awareness and bring the debate to a level where such issues are dealt with in policies or changed market practices or standards. The most relevant issues we are focusing on include:

- Sustainable vs. traditional investors. The Research Institute's European Transformation report in December 2022 concluded that an investor aiming to use capital and influence for sustainable is disadvantaged compared to traditional investors. For instance, on average the DWS report found that ESG passive funds have higher fees in the market than "traditional" funds. This means that investors face additional costs when investing sustainably, and more importantly, they face higher cost than companies that create significant damage to society and the environment. We have started to raise the idea of a 'polluter pays' tax on the investment industry with key trade associations and clients. Such a tax could create an incentive for more and better stewardship, and investor policy advocacy on a range of systemic sustainability issues. These ideas are being

shared with investor associations DWS participate in (including IIGCC) as input to the European Commission's planned consultation on reforming the SFDR.
- Poor reporting standards. We welcome the introduction of the International Sustainability Standards Board (ISSB) in Europe. However, we note that the focus on single materiality falls short of providing support to deliver for the EU Corporate Sustainability Reporting Directive (CSRD) and will fail to provide information to investors that is primarily interested in the impact that their capital has on society and environment. We continue to assess how we can strengthen calls for a double materiality approach when reporting on the environment[33]. We were gratified to see the ISSB starting to expand its focus beyond climate and including aspects of double materiality. We are examining further opportunities to provide input to reporting standard setter.
- Addressing conflicts of interest and proper governance in ESG market actors: In March 2021, DWS's Research Institute team responded to a net zero consultation from SBTI, calling for the creation of proper governance and conflict of interest policies. SBTI was criticised in the Financial Times in January 2022 for the lack of such policies. DWS met with SBTI leadership several times to follow up on this recommendation. SBTI published a conflicts of interest policy in February 2022 and continues to work to improve its governance.
- A 2021 DWS report[34] identified conflicts of interest within ESG data providers. Policymakers in Europe and the UK are consulting on how ESG data providers should be regulated. This report was referenced in DWS's consultation response to the European Commission on ESG data providers.
- Energy efficiency. The earlier case study set out in Principle 4 on energy efficiency, noted the positive feedback from the European Commission officials to DWS feedback
- Increasing awareness and driving action beyond the reduction in carbon emissions. We aim to educate investors on other climate-related risks, especially in terms of water and biodiversity, and why we need to focus on these as much as carbon reductions in order to tackle climate change

In Case Study 1 and 2, we highlight how we use our research to drive change and create better outcomes for investors.

Cast Study 1: Environmental risks beyond carbon – focusing on Biodiversity and the Climate-Water-Nexus

Our assessment of current market dynamics suggest that the environmental focus is excessively one-dimensionally limited to climate risks, loosing other environmental risks out of sight even though – as laid out in the Dasgupta review[35]: "everything is connected".

The DWS Research Institute continues to broaden its research and assess the financial materiality of water risk and biodiversity loss for investors globally alongside the recognition that any credible net zero strategy must have nature at its heart.

In our first white paper examining natural capital, the DWS Research Institute published "A Transformational Framework for Water Risk"[36] in which it proposed a solution for how investors can deliver transformational water investments across all asset classes[37]. The research paper later won the UK's Pensions for Purpose "Best Environmental Impact Thought Leadership Content" award[38].

In March 2021, the DWS Research Institute and the cash return on capital invested (CROCI) team began collaborating on water materiality with Ceres and their Valuing Water Initiative investor group. The DWS CROCI team is a proprietary investment process based on a valuation technique. Our collaborative work led to the publication of two research reports at the end of 2021 examining the financial materiality of water in the clothing and packaged meats industries. Most approaches to water risk focus on companies' sector and geographic exposure and do not examine financial materiality. This joint research could contribute to more organisations focusing on financial materiality of water risk. These reports will support Ceres in creating an investor engagement initiative on water, which could help focus more investors, companies, and governments on systemic water risks. The reports won "ESG research of the year – Europe 2022" from Environmental Finance[39]. A DWS expert presented this research in a webinar with Ceres and other investors interested in water sustainability.

In 2022, DWS joined the Ceres Valuing Water Finance Initiative[40], aiming to engage with a major apparel company to reduce its water use and water pollution through its operations and supply chain.

To reflect on the important role nature plays in carbon removal and reduction, the DWS Research Institute published their "Oceans and Climate – Exploring the Nexus" whitepaper[41] in October 2021.

Within this context, in 2021 DWS launched the DWS Concept ESG Blue Economy Fund, an equity fund focused on ocean protection. We are supported by the WWF Germany, which provides advice on the investee engagement approach for the fund. In addition, DWS entered into a partnership with WWF in the context of DWS Concept ESG Blue Economy fund and on a multi-year marine conservation project in the second-largest coral reef in the world. In 2022, the Blue Economy Fund published its first engagement report.

In addition to meeting with companies, we sent out detailed, sector-specific ocean-related questionnaires to 31 investee companies. The questionnaires were developed in cooperation with WWF Germany, based on the UNEP FI Sustainable Blue Economy Finance Principles Guidelines. The intention is to gather data on performance, company-set KPIs, targets, timelines and to choose companies for our engagements aiming at enhancing their ESG performance. In 2022 we carried out escalation measures to address a lack of communication. Companies not responding to our Blue Economy engagement efforts or questionnaire received an escalation letter. As a result, we sent four escalation letters in total and had eight follow-up engagements.

Also in 2022, the research team published a report[42] on Earth Systems and the nexus of land-climate-biodiversity-water-oceans-just transition issues. Biodiversity continues to be a research, engagement and product development theme.

Cast Study 2: Carbon pricing

The importance of carbon pricing to address climate change is undisputed, however, carbon pricing has not received much focus from investors. In 2022, the Research Institute published three reports[43] to provide investors with a primer on carbon markets, examine the investment opportunities in the EU carbon market as a new commodities asset class and carbon price forecasting errors. At the quarterly CIO Day, the Research Institute team started to present forecasts for the next year's EU carbon prices. As well, the CROCI team analysed how higher global carbon prices could impact equity valuations.

Further reports on carbon pricing are planned for 2023. Stronger investor focus on carbon pricing risks and investment opportunities could help drive change and establish better outcomes for investors.

Stakeholder Engagement

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

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

Within our Communications, Brand & CSR sub-division, a Public Affairs & Regulatory Strategy team was established in 2021. It provides relevant ad-hoc updates on political developments and potential impactful regulatory dossiers to senior management, coordinates the development and delivery of DWS positions on important regulatory debates, and it acts as a clearing house for memberships in trade bodies and business organisations close to political stakeholders. In our engagement with political and regulatory stakeholders, we regularly highlight the importance of rules supporting the economic transition towards a more sustainable way of making business. For example, we have highlighted the role of shareholder rights to strengthen board accountability in terms of governance and credible net-zero business plans. A full list of public consultation responses by DWS since 2021 can be found at DWS Public Dialogue.

We consider constructive engagement to be integral to understanding the expectations and concerns of our stakeholders. It not only helps us to comprehend the positive as well as negative impacts of our business activities more broadly, but also promotes acceptance of what we do, as we strive to strengthen trust and partnerships, and improve our sustainability performance. We are convinced that engaging with our stakeholders is crucial to creating a common understanding and a collaborative approach to shared global challenges.

All of our identified stakeholders have responsible points of contact within DWS Group. Each commitment or membership is evaluated by the responsible person, who decides whether it is important and worthwhile.

[33] www.dws.com/en-gb/Our-Profile/media/media-releases/dws-pushes-ifrs-to-introduce-a-coherent-esg-reporting-standard-based-on-double-materiality https://www.dws.com/en-gb/Our-Profile/media/media-releases/dws-pushes-ifrs-to-introduce-a-coherent-esg-reporting-standard-based-on-double-materiality/#:%7E:text=DWS%20pushes%20IFRS%20to%20introduce%20a%20coherent%20ESG,climate-related%20data%20and%20is%20based%20on%20double%20materiality.
[34] www.dws.com/insights/global-research-institute/a-transformational-framework-for-water-risk/
[35] https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review
[36] https://www.dws.com/insights/global-research-institute/a-transformational-framework-for-water-risk/
[37] www.dws.com/insights/global-research-institute/a-transformational-framework-for-water-risk/
[38] Reports were assessed for clarity, originality, educational insight, presentation, and relevance for pensions funds. No fee was paid for the award https://www.pensionsforpurpose.com knowledge-centre/events/2021/11/18/Pensions-for-Purpose-Content-Awards-2021/
[39] No fee was paid to be considered.
[40] https://www.ceres.org/water/valuing-water-finance-initiative
[41] https://www.dws.com/AssetDownload/Index?assetGuid=416ece57-eacc-4b51-b5e3-6f661fa6abfe&consumer=E-Library
[42] www.dws.com/insights/global-research-institute/earth-systems/.
[43] www.dws.com/insights/global-research-institute/carbon-markets-the-why-what-where/ and www.dws.com/insights/global-research-institute/carbon-pricing-and-carbon-allowances/ and www.dws.com/insights/global-research-institute/making-sense-of-carbon-price-forecasting/

5 Purpose and Governance: Review and Assurance

Context

Signatories review their policies, assure their processes, and assess the effectiveness of their activities

Our approach to ESG, engagement and stewardship continues to evolve. As such, our related policies and processes are constantly being reviewed and scrutinised to ensure they remain optimal against enhancements both internally and to some extent, by external independent parties. Internally, we periodically cross-check whether the local regulatory requirements of the different markets in which we operate are met by our policies and processes. We also discuss our processes with other relevant internal stakeholders to identify areas for improvement and to assess the effectiveness of our processes. Another trigger for re-evaluating our processes is the development of our clients' demands and expectations in terms of enhanced stewardship practices. Furthermore, as a signatory to the UN PRI, we are striving to achieve the best assessment as an asset manager by positioning our policies and processes towards best-in-class stewardship.

Activity

Signatories should explain how:

- **how they have reviewed their policies to ensure they enable effective stewardship.**
- **what internal or external assurance they have received in relation to stewardship (undertaken directly or on their behalf) and the rationale for their chosen approach; and**
- **how they have ensured their stewardship reporting is fair, balanced, and understandable.**

DWS's investment stewardship policies (e.g., Corporate Governance and Proxy Voting Policy, Engagement Policy) and processes are reviewed periodically in order to maintain their effectiveness and further improve.

Engagement policy developments in 2022

In 2022, we continued to operate an enhanced engagement framework for the pooled legal entities in EMEA, as executed by DWS Investment GmbH, which is designed to define and track sustainability outcomes for our investees. The enhanced engagement framework is overseen by a regional Engagement Council which meets on a regular basis to discuss and review engagement plans for companies on our strategic engagement list. This engagement list contains 50 investee companies that are of strategic importance for us and our clients and where we believe there is potential to improve ESG and financial quality. The Engagement Council members also discussed changes to strategic and focus list companies, based on the selection criteria and have reviewed relevant thematic engagement letters.

For the DWS equity holdings that are in the scope of our Corporate Governance and Proxy Voting Policy according to the pooled legal entities (as executed by DWS Investment GmbH), 532 engagements were conducted in 2022.

The underlying rationale used in our engagement is that we achieve positive change only when we exert influence and that we exert influence most effectively when we are invested.

Corporate governance and proxy voting policy developments in 2022

Built on almost 30 years of experience as active owners, our corporate governance understanding is based on relevant national and international legal frameworks and best practices, such as the German Corporate Governance Code, UK Corporate Governance Code, International Corporate Governance Network (ICGN) and the G20/OECD Principles of Corporate Governance. We actively participate in relevant global investor working groups, as well as providing our input on German and international regulatory consultations.

The Corporate Governance and Proxy Voting Policy for the three largest management companies in EMEA is reviewed annually to reflect developments in regulation and/or market best practices. For 2022, the following changes were made to enhance coverage of board accountability and the integration of sustainability factors:

Board Elections: We extended our guidelines to also vote against the re-election of non-executive directors for the following cases:

- The company fails to take climate action
- Failure to adequately and timely respond to thematic engagement requests (in 2022, this concerned our thematic engagement programme on net zero)

We extended our voting rules for lack of oversight of material ESG risks and controversies from solely non-executive directors to holding executives accountable, as material sustainability risks are further integrated to the remit of executive directors. In addition, we extended our guidelines to hold the nomination committee and board chair responsible for insufficient board and committee-level independence.

Executive Compensation: We enhanced our expectations on remuneration reports. The remuneration report should provide comprehensive disclosure that allows investors to assess how the targets used in variable remuneration were in alignment with the company's strategic goals, how the targets were met, how the board and the respective committee conducted their performance assessments and what pay-out resulted and in what form. Since 2021, we have expected investee companies to integrate relevant ESG metrics into short-term and/or long-term incentives. In 2022, we began voting against incumbent compensation committee chairs for failure to do so.

Diversity: We aligned our expectations with regard to gender and ethnic diversity to best practices (e.g., at least one person from an ethnic minority background on company boards for FTSE 100 issuers).

Stewardship reporting

The major pillars of our stewardship reporting in 2022 have been our Climate Report, PRI Reporting, Active Ownership Report, the submission of this report in accordance with the requirements of the UK Stewardship Code and reporting to Morningstar.

Our approach to address climate change and climate reporting

To mitigate climate change, transformational change is required across all parts of the real economy. For us as an asset manager, we therefore see it as part of our responsibility to become climate-neutral in our actions and have underlined this ambition by becoming a founding member of the Net Zero Asset Managers initiative (NZAM). This initiative calls on asset managers to commit to supporting the goal of net zero greenhouse gas emissions by 2050 at the latest.

To make this ambition more concrete and measurable we published our net zero interim target for 2030, that aims to achieve a 50% reduction in weighted average inflation-adjusted financial carbon intensity (inflation-adjusted WACI) related to Scope 1 and 2 emissions by 2030 from a 2019 base year.

We have put 35.4% or € 281.3 billion of our total global assets under management as of 31 December 2020 in scope to be managed towards net zero by 2030 (subject to the consent of clients, legal entities, and fund boards). As of 31 December 2021, 38.6% or € 358.0 billion AuM were in scope to be managed towards CO2-neutrality. The overall increase of in-scope assets included both changes in AuM of portfolios that were already in-scope in 2020 as well as some new portfolios coming into scope. These in-scope assets comprise equity and corporate bond holdings in mutual funds (ex-US) and in mandates of net zero committed clients, as well as selected real estate and infrastructure holdings. Illiquid assets in scope for net zero (€ 29.3 billion out of the € 358.0 billion) are currently not part of the WACI calculation.

The guiding principle of our actions towards portfolio net zero is to support the transition of the real economy and to contribute to a real-world reduction in carbon emissions. Therefore, engagement rather than divestment, remains our preferred mechanism. For further details on our net zero engagements, please refer to our Annual Report 2022 'Active Ownership' in the section 'Our Investment Approach'.

Whilst engagement remains the primary means to manage towards our net zero goals, we also focus on, amongst others, product innovation and moving toward a SBTI target framework. Further details on our approach to combat climate change, can be found in our Climate Report 2022.

As a NZAM signatory, we regularly report against our net zero commitments. In the first annual disclosure submitted to CDP in July 2022, we reported a 6.3% year-on-year decrease in the inflation-adjusted WACI for those AuM in-scope for net zero (emissions for 2020 vs. the 2019 baseline). The inflation-adjusted 6.3% WACI is broadly in-line with the average year-on-year reduction needed to reach our overall 50% interim decarbonisation target by 2030. To put this into context, the MSCI All-Country World Index over the same year saw an inflation-adjusted WACI decline of 0.3%.

Our latest CDP disclosure includes further details on methodology, metrics and reconciliation of figures:

Assets under management in-scope for net zero commitment

€ 358.0 bn. or 38.6% of total AuM as of 31 December 2021

Target of 50% reduction in inflation-adjusted WACI by 2030 versus 2019 baseline for in-scope assets

6.3% decrease for 2020 versus 2019 baseline

We employ the inflation-adjusted WACI instead of the standard WACI to strip out the effect of price increases. Due to a lag in reporting, emission data for 2021 was not available for all companies at the time of our reporting to CDP. To account for this lag, emission data for 2020 – in combination with holdings as of 31 December 2021 – has been used.

The main drivers of the reported portfolio decarbonisation were changes made by portfolio companies to their own carbon intensity, changes to our product mix, i.e. closure of existing products or launch of new products and changes to portfolio holdings either due to fund flows, market movements, or other portfolio considerations.

Throughout 2022, we continued to guide our climate-related activities and disclosures by considering the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In parallel, we also released our Climate Report 2022 on our webpage with additional information regarding our impact on climate change, net zero actions and TCFD information.

In the UK, the Financial Conduct Authority published its policy statement in relation to climate-related financial disclosures to extend mandatory TCFD reporting to asset managers. Our legal entity DWS Investment UK Limited is in the scope of this reporting obligation for phase one and published a TCFD Entity Report in June 2023. The entity-level TCFD Report and Group Climate Report can be found here:

https://group.dws.com/responsibility/

As stewardship standards are still being evolved globally, external auditing firms are also building up their expertise. An external assessment of our stewardship processes and policies may become more relevant when clearer practices on stewardship reporting are established.

PRI Reporting

DWS Group was among the early signatories of the UN-backed PRI in 2008. The PRI Assessment Report is generally designed to provide feedback to signatories to support ongoing learning and development. The results acknowledge our continued efforts and progress in deploying our ESG incorporation framework across different asset classes. The PRI Assessment Report published in September 2022 relates to DWS Group's activities during calendar year 2020 (2021 assessment). The PRI has completely changed their framework starting with the 2021 assessment which means that results cannot be compared to prior assessments. Across the 15 PRI modules relevant for DWS Group, we scored above the median and reached 4 stars in 7 modules and 5 stars in 8 modules. The table below provides an overview of DWS Group's aggregate results for each module and the respective median. The median applies to all signatories who have completed that module. There is no overall organisation score. The process of changing the assessment methodology has also led to PRI not asking for a submission for activities of the calendar year 2021. We will report our activities for the 2022 calendar year to PRI by September 2023.

Morningstar Reporting

Considering the increased attention from stakeholders in external ESG ratings, DWS strives to receive ESG ratings where they are deemed strategically important. In 2022, we were rated by, amongst others, the Carbon Disclosure Project (CDP) (result "A-: Management Level") and by Morningstar (result "ESG Commitment Level: Basic"). Based on an above sub-sector average rating, we were again included in the FTSE4Good index.

Active Ownership Report

The Active Ownership Engagement and Proxy Voting Report focuses on our voting and engagement activities in detail. This report has been developed to demonstrate and explain on an annual basis how we are fulfilling our stewardship obligations and responding to greater demands from clients, regulators, and the public to increase transparency and disclosure on stewardship activities. The coverage of the report has expanded over time, while aiming to keep a format that allows for comprehensive assessment and ensuring a balanced perspective for the reader. More recently, the report has been modified to focus more on effectiveness and outcome orientation and to provide updates on the latest developments.

Please refer to Principle 9 for specific data on proxy voting, engagements as well as case studies.

Table 5.1 Results of DWS's annual PRI assessment for reporting year 2020

AuM Band	Module name	Summary Scores	Median for PRI signatories	PRI signatories group size for this module	DWS score vs. Median
	Investment & Stewardship Policy	☆☆☆☆ (87)	60	2791	better
<10%	Listed Equity Active quantitative – incorporation	☆☆☆☆☆ (90)	65	301	better
10-50%	Listed Equity Active fundamental – incorporation	☆☆☆☆☆ (96)	71	1085	better
<10%	Listed Equity investment trusts – incorporation	☆☆☆☆ (89)	66	146	better
10-50%	Listed Equity Passive – incorporation	☆☆☆☆ (77)	35	317	better
<10%	Listed Equity Active quantitative – voting	☆☆☆☆☆ (93)	61	378	better
10-50%	Listed Equity Active fundamental – voting	☆☆☆☆☆ (93)	54	1144	better
<10%	Listed Equity investment trusts – voting	☆☆☆☆☆ (93)	60	189	better
10-50%	Listed Equity Passive – voting	☆☆☆☆☆ (93)	57	384	better
10-50%	Fixed Income – SSA	☆☆☆☆ (82)	50	807	better
10-50%	Fixed Income – Corporate	☆☆☆☆ (87)	62	932	better
<10%	Fixed Income – Securitized	☆☆☆☆ (74)	55	433	better
<10%	Fixed Income – Private Debt	☆☆☆☆ (72)	67	317	better
<10%	Real Estate	☆☆☆☆☆ (93)	69	422	better
<10%	Infrastructure	☆☆☆☆☆ (91)	71	182	better

Across all 15 PRI modules, DWS scored median of all PRI signatories and reached 4-stars across 7 modules and 5-stars across 8 modules

The scoring thresholds define at which percentage boundary a grade is allocated

Do not do ESG or scored 0 ≤ 25%	☆
> 25 ≤ 40%	☆☆
> 40 ≤ 65%	☆☆☆
> 65 ≤ 90%	☆☆☆☆
> 90 ≤ 100%	☆☆☆☆☆
Do not hold the asset class	N/A – not applicable
Opted out of reporting	N/R – not reported

Note: The median for PRI signatories derive based on the number of signatories that completed particular module, there after their scores have been ordered from lowest to highest and the middle value is taken as the median. Source: PRI Assessment Report 2021 for DWS Group, August 2022

Other reporting developments in 2022

Monitoring ESG Integration Activities

We have further improved our ESG integration progress report by automating the workflows to a greater extent and expanding the depth of quality checks for research notes.

Client Reporting

DWS has decided to discontinue the publication of the so-called eKPI factsheets as of January 1, 2023, and to no longer make them available for distribution to private investors. Individual information from these factsheets will only be applied in individual ESG reports that can be requested by institutional customers.

DWS made this decision as part of the regular review and further development of our promotional materials. On the one hand, we have determined that the information on certain sustainability aspects in the eKPI factsheets for DWS´ European mutual funds strongly overlaps with the new mandatory disclosures on environmental and social characteristics of the product and other sustainability disclosures to be published as of January 1, 2023, in accordance with the requirements of Delegated Regulation (EU) 2022/1288 of April 6, 2022, supplementing the Disclosure Regulation for these funds. The information on these characteristics from the eKPI factsheet therefore no longer offers added value for investors. Additionally, it was identified that the eKPI factsheets are only marginally used by clients.

Regulatory limitations around stewardship reporting

As a global asset manager, DWS is bound by the laws and regulations in different jurisdictions. In some of these, the exercise of active ownership, i.e., voting, is impeded due to documentary and bureaucratic obstacles (e.g., Power-of-Attorney requirements on a fund basis) which also needs to be weighed against the economic interests of our clients. These hurdles are especially observed in the Nordics, Poland, and Brazil.
The increasing demand for coordinated action by investors to push for changes at corporations is widely recognised. There are, however, national regulations that prohibit a meaningful collaboration between investors to protect companies against joint actions commonly known as "Acting in Concert". Please find more detail on the regulatory conditions in Principle 10.

Although DWS's approach focuses on quality over quantity for exercising voting rights, h, we were able to expand our voting universe further and increase the portion of AuM voted. Due to our very detailed Corporate Governance and Proxy Voting Policy that requires further in-depth analysis on company-level for individual voting research, any further extension is rather limited. Please find more information on this under Principle 12. With regard to our submission of questions to AGMs of investee companies, please refer to Principle 11.

External assurance

As a signatory to the PRI, DWS regularly participates in the PRI's transparency report. The parameters of the report are set by the PRI and are designed to clearly assess DWS's approach to responsible investment across a number of areas including organizational overview, investment and stewardship policy, and asset-class-specific information. The PRI also conducts a data validation exercise on information included in its transparency report to ensure accuracy and fairness. For more details, please refer to the previous' section "PRI Reporting".

Furthermore, as part of our fiduciary responsibility, DWS believes in the full disclosure of our investment stewardship activities. Therefore, to supplement the disclosure of the PRI transparency report and resulting PRI assessment, DWS comprehensively discloses voting activity and outcomes in its own Active Ownership Engagement and Proxy Voting Report[44]. This report has been established to clearly describe and graphically present our voting activity to our clients and investors.

In the future, DWS may seek to request a SOC1 (System and Organisation Controls) report on our investment stewardship reporting to gain external assurance from our auditor that ensures all of our data is fair, balanced and factually correct. Until now, however, such external assurance has not been sought.

Following the successful application as a signatory to the UK Stewardship Code, the FRC confirmed in September 2022, that DWS Investments UK Limited would, again, be listed as a signatory to the UK Stewardship Code. This repeated recognition by the FRC also reflected that we were able to address high-lighted areas for improvement successfully. We aim to meet the expected standard of application and reporting of the principles of the Code for the reporting period of 2022 in a way that is proportionate to DWS's size and type, also compared to other applicants. This, in return, reflects the fact that our report is clear and engaging, and effectively demonstrates DWS's application of the principles and reporting expectations of the Code in the reporting period and, further, that case studies presented are well explained and clearly set out DWS's investment approach, activities and the outcomes. Following the same reporting approach as in the last years, and again reflecting on the feedback received from the FRC, we are confident that this year's report will also be fair, balanced, and understandable.

Outcome

Signatories should explain how their review and assurance has led to the continuous improvement of stewardship policies and processes.

[44] hhttps://www.dws.com/solutions/esg/corporate-governance/

Case study 1: Engagement analysis and following improvement of our database

We internally analyse the level of our engagement with investee companies. This analysis can be found in our annual Active Ownership Report which has led to a year-on-year increase in the number of companies engaged with, in an increasing number of regions. During 2022, this Engagement Database was further improved and refined to allow a better usability and a more user-friendly collection and assessment of progress and outcomes. It is accessible to a pre-defined group of users which documents all engagement activities driven by DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. The review of our Annual Report by external auditors has given us important insights in the way we need to document, collect, and disclose stewardship activities.

Case study 2: Remediation of conflicting information

DWS uses several external independent sources that provide market information relating to the conditions of upcoming events (such as corporate actions or bondholder meetings). Examples of these external vendors include DTCC, WMI and Bloomberg. Whenever DWS receives conflicting information from one of these external vendors, the source that deviates is challenged. Whenever the deviating source is a custodian, they will go back to their market sources in order to confirm the accuracy of the information.

Independent audits

In relation to the statutory audit of the standalone and group financial statements of DWS Group GmbH & Co. KGaA, our Group Auditor performs based on appointment by the Annual General Meeting:

a) an audit of the financial statements and the combined management report in accordance with Section 317 et seq. of the German Commercial Code (HGB) and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) also covering the requirements under Section 78 of the German Securities Institutions Act (WpIG), including the related ordinance issued;
b) an audit of the consolidated financial statements and the combined management report prepared pursuant to article 315e HGB (German Commercial Code) in accordance with International Financial Reporting Standards (IFRS) in accordance with Section 317 et seq. of the German Commercial Code (HGB) and in compliance with professional auditing standards and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW).

Pursuant to Section 313 of the German Stock Corporation Act (AktG), the audit will also cover the report on related party transactions (related party transactions report) to be prepared by the executive board (in accordance with Section 312 AktG). Pursuant to Section 162 of the German Stock Corporation Act (AktG), the audit will also cover the remuneration report.

In addition and subject to the Supervisory Board decision the Group Auditor shall be appointed as auditor of the integrated Non-Financial Group Statement content in the combined management report in accordance with Section 315b HGB, in order to support, through a Limited Assurance process, the Supervisory Board in its duty to perform a review pursuant to Section 171 (1) Sentence 4 AktG.

Internally, the DWS Internal Audit function covers all aspects of the business and infrastructure functions including Information Technology, to the extent they are operated by DWS entities. DWS Internal Audit prepares and executes a dynamic, risk-based audit plan and undertakes audits that are mandated by regulatory authorities as well as performing risk advisory related tasks such as pre-implementation reviews, targeted reviews, and special investigations where necessary. Shortcomings identified in such audits are captured in a finding tracking system to allow for monitoring of the timely remediation. Upon closure of the findings by the responsible business- or infrastructure area, the remediation is subject to a risk-based validation approach by the relevant external or internal audit function.

External assessments

For reference year 2020, across the 15 PRI modules relevant for DWS Group, we scored above the median and reached 4 stars in 7 modules and 5 stars in 8 modules. The median applies to all signatories who have completed that module. In the module "Investment & Stewardship Policy", we reached 4 out of 5 stars. This external assessment allows us to understand how we are positioned in terms of external standards but also highlights areas where we can improve and strengthen our scores. For more details, please refer to the previous' section "PRI Reporting".

Since 2016, DWS through its UK-based entity, DWS UK Investment Limited, is a signatory to the UK Stewardship Code. Starting with the annual assessments by the FRC in 2020, DWS-status as a signatory to the UK Stewardship Code was confirmed and maintained. The latest assessment during 2022 for the reporting period 2021 again confirmed that DWS meets the standards and expectations of the FRC to maintain its signatory-status. This is another important external confirmation of our chosen Stewardship approach. The feedback provided by the FRC following their review was reflected accordingly in the following disclosure and we aim to fulfil the continuously raising standards and expectations.

6 Investment Approach: Client and Beneficiary Needs

Context

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them. Signatories should disclose:
– The approximate breakdown of:
– The scheme(s) structure, for example, whether the scheme is a master trust, occupational pension fund, defined benefit, or defined contribution etc.;
– The size and profile of their membership, including the number of members in the scheme and the average age of members;
OR
– Their client base, for example, institutional versus retail, and geographic distribution;
– Assets under management across asset classes and geographies;
– The length of the investment time horizon they have considered appropriate to deliver the needs of clients and/or beneficiaries and why.

The length of the investment horizon lays the foundation for each investment strategy, whether for fund products or mandate services. Different asset classes, investment styles and targeted client groups have different investment horizons and corresponding ESG needs. DWS offers a wide range of products and mandate services for institutional clients, and products suitable for retail end investors, worldwide, who all have different profiles and time horizons for investment. In the case of institutional clients, DWS' offering prioritises the enhanced customisation of investment universes to allow for negative screening and positive ESG tilting to align with the core values and beliefs of each individual investor including mitigating the risk of asset stranding. Other needs addressed on an investor-by-investor basis are ESG data integration along with stewardship and engagement policies. Products suitable for retail investors however typically seek to solve for more homogenous ESG needs with ESG-compatible variants of broad market investment universes, and in ESG topics such as climate where DWS observes or anticipates client demand.

To reflect the required needs of our clients and target market, DWS has established an overall product strategy process which is designed around regulatory requirements, trends and signals identification with a focus on industry and market trends, internal capability assessment, prioritization and implementation of initiatives which are translated into the DWS financial and product ambitions while also considering ESG aspects.

Product strategy process

Our products and investment solutions are designed to meet current and future clients' needs. When formulating a client-centric product strategy, DWS analyses industry and market trends and derives internal strategic signals, followed by an internal capability assessment and implementation of strategic initiatives.

In 2022, the demand for ESG solutions and product evolution has continued from previous years. Not only have clients continued their demand for ESG products and become more sophisticated, but regulators have also sharpened their definitions and guidance. We, therefore, seek to launch new and innovative ESG products and solutions to meet the needs of our clients globally. At the same time, we acknowledge differentiated client demand as well as further regulatory clarifications and, therefore intend to launch both ESG and non-ESG new products.

Recent ETF product launches have targeted, amongst others, focus areas of Paris-aligned and climate transition investments.

Given DWS' strong market position in Europe, European Transformation is a key theme DWS will address through investment in identified real asset areas such as Green Transition or Energy as well as targeted investments in other asset classes.

Further details can be found in our Integrated Annual Report and Climate Report.

Strategic asset allocation

For institutional clients, the investment horizon is considered through analysis and ongoing dialogue, integrating clients' balance sheet status, cash flows, risk preferences, objectives, and constraints. Our SAA (strategic asset allocation) analysis is intended to create a long-term, target allocation portfolio that plausibly creates the best conditions for long-term optimal risk and return outcomes.

Investment process

ESG in the Investment Process:

The Investment Division is organised by investment approach (Active, Passive and Alternatives) and regions (Americas, EMEA, APAC), each with tailored approaches to the incorporation of ESG factors in the investment process.

While having already built-up strong capabilities, we seek to further embed ESG considerations into our investment process, which are designed to improve the assessment of the future expected risk and return of a security.

Our investment process for liquid Active Investment Management integrates top-down and bottom-up views to implement investment strategies of different time horizons.

Bottom-Up:

DWS's equity research combines sector specialisation with local country expertise and thematic know-how. We apply a common investment concept that manifests itself in global standards for the analytic process, in company valuations and in research documents. This allows us to use analytical research findings in different product-specific investment contexts. In accordance with our ESG integration strategy, environmental, social and governance information related to companies is integrated into the fundamental research work of DWS's investment professionals. Research Analysts "translate" their analytic research into investable recommendations, which may be fed into portfolio construction. Research recommendations are supported by written summaries, which can include models, standardised short financial notes and long notes, in the front office system.

On the Fixed Income side, research is performed on two levels: Macroeconomics and Fundamental analysis, including relative value assessment where applicable. For the former, economists provide a thorough analysis of the world economy and the main economic regions. Within the macroeconomic research, the major trends are identified and their impact on various components such as gross domestic product growth (GDP), inflation, trade flows etc. is analysed. For the latter, research analysts focus on key fixed income market segments, issuers, and securities. They provide views on the fundamental situation and offer an assessment of the underlying market price (relative value recommendation) where applicable. In accordance with our ESG integration strategy, environmental, social and governance information related to issuers is integrated into the fundamental research work of DWS's investment professionals.

Top-Down

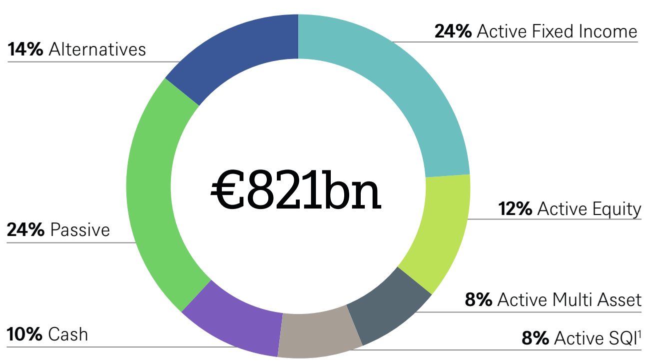
The CIO View is the basis of our investment process and is based on our global investment platform of investment professionals, spanning all asset classes and including defined CIO View signal providers. Their input results in a high-level outcome of forecasts for different time horizons, ranging from one to three months to ten years, qualitative outlooks on the economy and the various asset classes, allocations, and risks to main scenarios to generate one consistent tactical and strategic view. Material ESG global trends with their implications for sector allocations have become a regular part of the CIO Day.

Breakdown of AuM

As of 31st December 2022, DWS has reported € 821 billion in AuM globally, providing traditional and alternative products and solutions to a broad client base worldwide. Our AuM breakdown in asset class, geography and client type is laid out in the chart below.

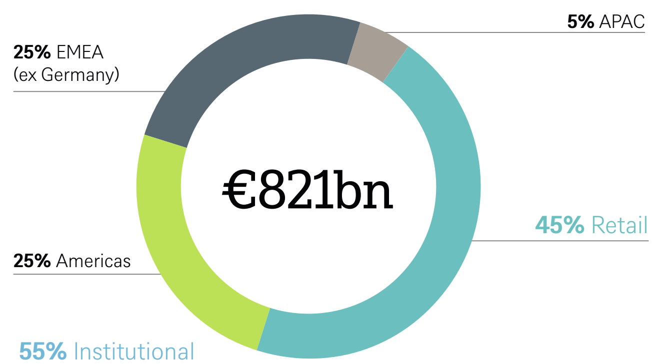
Chart 6.1 Breakdown of AuM by asset class and region

AUM by Asset Class



Source: Investor Relations, Finance

AUM by region & client type



Source: Investor Relations, Finance

[1] Systematic and Quantitative Investments

Table 6.1 Breakdown of AuM by client channel and region

AuM bn EUR		Client Channel	
Region	**Institutional**	**Retail**	**Total**
Germany	151	216	**368**
EMEA ex Germany	109	95	**204**
Americas	159	50	**209**
APAC	35	7	**41**
Total	**454**	**367**	**821**

(as far as legally able to disclose; figures may not add up due to rounding)

Activity

Signatories should explain:

- **how they have sought beneficiaries' views (where they have done so) and the reason for their chosen approach;**
  OR
- **how they have sought and received clients' views and the reason for their chosen approach;**
- **how the needs of beneficiaries have been reflected in stewardship and investment aligned with an appropriate investment time horizon;**
  OR
- **how assets have been managed in alignment with clients' stewardship and investment policies;**
- **what they have communicated to beneficiaries about their stewardship and investment activities and outcomes to meet beneficiary needs, including the type of information provided, methods and frequency of communication;**
  OR
- **what they have communicated to clients about their stewardship and investment activities and outcomes to meet their needs, including the type of information provided, methods and frequency of communication to enable them to fulfil their stewardship reporting requirements.**

Core stewardship values and related firm policies

DWS publicly discloses the current version of our Corporate Governance and Proxy Voting Policy, Engagement Policy and Conflicts of Interests Policy on a regular basis on our website[45]:

- DWS EMEA Corporate Governance & Proxy Voting Policy is available here: https://www.dws.com/AssetDownload/Index?assetGuid=501ac2a6-2703-468a-a3b6-99d754b34749&consumer=E-Library
- DWS EMEA Engagement Policy is available here: https://download.dws.com/download?elib-assetguid=e609c46cc03148eead59178e865d9fed
- Conflicts of Interests Policy is available here: https://download.dws.com/download?elib-assetguid=24592e66bb8b4b3684a7cd8f3397f11e&&&&

Engagement approach, process, and reporting

We aim to provide a high degree of transparency on how we understand our role as fiduciary asset manager and on how we are fulfilling the resulting stewardship responsibilities. This is facilitated through disclosures on our website, including our most relevant policies including our Corporate Governance and Proxy Voting Policy, our Active Ownership Report, our statement on the UK Stewardship Code, and our voting records.

In 2022, we continued to post the questions we asked at the Annual General Meetings of our portfolio companies on our website; we also published our thematic engagement letters on the website too. By doing so, we enabled the public and our clients to follow our engagement priorities and familiarise themselves with our activities.

Voting results

The DWS Corporate Governance Center publishes annual voting actions for exchange-traded funds (ETFs), mutual funds, closed-ended funds, and variable insurance portfolios for the three largest management holdings in EMEA. An interactive proxy voting dashboard is available for investors to browse and look into more customised information filtered by specific fund families, funds, meeting date range and company. A breakdown of voting statistics is also available by meeting, sector, proposal, and market and these are demonstrated visually by charts, graphs, and a world map.

The proxy voting records for holdings in funds of the European DWS-entities in scope are updated by DWS vendors soon after the shareholders meeting. These records are updated on a regular basis on the DWS website.
https://www.dws.de/das-unternehmen/corporate-governance//?wt_eid=2154651681500304096&wt_t=1588874415904

Annual reporting on engagement

DWS publishes an Active Ownership Report on an annual basis.[46] The latest edition available for 2022 covers voting, engagement, and stewardship activities, while also providing clients with policy details, proxy voting positions and expectations on important issues. Additionally, it provides a deeper insight into how DWS conducts its stewardship activities with issuers throughout the year in EMEA. The report contains a full list of engagements by issuer, region, and topics of discussion. There are detailed case studies which outline the case for engagement, objectives, targets, responsiveness, progress, and next steps. We outline further case studies and examples under Principle 9, Principle 11 and Principle 12 of this report.

The Active Ownership Report for 2022 was published during Q2 2023.

[45] www.dws.com/en-gb/solutions/esg/corporate-governance/
[46] www.dws.com/resources/proxy-voting

Regulatory client reporting

SFDR reporting

The Sustainable Finance Disclosure Regulation came into effect on 10 March 2021 in the EU. It creates a comprehensive disclosure and reporting framework for financial products and entities, and it aims to make the sustainability profile of funds more comparable and better understood by end-investors.

The main element in the new SFDR framework is to provide a harmonised, sustainability-related disclosure for financial products prior to and throughout an investment.

Articles 8 and 9 of the SFDR define:
– An Article 9 financial product as one which has sustainable investment as its objective.
– An Article 8 financial product as one which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

Article 6 of the SFDR applies to all other financial products and requires information on if and how sustainability risks are integrated into investment decisions.

DWS worked in 2021 on the update of pre-contractual and disclosure documents, periodic reports, as well as website disclosures at both product and legal entity level. In 2021, the Principal Adverse Impact Statements and the Sustainability Risk Policies were published on the corresponding websites. The already existing Compensations Policy was adjusted according to Art. 5 of the SFDR.

From 1 January 2023, the SFDR's level 2 became effective. SFDR level 2 provides detailed sustainability-related disclosure obligations, including mandatory reporting templates and methodology to which entities must report accordingly. In 2022 DWS updated its pre-contractual and disclosure documents, as well as website disclosures to reflect these requirements so that all changes were effective for 1 January 2023. In 2023 DWS will also include these requirements in its periodic reports.

DWS offers publicly available, standardised reporting (Annual Financial Statement) on the ESG quality for of its liquid ESG-labelled Article 8 and Article 9 mutual funds and Xtrackers ETFs via its retail websites:
– https://funds.dws.com/
– https://etf.dws.com/

Client reporting

ESG reporting

For institutional investors with segregated mandates in liquid strategies, DWS offers a standardised ESG Report at the portfolio-level, which provides metrics covering a variety of ESG facets, including but not limited to, the overall DWS ESG Quality Assessment of the portfolio, the DWS Norm Controversy Assessment of the portfolio, the DWS Climate & Transition Risk Assessment of the portfolio, the portfolio's exposure to controversial sectors, and the portfolio's carbon footprint.

In addition to the aforementioned, DWS may offer customised ESG reporting in order to fit a client's particular needs.

Engagement reporting

Where possible, DWS also prepares engagement reporting for institutional clients. This includes standardised information on the focus of engagements (E, S, G or Financial) for issuers included in the client's portfolios as well as generic statistics e.g., the percentage of issuers engaged in the portfolio.

Proxy voting reporting

Additionally, DWS reports its proxy voting decisions for its liquid funds (e.g., mutual funds and Xtrackers ETFs) domiciled in Germany and Luxembourg on its public website (https://www.dws.com/solutions/esg/corporate-governance/).

On request, voting reports are also provided for individual portfolios of institutional clients who delegated their voting rights to DWS International GmbH and DWS Investment GmbH. These reports include, for example, aggregated information on portfolio or issuer level, like the number of votable meetings and number of meetings voted as well as the voting decision "For, Against, Abstain or Withhold" on portfolio or issuer level.

Broader client communication on ESG stewardship topics

We value feedback from our clients on their experience with DWS, to bring further improvements to our client service.

To assess client experience, we review client complaints and conduct internal as well as third-party client satisfaction assessments, which enable us to gain a 360-degree view of the quality of our client services. The external surveys help us to define our internal approaches.

Complaint Management

We are committed to handling complaints fairly, effectively, and promptly. The complaint register provides valuable insights into how we are performing from our clients' perspective.

A robust and consistent client complaint handling and transparent reporting process helps facilitate improvement in client satisfaction by identifying, and remediating poor client outcomes, learning from these and training client-facing staff. This process also assists with the reduction of mistakes and attributable costs and enhances risk transparency as well as management information. The Code of Conduct to which DWS is subject includes a complaint handling policy framework to facilitate a consistent approach to complaint management, as well as oversight according to regulatory requirements.

The volume of client complaints trended slightly down in 2022. A significant number of client complaints in previous years were in relation to our digital investment platform (DIP). We agreed with BlackFin Capital Partners on a long-term strategic partnership to jointly evolve the DIP by transferring the business into a new company, MorgenFund GmbH, in which we maintain a minority stake of 30 per cent. The transaction was completed in November 2022. We will not report client complaints raised against MorgenFund GmbH.

We received a number of protest emails in November 2022 as a result of a concerted action by an NGO which were also dealt with by our client complaint department.

Client Satisfaction Surveys

In Germany, annual client satisfaction surveys were conducted for our clients and distribution partners. Two options were offered to clients, a voice survey over the phone and an e-mail survey.

Clients and advisors rated their satisfaction on the friendliness of staff, professional competence, comprehensibility and solution orientation as well as sales-specific questions. The results were communicated to relevant internal stakeholders, including senior management, service centre staff, and the workers' council. Based on the respective feedback, we formulated steps for improvement and incorporated these into employee training.

Compared to 2021, in 2022 the overall participation rate increased from 9.2% to 9.6% and customer satisfaction was rated very high. Based on feedback from our customers in the 2021 B2C survey, measures were implemented to improve the quality of e-mail services, and this improved the overall customer satisfaction score.

In the US, we conducted an annual client satisfaction survey for our insurance clients. It focused on investment performance, client service, innovation and overall satisfaction levels. This survey has shown a consistently positive overall satisfaction rating of over 90% for the last five years.

To measure client satisfaction globally in a consistent approach, a new client satisfaction survey with our top 50 global clients, including our strategic distribution partners, was published as a pilot project last year using the Net Promoter Score methodology. The Net Promoter Score® rates the likelihood of recommending us to a business contact from plus 100 to minus 100. We have achieved a score of 50 in this pilot compared to an average of 28 for the investment firm industry. We intend to roll out the Net Promoter Score survey to our entire client base to continuously monitor and improve client satisfaction.

Third-party Assessments

In addition to evaluating client complaints, we conduct third-party client satisfaction assessments, which enable us to gain a 360-degree view of our client services. Client satisfaction assessments are conducted by third parties in all regions.

Our service quality was ranked in the top three again by "FONDS professionell", one of the largest magazines for financial advisors in Germany and Austria. Each year, "FONDS professionell" readers are asked to choose asset managers, broker pools and real estate investment providers with the best service quality and award them with the "German Fund Award". The survey reported that the expertise and consistency of our teams are highly appreciated in the market.

Further Client Communication on ESG Stewardship Topics

The Client Coverage Division aims to serve the investment needs of clients across all client segments and regions. Relationship Managers work collaboratively with Product Specialists, Portfolio Managers, and Client Service Specialists to bring suitable investment products and solutions to clients. We provide ongoing training to our CCD staff on various topics, including investment research, macroeconomics, ESG and new product solutions with the aim of better serving our clients.

In March 2022, we held our flagship client event in Germany, the "DWS Investmentkonferenz", on a virtual basis with 15,000 clients signed up and content from both internal and external speakers. In September 2022 we held the "Investorendialog" for our institutional clients in person again for the first time in two years. In addition to the client events in Germany, further events in a hybrid format took place in other countries. Our client service teams offered clients a wide range of webinars on various topics including Research House papers and our CIO View.

DWS hosts online webinars and publishes themed research papers[47] on ESG topics to proactively provide information and education for clients. We aim to offer clients different pathways on how to ESG risks and opportunities into their

[47] www.dws.com/en-gb/solutions/esg/research/

investments as well as providing education on reaching net zero goals in their portfolios.

We offer tailored ESG Advisory services for corporate clients in Germany.

DWS is also engaging with clients on important CSR topics. Together with our partner Healthy Seas, a non-profit marine conservation organisation that DWS has been supporting since 2020, we jointly organised a public exhibition in the 'Quartier der Zukunft', to provide overarching information to all interested parties on the importance of healthy oceans. The exhibition focused on ghost fishing, which is responsible for countless unnecessary deaths of marine animals. We also organised beach cleaning actions with our staff in the US in collaboration with the Los Angeles Lakers.

Table 6.2 – Summary of DWS stewardship and ESG reporting and frequency

Report Name	Firm or Fund Level	Short Description	Frequency
Annual Report	DWS Group GmbH & Co. KGaA	The Annual Report combines the financial and non-financial information necessary to thoroughly evaluate our performance and, as we are a German-listed asset manager, the content is primarily guided by the legal requirements of the German Commercial Code.	Annually
Climate Report	DWS Group GmbH & Co. KGaA	The Climate Report 2022 describes our climate-related ambitions and provides transparent. Disclosures on our climate action through our fiduciary and corporate activity. Our Climate Report 2022 follows the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).	Annually
UK TCFD Report	DWS Investments UK Ltd.	In the UK, the Financial Conduct Authority (FCA) published its policy statement on climate-related disclosures to extend mandatory TCFD reporting to asset managers. Our legal entity DWS Investments UK Limited is in scope of this reporting obligation for phase 1 and will publish a TCFD Entity Report by June 2023.	Annually
Active Ownership Report	DWS Investment GmbH (with discretion to vote for certain assets under management of DWS International GmbH, DWS Investment S.A. (incl. SICAVs and PLCs)	Overview of DWS Investment GmbH's proxy voting and engagement undertakings. Funds of legal entities in scope: DWS Investment GmbH (with discretion to vote for certain assets under management of DWS International GmbH, DWS Investment S.A. (incl. SICAVs and PLCs) based on internal delegation agreements.	Annually
UK Stewardship Report	Firm	A description of how we applied the FRC UK Stewardship Code's Principles in the previous 12 months.	Annually
SFDR Reporting	Fund	Harmonised, sustainability-related disclosure for financial products prior to and throughout an investment, specifically important for article 8 and 9 funds.	Annually
ESG Reporting	Fund	Standardised ESG Report at portfolio-level providing metrics on ESG facets, like e.g. DWS ESG Quality Assessment and the DWS Climate & Transition Risk Assessment of the portfolio.	Monthly*
Proxy Voting Reporting	Fund	Summary statistics including e.g. aggregated information on portfolio or issuer level, like the number of votable meetings and meetings voted and the voting decisions.	Quarterly*

* Customised reporting can be set up if applicable
** Possible frequency: monthly, quarterly, annually

Outcome

Signatories should explain:

– how they have evaluated the effectiveness of their chosen methods to understand the needs of clients and/or beneficiaries;

– how they have taken into account the views of clients and what actions they have taken as a result;

– where their managers have not followed their stewardship and investment policies, and the reason for this;
OR

– where they have not managed assets in alignment with their clients' stewardship and investment policies, and the reason for this.

We conduct business every day in accordance with our fiduciary duties: in the best financial interest of our clients. We aim to build long-term relationships with our clients, based on trust, delivering the best investment solutions and the highest quality client service. Many of our regular client meetings focus on our investment stewardship activities for our clients' portfolios. During these meetings, we gain important insights into our clients' stewardship priorities. For example, one of our key clients requires annual reporting on our investment stewardship activities, focusing on ESG integration, proxy voting and engagement activities for their funds. We aim to create constructive client dialogues, whereby valuable views and feedback are exchanged. Last year, this feedback enabled us to further enhance our engagement activities.

For example, in Q3 2022 DWS launched an enhanced standardised ESG client reporting for its institutional clients. The new report shows more ESG metrics and higher granularity for each ESG metric following explicit client requests for more transparency about certain sustainability indicators and their drivers of their portfolios. Additionally, we have increased the range of data providers within our proprietary ESG Engine in 2022. For example, we onboarded German NGO Urgewald to enhance our database to identify companies with coal expansion plans which supports our ESG integration process and is applied in some ESG exclusion screens of our institutional clients. Lastly, DWS announced in 2022 that it would amend the way of screening for UNGC breaches of investee companies in our ESG-labelled actively managed mutual funds during 2023. This action was taken to incorporate feedback from clients, especially of many of our distribution partners, who wished our screening methodology for international norms to be more aligned with their practices.

7 Investment Approach: Stewardship, Investment and ESG Integration

Context

Signatories should disclose the issues they have prioritised for assessing investments, prior to holding, monitoring through holding and exiting. This should include the ESG issues of importance to them.

At DWS, we believe companies should take more responsibility in the way in which goods are produced, services are provided, and resources are used. We expect portfolio companies to integrate their environmental and social impacts and the possible reaction of their relevant stakeholders into their thinking, strategy, and remuneration systems, to secure sustainable value creation.

For more details, please refer to the "outcome" section and Principle 5 for the latest developments in our engagement management framework.

CIO View

The DWS CIO View aggregates the various single-security, sector and regional views of DWS's Research and Investment Platform into one consistent view across all asset classes and regions. It therefore is an important step in our investment process. The CIO View is our house view on macroeconomic topics and individual asset classes, providing financial-market forecasts, multi-asset model allocations and DWS's views on market risks. As part of our fiduciary responsibility, our portfolio managers use the CIO View as a foundation for their active investment decisions. The CIO View is then transformed into various publications and presentations in order to share our investment expertise with clients. In 2018, we incorporated ESG aspects into our quarterly CIO View publication for the first time, recognising the impact that ESG issues have on companies, the asset-management industry and markets in general. In 2019, we added ESG as a standing agenda item in our CIO Day, a meeting involving more than 50 investment professionals covering all major asset classes and regions, in which we determine our strategic view on markets and the economy. Since the beginning of 2021, all of our publications and presentations reflect the ESG perspective whenever it is applicable.

We consider this step as a potential valuable addition to our investment process by considering ESG impacts into our sector allocation and portfolio construction. It may allow us, among other things, to optimise a portfolio that not only reduces climate transition, financial and reputational risks, but also tilts investments towards entities that promote the low carbon transition and contribute positively to the UN's 17 SDGs.

Throughout 2022, DWS continued to focus on fundamental ESG thematic research, engaging with third parties and ensuring that ESG is discussed in the DWS CIO View. Various topics which were relevant to climate change were either part of our CIO Day or external publications on dws.com. Additional detail can be found in DWS's Climate Report.

ESG-integrated analysis and investment decision for liquid investments

Our aim is to identify and assess material ESG factors that may impact the environment or society and the value of our investments in order to achieve the best possible risk-adjusted investment returns for our clients.

Incorporating ESG in research supports ESG-informed investment decision-making. Portfolio managers should be able to get full transparency on issuers with regard to ESG topics and trends (risks and opportunities) through internal research notes. Material ESG information based on engagement output also feeds back into research analysis and hence in portfolio construction.

Integrated fundamental analysis includes the identification of global sustainability trends, and financially relevant ESG issues and challenges - also based on the concept of double materiality. In this respect, analysts are also asked to provide transparency on PAIs, contributions to the UN SDGs, and alignment with EU Taxonomy and sustainable activities (SFDR). Moreover, risks that may arise from the consequences of climate change, or risks arising from the violation of internationally recognised guidelines, are subject to special examination. The internationally recognised guidelines include, above all, the ten principles of the United Nations Global Compact, ILO core labour standards, UN guiding principles for business and human rights and the OECD guidelines for multinational companies. Investees under coverage should be continuously monitored from an ESG perspective. A dialogue will be sought with companies regarding better corporate governance and greater consideration of ESG criteria (e.g., via participation as a shareholder in the company, or by exercising voting and other shareholder rights), if necessary. Our analysts should finally comment, if applicable, on the impact of ESG topics and trends on valuation as well as on the fundamental and relative value investment recommendations.

In research, we consider ESG assessment scores/grades of the ESG Engine as a starting point for ESG integration, while more specific data and information of the Engine pertaining to material ESG issues are used to facilitate discretionary integration of ESG. However, it should be noted that the number and quality of ESG KPIs is often limited, as vendors will generally leverage a highly standardized set of KPIs for scalability purposes and the level and quality of disclosure on behalf of companies might be insufficient. Hence, analysts may go beyond the ESG Engine and leverage other sources of information, their sector expertise and/or engagement activities in order to close potential information gaps where possible.

Our portfolio managers integrate ESG risks and opportunities in their investment decisions and monitor the exposure of their managed portfolios to critical ESG issues and the potential impact on expected risk-adjusted returns. The internal research notes should support portfolio managers in their decision-making process (i.e. relative value/peer group assessments, considerations regarding Net Zero or SDGs, minimising PAIs, etc.). Portfolio managers have access to our internal research notes via BRS® Aladdin Research. The signals of DWS's ESG Engine are also fully embedded in BRS® Aladdin's portfolio construction and monitoring tools. Portfolio managers can hence screen their portfolios for ESG issues, including issuers' involvement in controversial behaviours, possible human rights violations according to a comprehensive assessment of international norms, the general ESG quality of their holdings, climate transition risks and opportunities, and exposure to controversial sectors. DWS's portfolio managers are thus expected to be aware of any exposure to critical ESG issues and to act accordingly.

Activity

Signatories should explain:

— how integration of stewardship and investment has differed for funds, asset classes and geographies;
— how they have ensured:
— tenders have included a requirement to integrate stewardship and investment, including material ESG issues; and
— the design and award of mandates include requirements to integrate stewardship and investment to align with the investment time horizons of clients and beneficiaries; OR
— the processes they have used to:
— integrate stewardship and investment, including material ESG issues, to align with the investment time horizons of clients and/or beneficiaries; and
— ensure service providers have received clear and actionable criteria to support integration of stewardship and investment, including material ESG issues.

We have continued to evolve our stewardship implementation over recent years and expect to continue this in the future. Our achievements so far include the following:
- Our DWS ESG Engine has been consistently enhanced and improved
- The quality of integrating ESG information into our internal fundamental research has been reviewed and further improved
- We believe that we are in a good position to screen our strategies according to several ESG criteria, such as controversial sectors, practices, norm violators, carbon footprint, carbon intensity and board structures.

Stewardship and engagement overview

In 2022, we made further improvements to the engagement database that enables us to track, measure and report on our engagement activities and sustainability outcomes. We held several internal education courses to introduce the enhanced engagement framework for the three largest management companies in EMEA and explain the functionality of the enhanced engagement database to our impacted investment professionals.
- In 2022 we continued to engage with investment professionals on ESG integration (for more details see Principle 2 – Trainings). In addition, ESG-related training has been a core area of focus, offering a wide range of solutions, from online training to certification. 60 DWS employees passed the CESGA exam in 2022 (for more details see Principle 2 – Trainings).
- We engage within the corporate and financial investments of Investment Grade (IG), High Yield (HY) and Emerging Market Credit (EMC) in the same way as within Equity. Transparency of non-listed companies especially relevant for HY and EMC is usually lower than for listed companies. Therefore, engagement with those is often focused on asking for more disclosure of ESG-related relevant issues.

Our engagement activities do not systematically differentiate between asset classes, nor between active and passive strategies. However, for individual cases and specific strategies, the topics we discuss might differ. We generally believe, though, that good governance and a responsible strategy towards the environment and society would benefit both debt and equity holders. For example, regulatory and reputational risks are two important ESG factors, which can affect a specific bond issue / issuer, especially in the financial, energy and utilities sectors. During the review of our engagement approach, we also strengthened the involvement of and coordination with the fixed income side.

Integrating stewardship in traditional asset classes

Equities

For full details of our equity voting and engagement approach, please refer to Principle 9.

Fixed Income

Corporate Credit: For full details of our engagement approach, please refer to Principle 9.

Sovereign, supranationals & agencies (SSA): Although the desired impact for change of sovereign issuers' behaviour may not be achieved, DWS' engagement activities may also include sovereigns with the aim of improving issuers' ESG disclosure and eventually call for change. Such conversations help us enhance risk assessments and help sovereign issuers understand investors' increasing focus on ESG factors when assessing their debt. Our engagement approach towards both state-owned and non-state-owned entities is similar in terms of engagement topics. However, expectations about responsiveness of issuers and the process of change are different. State-owned entities are significantly dependent on the respective government, with the latter having a controlling interest in the unit. This results in limited flexibility of the state-owned entity with respect to actions and setting the corporate strategy.

Securitised investments:

Regional differences: Within our enhanced engagement framework in EMEA that applies to our three largest management companies, namely DWS Investment GmbH, DWS International GmbH, and DWS Investment S.A., we approach companies globally the same way. However, we have the impression that issuers in the Americas and Asia Pacific lag other regions with regards to awareness of the importance of ESG issues to investors and the need for transparency. Our efforts in engaging with companies has particularly increased in Asia Pacific, where we see an openness and willingness to discuss ESG matters, especially in South Korea.

We support the corporate governance achievements of Japan in recent years, especially the latest review of the Japanese Corporate Governance Code that calls for stronger representation of external directors. We aspire to have a constructive dialogue with our investees and to act as their steering partner to drive further developments in corporate governance.

Regarding board composition, we expect companies with a supervisory function instead of an executive function to have at least two external directors and strongly encourage them to ensure that at least one-third of the board members are considered independent.

Based on our policy of defining independence, as significant shareholders, we will review the top ten shareholders of an investee company in Japan, even if their holding represents a share of less than 10%, mainly due to the local market practice for business partners to own a certain percentage of each other's shares as cross-shareholders. Based on our policy on separating the roles and responsibilities of the CEO and chairperson, we strongly encourage our Japanese investees to disclose who chairs the board of directors, as well as who is considered to chair the company, the "Kaicho", if these roles are separated.

We also expect and encourage our investees in Japan to establish formal committees for nomination, remuneration and audit.

We actively follow corporate governance developments in Japan and will consider incorporating them, where appropriate and also, where aligned with our corporate governance standards, in our updated Corporate Governance and Proxy Voting Policy for 2022.

ESG in Alternatives

The scope of illiquid investments comprises direct investments into unlisted real estate, infrastructure (both via debt or equity) and private equity. The inherent differences between the liquid and illiquid asset classes require that the approach to incorporating ESG for Alternatives be tailored specifically to the relevant Alternatives asset classes as outlined in the sections below. In general, the incorporation of ESG into the illiquid investment process takes place during investment due diligence and portfolio management.

ESG in Real Estate

Our real estate business recognises the importance of identifying, assessing, and managing material ESG issues as an integral part of conducting business. ESG issues can present risks and opportunities for financial performance, and investments may have positive or negative environmental and social effects. Therefore, our real estate business has identified the sustainability issues considered most relevant for real estate investments and developed four strategic ESG themes:

– Resilience, including efficiency and adaptation
– Well-being, including comfort and air quality
– Nature, including ecosystems and circularity, and
– Community, including engagement and affordability

DWS Real Estate focuses on ESG factors which are material for Real Estate: transitional, physical, social norms, and governance risks (for debt investments). ESG performance objectives on the portfolio level are considered in relation to the investment strategy, contractual financial requirements, market and regulatory conditions and specific client expectations and formalized in a portfolio-specific ESG strategy. Material ESG issues are considered and addressed at every stage of the investment process, directly informing acquisition, asset management and disposal decisions. Identified actions are assessed against accretive returns objectives and integrated in sustainable asset management plans accordingly.

In order to provide transparency to our investors, we report into GRESB, which provides an independent assessment of portfolios and funds using a peer-based approach and scoring based on several ESG metrics. In 2022, we reported 20 individual portfolios which is 87.9% of the total real estate portfolio to GRESB, covering 17.7 million square meter area and USD 55 billion AUM out of a total USD 63 billion of assets globally.

Aggregated across all portfolios, using the GRESB analysis feature, we achieved a 30/30 Management score, compared to the GRESB average of 28. The management component covers governance categories such as leadership, policies, reporting and stakeholder engagement. Furthermore, the aggregated portfolio achieved a performance score of 52/70, as compared with the GRESB average of 51. The performance component measures issues such as certifications and ratings, carbon, energy, water and waste performance. Five portfolios achieved a four-star or above GRESB rating (Five stars is the highest rating and recognition for being an industry leader). In addition, 18 portfolios achieved Green Star recognition. Whilst the GRESB Rating is a relative rating, the GRESB Green Star is an absolute performance rating. For more information, please see https://www.gresb.com/nl-en/faq/what-is-a-green-star/.

ESG in infrastructure

We seek to incorporate ESG considerations into the investment framework of the infrastructure business at all stages of the investment lifecycle for equity investments, from the initial screening and due diligence to the asset management and exit stages. During the holding period, we monitor the ESG attributes of the investments through the regular reporting of KPIs to us from the portfolio companies, and through the completion of the annual GRESB Infrastructure benchmarking assessment at both fund and asset level. The KPIs cover environmental, social and governance issues such as carbon footprint, water usage, health and safety indicators and diversity and inclusion metrics at both staff and board levels. Our due diligence also considers governance topics such as fraud, bribery, sanctions and compliance, as required. Findings from the due diligence phase are incorporated into the Investment Committee paper and presented to the Investment Committee for consideration.

The infrastructure business also places emphasis on reporting, producing an annual Sustainable and Responsible Investment report for investors. Infrastructure achieved a five-star rating in the UN PRI assessment for the calendar year 2020 which was published in 2022.

During 2022 we have updated the Environmental and Social Management System (ESMS) under which the business operates in order to reflect changes in the ESG environment and to strengthen our procedures. It has also been updated to reflect our obligations under SFDR. The ESMS applies to all potential and existing portfolio investments in infrastructure equity and also creates obligations on portfolio companies that are designed to ensure regular reporting to us.

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

The infrastructure approach to ESG is summarised by the following three pillars:

– Policies: The Infrastructure business is governed by the ESMS, which provides the overarching framework, processes and governance for our ESG integration approach in Infrastructure.
– ESG Assessment process: We have an ESG checklist which should be completed during the acquisitions process for all prospective equity investments. The findings should then be incorporated in the Investment Committee memo.
– Monitoring: As part of the asset management process, we seek to collect data on key ESG metrics within each of the operating companies. This information is then used to better refine our asset management strategies and is also reported to our investors in the form of a Sustainable and Responsible Investment Report. Certain KPIs, such as those around occupational health and safety, are also embedded into the performance review process for the operating companies.

The infrastructure debt business, in collaboration with our research teams, has developed a bespoke proprietary ESG scoring methodology, which has been rolled out to new and existing investments starting in 2021. The methodology supports the overall investment process and ongoing monitoring of environmental risks. It is designed to guide the ESG due diligence process and assign an ESG assessment to each potential investment, based on a predefined set of ESG KPIs, which are sourced from the borrower/sponsors, external advisors or public sources.

ESG in Sustainable Investments (SI) Funds

Our Sustainable Investments team creates solutions for institutional, private investors, development banks, and governments, who share common social and environmental investment objectives and seek attractive financial returns. The business is organised around three components:
– Financial Inclusion/Microfinance;
– Social Enterprise Financing (agriculture, health, and energy); and
– Energy Efficiency/Renewable Energy.

The Sustainable Investments team represents experienced global investing capabilities that include several regionally-focused strategies in Europe, Africa, and Asia.

The SI business aims to integrate key ESG considerations in the investment process, but is primarily guided by generally accepted frameworks including, for example, the Sustainability Accounting Standards Board (SASB) and Operating Principles for Impact Management (OPIM) standards. During the due diligence process, the manager engages professional third-party advisors to examine the financial, technical and legal aspects of the projects, especially those that would translate into sustainable risks. Potential risks and mitigation measures are presented to the Investment Committee and rectification work is carried out to reduce such risks. The SI team monitors the operation of the portfolio companies and seeks to ensure that they operate in compliance with the environmental standards and regulations. Where appropriate, some of SI's funds may engage a third-party consultancy to conduct the quarterly ESG reporting for the fund and the quarterly reports include risk analyses and record the waste generation and air pollutant emissions in detail. For some funds, we use a proprietary tool to measure and monitor impact.

ESG in Private Equity

We incorporate ESG into our screening, due diligence and monitoring process when reviewing potential investments. ESG metrics relevant to investment opportunities are defined ahead of the due diligence process. The types of risks screened for include governance issues, such as potential fraud or reputational risks, social issues with the workforce or the surrounding communities, environmental risks, occupational health and safety issues and accident track record.

During due diligence, the investment team will review the potential transaction counterparty's ESG policy and framework and assess the extent to which the investment and the manager in the potential transaction adhere to the key concepts defined by the PRI. The business also reviews the risks and KPIs most relevant to the industries in which it invests, and opportunities are often benchmarked against the ESG leaders in both the company's asset class and among comparable alternatives within the industry. The investment team typically monitors the funds and assets we invest in and periodically meets with the management of these funds/fund vehicles with an agenda including ESG topics.

In December 2022, we reached an agreement to transfer our Private Equity Solutions business to Brookfield Asset Management and the deal was completed in early 2023.

Investment time horizon and recommended holding period

For investment products regulated under MiFID, we capture and review a recommended holding period for investors as part of DWS' Product Governance processes. In the context of systematic product review, these product attributes are checked on a regular basis. As neither engagement nor stewardship activities are taken at a single product level, DWS generally takes a long-term investor approach.

Suppliers and vendors

DWS currently works with approximately 2,000 vendors globally, for which we have processes and procedures in place to manage these relationships. Requirements for new services with material annual spend are subject to a sourcing process that includes an assessment of their commitment to sustainable development and environmental responsibility. Our vendor-provided services are subject to a risk-based segmentation and vendors are classified as posing an important, significant, or critical risk. The services provided by our vendors undergo a comprehensive third-party management (TPRM) assessment over the lifecycle with the vendors. Relevant risk types are evaluated in this process, including assessment of environmental and social factors.

ESG principles in third-party risk management

Sustainability risk is defined as the potential negative impact to the value of an investment from sustainability factors. Sustainability factors are ESG events or conditions. There is also an increased focus on assessing and monitoring adverse impacts, which are negative, material or potentially material effects on sustainability factors. ESG requirements have been added to the sourcing process as part of the vendor selection and evaluation criteria. DWS vendors are asked to acknowledge the Supplier Code of Conduct and ESG contract clauses have been incorporated into the standard framework agreement templates. In the vendor risk management process, DWS considers sustainability factors as follows: In 2022, an ESG-related questionnaire was added into the vendor risk control framework to assess the potential environmental, social, and human rights aspects related to a potential vendor's service delivery. Based on the assessment results, mitigation measures may be agreed with the vendor. The termination of the business relationship may be considered if the vendor fails to meet pre-agreed sustainability requirements within a reasonable time.

Outcome

Signatories should explain how information gathered through stewardship has informed acquisition, monitoring and exit decisions, either directly or on their behalf, and with reference to how they have best served clients and/or beneficiaries.

Three councils address ESG activities in the Investment Division.
– The global Sustainability Assessment Validation Council (SAVC) is designed to operate as a quality assurance function on ESG assessments.
– The global ESG Methodology Panel is designed to define and oversee the ESG assessment and grading methodology. Its roles and responsibilities remain unchanged compared to previous reporting periods.
– The regional Engagement Council oversees the engagement activities defined by the enhanced engagement framework, such as providing guidance to the engagement leads, performing quality checks and tracking engagement progress. The objective of this council is to facilitate the discussion of important financial and non-financial issues and to drive engagement for the assets managed by DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. Please refer also to Principle 11 with regard to the Engagement Council.

Enhancements to our engagement framework

In 2021, DWS introduced an enhanced engagement framework in EMEA for our three largest management companies, namely DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. We also aim to roll out an engagement framework for the Americas, subject to applicable approvals (for more details please read our answer to Principle 5).

Our engagement activity is based on the objective to improve the behaviour of an issuer. We have a clear commitment to active ownership, and we do not outsource any engagement activities to an external service provider. An engagement activity refers to purposeful interactions between the investor and current or potential issuers to influence or identify the need to influence on matters such as strategy, financial and non-financial performance, risk, capital structure, social and environmental impact as well as corporate governance including disclosure, culture, and remuneration.

Engagement is an important element of active ownership at DWS in EMEA, as the dialogue should create awareness and enable change, voting can be seen as a measure of success, as well as an indicator of the need for improvement. We aim to understand for issuers how corporate boards of directors govern long-term strategy, which will ensure future resilience for the company. Doing so, DWS does not wish to dictate issuer strategy or operations but to voice its concerns with relevant parties when we conclude that the economic and ESG interests of our clients might be at risk.

We differentiate between several types of engagements: Individual engagement, including participation at the AGM compared to thematic or collaborative engagement where legally feasible. The process is mostly relevant for sizeable Active and Passive investments of the three pooled legal entities in EMEA, but for other non-issuer engagements (e.g., index provider, public policy, etc.) the process may vary as DWS has no voting rights and broader negative externalities which could cause inefficiencies within the financial market.

DWS adopts a range of engagement approaches. Engagement with an individual issuer is the most common form of engagement and includes direct communication, either virtual or in-person, with representatives of the investee, either active (DWS approaches first) or reactive. Thematic engagement, in contrast, targets a universe of issuers where a concentration of high potential risk (according to the PAIs, SDG obstructers, etc.) around a specific theme appears. Potential themes include climate change, human rights, gender and diversity topics, ethics, and controversies. Another form of engagement is collaborative engagement where we, jointly with other investors, communicate with other stakeholders where it is permitted by law and regulation, for example in the form of initiatives. This type of approach is used in rare occasions (i.e., Climate Action 100 + initiative) due to "acting in concert" regulation in Germany. Lastly, proxy voting and presence at AGMs is a form of engagement in the case of equity investors where DWS uses its voting rights in ballot proposals, votes for/against management or to support shareholder proposals. In addition, DWS also attends AGMs and voices its opinion publicly via media where it can.

Our enhanced engagement database enables more information to be shared efficiently. Once the engagement activity has been concluded, the results and key information are documented in the engagement database and shared with users of the three management companies in EMEA. By documenting and sharing that information internally on a need-to-know basis, we provide the basis for our own staff to follow up on engagement topics as well as provide management with the necessary information for effective steering of our engagement activities in the best interest of our clients.

Case study 1 for 2022

In segregated mandates for an institutional client, we refrained from investments in the cement industry due to their high carbon emissions. Despite attractivity based on pure spread comparison, and even though we did not have a negative view per se on the issuers/the sector, we felt that the ESG risk premium was not properly priced in.

Case study 2 for 2022

In one of our insurance clients' mandates, we decided not to include a German auto producer because the company lacks an EV pipeline that we saw in their peers. We believed this is necessary to attract future demand for the fastest growing section in the car industry. This may erode market share and continued premiumization & digitalization of the brand and may lead to a higher discount versus peers. While we continue to regard the German auto company as well positioned in the context of the upcoming macro challenges, we refrained from investments in the stock.

Case study 3 for 2022

For one of our Active Equities portfolios, we decided to increase our position in a European Oil and Gas company during the second half of 2022. We started to engage with this company already in 2020. By 2022 we asked for more refinement regarding GHG (Greenhouse Gas) emissions, and more specifically, Scope 3 short term targets. The company stated to provide more guidance on Scope 3 goals in 2023. Given its credible track record on emission reduction goals, we believed further refinement and transparency will come and that justified the increase in exposure at the time. We will review our analysis on the company based on the results provided by 2023.

Case study 4 for 2022

For an Active Fixed Income portfolio, we passed on investing in an American grain trader, which scores poorly on environmental and labour rights factors. Its reliance on water-intensive agricultural raw materials such as soy and beef may expose it to risk of increased input costs in case of water shortages. The company is facing allegations of forced labour in its supply chain in Malaysia; of violence and land grabbing against indigenous communities in its soy supply chain in Brazil; of having failed to respect indigenous rights in Paraguay, Brazil and Nicaragua; of violating labour rights in its palm oil supply chain in Guatemala, in its coca supply chain in Cote d'Ivoire, and in its soybean supply chain in Brazil; of deforestation in its supply chains including major allegations in Brazil; and of water pollution through its farming practices in the U.S.

8 Investment Approach: Monitoring Managers and Service Providers

Activity

Signatories should explain how they have monitored service providers to ensure services have been delivered to meet their needs.

In general, all external service providers are subject to our third-party risk management process. For our stewardship activities, DWS works closely with proxy voting service providers and with a large number of specialized information providers, feeding into DWS's ESG Engine to assess a variety of ESG data.

Third party risk management

Until mid-December 2022, DWS leveraged the DB vendor risk management ("VRM") process for third party risk management and were subject to DB Third-Party Risk Management Policy and procedures. Third-party services, including outsourced service relationships, were risk assessed holistically across relevant non-financial risk types, such as business continuity, data privacy, information security etc. Periodic risk reviews were performed based on the residual risk rating outcome.

DWS considers internal and external factors to ensure ongoing vendor risk management by:

- Verifying that effective controls and processes exist to comply with contractual and regulatory obligations
- Ensuring that changes are adequately managed, controlled and reported
- Ensuring that the businesses perform regular monitoring to ensure delivery in accordance with the agreed service levels and key performance indicators and have regular oversight meetings with the third parties as appropriate

In December 2022, DWS launched its own third-party risk management ("TPRM") framework, Policy and procedure to assess, mitigate, monitor, and report risks associated with services provided by third parties. TPRM ensures risk proportionate assessments and controls are in place as required by the regulatory standards. Third-Party Lifecycle Management (TPLM) framework consists of adequate governance and oversight standards required to be performed over the lifetime of the service post go-live up to the termination of the contract. Risk assessment includes cross risk coverage of relevant non-financial risk types a e.g. Information Security, Business Continuity, Data Privacy, ESG among others. Each relevant risk type verifies that effective controls and processes are in place and ensures that material changes are adequately risk assessed and managed. Reporting is provided to ensure transparency of risks and enable decision-making.

Service providers for proxy voting

DWS uses the proxy voting services of two providers: ISS and IVOX Glass Lewis GmbH (IVOX Glass Lewis). Both companies analyse general meetings and their agendas based on our proprietary voting policies and provide us with voting recommendations and rationales. IVOX Glass Lewis covers the general meetings of portfolio companies in Germany, while ISS provides us with a sophisticated online platform to support our proxy voting process at international general meetings.

ESG Engine data providers

With the DWS ESG Engine, DWS has a tool that enables a broad-based analysis of various ESG facets. To ensure maximum flexibility and data quality, DWS bases its sustainability analyses not only on the data of one provider but also obtains corresponding ESG information from several data providers. This takes into account the fact that the individual data providers have different focuses.

In order to offer the broadest possible coverage of various ESG criteria and aspects, DWS works with specialised information providers (including ISS-ESG, Morningstar Sustainalytics, MSCI, etc.), some of whom we have been working with since 2009. In addition, the DWS ESG Engine also takes into account freely available NGO data.

Outcome

Signatories should explain:

- **how the services have been delivered to meet their needs; OR**
- **the action they have taken where signatories' expectations of their managers and/or service providers have not been met.**

Overall vendors
DWS follows standards for procurement and TPRM processes for careful selection and ongoing monitoring of our service providers, we benefit from longstanding service relationships and have not had to terminate critical service relationships prematurely.

Service providers of proxy voting
Our vendors are well recognised proxy advisors with proven capabilities to service our global needs for thorough analysis and adequate processing and execution of voting rights. Our contracted providers ISS and IVOX Glass Lewis – along with all of our vendors – are subject to risk-based segmentation. In particular, vendors classified as posing an important, significant, or critical risk undergo a comprehensive VRM assessment. All risk types are evaluated in this process, including the DWS' Group Sustainability function's assessment of environmental and social factors. In addition to VRM, all vendors with a material annual spend are also subject to a Request for Proposal (RFP) process that includes an assessment of their commitment to sustainable development and environmental responsibility. This process screens vendors to ensure their policies and practices regarding human rights are consistent with our policies. We expect vendors to respect their employees' human rights, offer equal employment opportunities to all, and to not tolerate discrimination or harassment.

Furthermore, we regularly review how our external providers apply our policies and processes, which includes meetings before and after the voting season. We also have direct and regular contact with corresponding account representatives and dedicated policy analysts. As described in our DWS Corporate Governance and Proxy Voting Policy for the three largest management companies in EMEA – detailed below – we currently review every single meeting which is in scope for voting and do not automate any voting instructions using the service providers' analysis. We further discuss and evaluate the respective technical set-ups, the implementation of our Corporate Governance and Proxy Voting Policy in EMEA as well as any hurdles or incidents that may have been observed, to ensure the effective execution of voting rights, the proper application of our Corporate Governance and Proxy Voting Policy and good oversight. With our four-eye approach, whereby the instructions provided by an analyst, portfolio manager or member of the Corporate Governance Center are reviewed and approved by another member of the Corporate Governance Center, we can ensure constant monitoring of the voting process in EMEA. Any technical anomaly or content-related deviation can be detected in time and addressed with the relevant service provider as necessary.

Other functions such as the Corporate Actions team, use external vendor services from DTCC (Depositary Trust and Clearing Corporation), WMI (Wertpapiermitteilungen), and Bloomberg. Additional information is received from the respective custodians of the funds and information is compared and questioned when setting up events.

ESG Engine data providers
With its multi-vendor approach, the DWS ESG Engine seeks to ensure a robust coverage of its investment universe. The DWS ESG Engine performs calculations and updates our internal portfolio management system, BRS® Aladdin, on a regular basis.

Methodology and criteria are constantly reviewed and enhanced by DWS's ESG Methodology Panel (EMP), which meets on a regular basis. Fundamental changes are conveyed or discussed individually with the client on a case-by-case basis, and with the Investment Platform through our ESG Gatekeepers network. ESG information calculated by the DWS ESG Engine is uploaded onto DWS's portfolio management system to provide access to research analysts, portfolio management and supporting functions. The Compliance team performs checks to ensure the portfolios comply with their respective investment guidelines. This enables all involved professionals with access to the research platform to build on the power of ESG data in a timely, reliable, and flexible manner.

Analysts help to secure robust ESG data, discuss findings in company meetings and communicate inconsistencies to the DWS ESG Engine Team. If inconsistencies continue, despite intensive discussions with the respective ESG data provider and the issues are proven with public company information, DWS has the possibility to overrule the data provider, in rare, exceptional cases. The ESG tool is therefore based on data and figures, as well as on internal assessments that take into account factors beyond the processed data and figures, such as an issuer's future expected ESG development, the plausibility of the data with regard to past or future events, as well as an issuer's willingness to engage in dialogue on ESG matters or corporate decisions.

As the availability and accuracy of ESG information continue to evolve, the DWS ESG Engine Team regularly monitors the market for ESG data, proposing enhancements and changes as they identify opportunities for improvement. This potential new information is discussed in the EMP forum, which decides if this should be incorporated into the set of data available for analysts and portfolio managers. With this process in place, we are able to continue finding solutions to close any existing data gaps to improve our ESG analysis.

9 Engagement

Context

Signatories engage with issuers to maintain or enhance the value of assets.

Activity
Signatories should explain:
- **the expectations they have set for others that engage on their behalf and how;**

OR
- **how they have selected and prioritised engagement (for example, key issues and/or size of holding);**
- **how they have developed well-informed and precise objectives for engagement with examples;**
- **what methods of engagement and the extent to which they have been used;**
- **the reasons for their chosen approach, with reference to their disclosure under Context for Principle 1 and 6; and**
- **how engagement has differed for funds, assets, or geographies.**

Introduction
As outlined under Principle 1, DWS's purpose is to safeguard and enhance the investments of our clients to create long-term value and serve our clients' best interest while, at the same time, acting responsibly to enable economic growth and societal progress and thus, contributing to a sustainable future through our investments and our role as an active owner. The more detailed approach and our philosophy, including our values and beliefs, can be found in Principle 1.

We engage across different asset classes, , in line with our view that we regard engagement as an effective lever to address problems and risks. We believe engagements raise awareness to the management of our portfolio companies so that they can enable change, and consequently protect the value of assets for our clients. Regular engagement also reflects our role and character as a long-term oriented investor, acknowledging that change may not always happen overnight but also requires longer time horizons.

We aim to have a holistic approach to engagement as we consider issuer and non-issuer engagement as a key driver to transform the global economy for the better, especially in its transition towards net zero.

Based on this, DWS introduced an enhanced engagement framework for EMEA in 2021 and is also considering an engagement framework for the Americas subject to applicable approvals. Our enhanced engagement framework is designed to define and track sustainability outcomes. It also empowers investment professionals in the engagement process, especially when it comes to discussions on climate change, so that we can remain on track to achieve our net zero interim target. As of December 31, 2022, we conducted 532 engagements with 448 companies and set company-specific engagement KPIs, which we will monitor according to their respective timeframes.

Selection and prioritisation of investees/issuers for DWS engagement activities
We encourage good governance and sustainable corporate practices at our portfolio companies with the goal of increasing the value of equity and fixed income investments in the long term. Moreover, during 2022, we also engaged on ESG topics with non-issuers, such as index providers.

Financial and ESG performance has continued to be a focus area of our engagement activities. In our view, the governance of a company, i.e., the composition of the board or the incentives for executives can be a strong determinant and indicator of its capabilities to assess risks and opportunities in other dimensions of sustainability, i.e., environmental, and social aspects and financial topics. Given the importance of ESG performance, we outline below our dedicated engagement approach as an example of how we are prioritising topics and companies for ESG-related engagements and voting.

As outlined in our response to Principle 5, DWS introduced an enhanced engagement framework for EMEA in 2021 and is also considering an engagement framework for the Americas

subject to applicable approvals. There are several criteria we prioritise for our engagement screening with portfolio companies. These include but are not limited to:
- Degree of exposure in terms of holdings
- Significant ownership in terms of market capitalisation and fixed income holdings
- Exposure to ESG risks, including governance-related issues, high climate, and transition risk (CTR) as well as severe violations of involvement in norm controversies.
- Other specific sustainability themes (e.g., PAIs, SDGs, Net Zero, Human Rights, Blue Economy, etc.)

DWS seeks to constructively engage with our investees, not only to elaborate on our key expectations in terms of governance but also to gain a better understanding of their existing business models and strategies with regard to ESG risks and opportunities and thereby ring-fence the investment decisions.

In terms of selection and prioritisation of the Core List, we focus on companies, screened at the beginning of each year, and updated regularly based on criteria such as high per cent of exposure or AuM , per cent ownership of market capitalisation and relevant ESG criteria (e.g., poorly graded companies in various categories based on the DWS ESG Engine, CA100+ companies, Net Zero engagement list, coverage of dedicated ESG portfolios, certain problematic markets, etc.). This Core List acts as a sound basis for identifying the most relevant companies. The Corporate Governance Center exercises Proxy Voting Rights for these companies and ensures continuous monitoring of their ESG grades and governance performances.

The Core List consisted of approximately 2,800 companies in 2022, and for this list, the Corporate Governance Center sends out a pre-season letter at the beginning of each year to inform the companies of changes and updates to our Corporate Governance & Proxy Voting Policy as well as our focus topics for the upcoming AGM season. After receiving our pre-season letters, relevant companies may be invited to one-on-one engagements for direct dialogue with their senior management (CEO or Chairperson of the board) during which our investment professionals, research analysts, portfolio managers, and/or ESG specialists raise material ESG issues, offer suggestions for improvement, and set KPIs timelines to achieve these improvements. We regard direct dialogue with senior management (CEO or Chairperson of the Board) as the most effective means of engagement, as this generates the most direct and reliable response to our questions and criticism – and establishes direct accountability. Such an engagement further qualifies the investee company to be added to our Focus engagement list, receive regular follow-up engagement invites, and be monitored for progress.

Additionally, at the end of each year, we send individualised post-season letters to selected investees, where we identify core issues on governance and wider environmental and social topics that have caused significant votes against proposals during the AGM season under review. In 2022, our post-season letter was sent out to more than 770 investee companies where we had one or more issues related to board independence and diversity, director overboarding" (i.e. directors holding too many mandates), executive remuneration, appropriate treatment of shareholder rights, ESG governance and compliance with internationally recognised E, S or G standards. We outline to the individual investee companies in scope the reason for our votes and ask for an engagement to discuss with the target to change our voting behaviour in the upcoming season.

Given the importance we attribute to sound governance with our portfolio companies, we provide below an exemplary overview of the key issues addressed in our pre-/and post-season letters as well as engagement activities conducted by our engagement leads and ESG specialists. These issues focus on DWS's core values for good governance as well as relevant social and environmental aspects in terms of board oversight and management, which are part of our Corporate Governance and Proxy Voting Policy.

Boards:
- Adequate composition and succession planning of boards of directors
- Majority independence in board and key committees
- Promote diversity and experience
- Enhanced transparency on company reporting, in particular on non-financial disclosure
- Separation of CEO / Chairperson for an appropriate balance of power or a strong lead independent director
- Responsibility and awareness for ESG matters in the company and at board level

Executive compensation:
- Transparency and comprehensibility
- Relevant qualitative and quantitative key performance indicators
- Balance and appropriateness
- Pay for performance
- Bonus –malus & claw-back
- Relevant sector / peer comparison
- Non-financial KPIs (ESG)
- Shareholder Rights: "One-share-one-vote"
- Regular "Say-on-Pay" vote
- Involvement of shareholders in significant M&A transactions
- Proposals aiming to enhance disclosure practices and foster shareholder rights

Auditor:
- Appropriate internal and external rotation (internal lead partner rotation maximum 5 years)
- Transparency on lead audit partner's name and term of appointment
- Sufficient disclosure and limitation of non-audit fees

Additional ESG-related topics and standards:
- Climate change, biodiversity, circular economy, water consumption, deforestation
- Supply chain management, human rights (labour matters / child labour)
- Gender diversity, health and safety, community relationships
- Cyber security and data privacy, product responsibility
- Recognized international ESG standards

Our ESG integration and engagement activities are guided by, among others, the following international standards: the UN-supported PRI, to which DWS has been a signatory since 2008, the UN Global Compact, the OECD Guidelines for Multinational Corporations, Cluster Munitions Convention, the Ceres Roadmap for Sustainability, The Ceres Blueprint for Sustainable Investing, International Integrated Reporting Framework (IIRC) and the 17 UN SDGs. The above-mentioned values, policies and approaches build on our expertise and client interactions gained almost 30 years as a responsible investor. They are also based on relevant national and international corporate governance frameworks (e.g., the German Corporate Governance Code, ICGN Global Corporate Governance Principles, G20 / OECD Principles of Corporate Governance), as well as national and international best practices.

We review our Corporate Governance and Proxy Voting Policy on an annual basis to ensure that our corporate governance expectations reflect relevant regulatory changes and remain robust against market standards. We also review the voting and engagement results of a given year and identify relevant trends and areas, which require more focus. Ultimately, an additional goal of our stewardship activities is to fulfil our fiduciary duty to our clients and be responsible stewards of the capital they entrust us with.

In addition to the individual engagements on company-specific topics, DWS may also decide to engage based on thematic priorities (Thematic Engagement), as well as on a fund-specific basis. These thematic priorities are derived from screening using the DWS ESG Engine or additional resources such as news, sell-side or academic research papers etc.

Our thematic engagements have largely continued the work that began in 2021, with projects on net zero, blue economy and human rights being further developed and refined during 2022.

Net Zero

Our engagement efforts for Net Zero in 2022 can be categorised into three groups: 1. Initiation | 2. Continuation | 3. Escalation

1. Initiation

We started the first round of engagement with 63 investee companies who received our net zero letter in 2021 following the launch of our dedicated net zero engagements. Following the integration of inflation- adjusted WACI into our screening process for issuers and portfolios with the largest contribution to DWS portfolio WACI, we contacted more than 50 additional companies with our thematic letter on net zero and invited them to begin a dialogue with us. We received responses from most companies and held 41 initial engagements. With these conversations, we understood more about how our investee companies are addressing climate change issues, the transition to net zero and where possible set key performance indicators for the next years to measure the impact of our engagements.

2. Continuation

We held 71 second-round engagements with companies that we spoke to in 2021. Follow-up engagements were focused on the areas of improvement that we identified in 2021, such as emission data disclosure and verification, setting targets in line with the goals of the Paris Agreement and clearly indicating how companies will meet their targets.

3. Escalation
Following our initial attempts in 2021 to engage we did not receive a response from several companies. In 2022, we added an escalation step to our Corporate Governance and Proxy Voting Policy update to vote against certain board directors for a lack of response to our thematic engagement requests. As a result, we voted against directors at 54 companies and subsequently notified many of them of our voting decisions as part of our post-season correspondence. Upon receiving this letter, we spoke with 16 companies that were previously not responsive.

Overall, for all the investee companies in scope, we held 175 net zero engagements with 162 investees, increasing our dedicated engagements by more than twofold in comparison to 2021. We continue to hold engagements on this topic with all targeted investee companies from our net zero list and for those who do not respond we will consider voting against board members.

Blue Economy
Oceans are havens of biodiversity and an important source of food and income. Nearly three billion people depend on fishing and aquaculture as primary sources of protein. Due to the urgency of protecting the oceans, we have decided to supplement our company-wide engagement strategy with additional tailored action points ensuring a thorough and transparent transformation strategy for selected companies.

In addition to meeting with companies, we sent out detailed, sector-specific questionnaires to investee companies. The questionnaires were developed in cooperation with WWF Germany, based on the UNEP FI Sustainable Blue Economy Finance Principles Guidelines. The intention is to gather data on performance, company-set KPIs, targets, timelines and to choose companies for our engagements aiming at enhancing their ESG performance.

In 2022 we carried out escalation measures to address a lack of communication. Companies not responding to our engagement efforts or questionnaire received an escalation letter. As a result, we sent four escalation letters in total.

Human Rights
Human rights violations remain alarmingly widespread. According to the International Labour Organization (ILO) one in ten children are subject to child labour, while 27.6 million people worldwide are in forced labour. Even when work is paid, there are countless instances of harsh working conditions. One in five workers globally do not earn enough money to pull themselves out of poverty, remaining in a vicious circle of living hand to mouth. In addition, 74% of countries exclude the right to be able to establish and join a trade union in order to represent their interests and redress the balance of power.[48]

Our approach is guided by the Principles for Responsible Investment which in turn is framed by international norms laid out by the UN Guiding Principles on Business and Human Rights, ILO and the OECD Guidelines for Multinational Enterprises. Being an early signatory to the PRI, DWS takes human rights violations seriously, acknowledging our responsibility to address actual and potential human rights issues within our portfolios. Our approach is underpinned by the notion that people have a universal right to be treated with dignity and every individual is entitled to enjoy human rights without discrimination.

Human Rights in Myanmar and Belarus
In 2021 we initiated an engagement programme with investee companies operating in Myanmar and Belarus. In 2022 we followed up with most of these companies and sent out a comprehensive questionnaire. We addressed a company's response and actions pertaining to the crises in these countries, human rights commitments, and governance due diligence processes.

Methods of engagement and escalation measures
If a company continuously violates international norms or standards and does not respond to DWS's engagement efforts, DWS will follow other methods of engagement and escalation steps as outlined in the DWS Engagement Policy for the three largest management companies in EMEA and eventually mark the engagement as either "successful" or "failed".

In this context, we may call for extraordinary meetings with Management and the Supervisory Boards of portfolio companies. Subsequently, we may send escalation letters directly to the members of both boards where they have not been responsive to our engagement efforts and/or expectations in terms of good corporate governance. Our direct participation in Annual General Meetings of portfolio companies combined with statements addressing shareholders and boards publicly is also a very extensive means we apply. Where appropriate, we may also decide to file and/or support shareholder proposals. As a last measure, we will use our voting rights to vote against management proposals, in line with our voting policy.

[48] UN Global Compact, International Labor Organisation.

Examples on how DWS has developed well-informed and precise objectives for engagements
In terms of objectives on ESG issues at a broad level, below are some examples taken from DWS's Active Ownership Report 2022, which demonstrate how DWS has developed well-informed objectives for engagement on both thematic issues and specific companies.

Net Zero engagement case study
Case Study | Sector: Energy | Country: United States | Area of Engagement: Environmental | Sub-Area of Engagement: Net Zero

Engagement Case:
Following our initial engagement in 2021, the company published their plan towards addressing decarbonisation. In 2022, we followed up with the company to discuss their targets and decarbonisation roadmap, which we believe could be more comprehensive and ambitious in addressing all carbon emissions on an absolute level to meet the Paris Agreement goals.

Key takeaways from the discussion:
We discussed and provided feedback on the net zero roadmap for 2050, which is insufficient beyond 2028 to address overall carbon emissions reduction targets. The company emphasised they review the targets every five years and that it has set medium-term 2030 targets for the development of clean energy production. The company stated that clearer signposting on how they will meet the 2028 targets will be laid out in the TCFD 2023 disclosure including more detailed information on the capex allocation. The company is following developments with regard to SBTi and whether they will submit the targets for approval.

We discussed reducing absolute emissions as well as investment in their renewables business.

Examples of the Engagement KPIs:
Provide clear signposting of the measures to meet the reduction targets for 2028 for scopes 1-3
Report of company targets' alignment to the Paris Agreement and verification that they are science-based.

Next steps:
We will continue our engagement with the company in 2023 once the TCFD report has been published to identify where we can expect progress on the current engagement targets.

Source:
DWS Investment GmbH, 12/31/2022

Blue Economy case study
Case Study | Sector: Industrials | Country: Denmark | Area of Engagement: Environmental | Sub-Area of Engagement: Blue Economy; Climate change management and disclosure

Engagement Case:
The company had already addressed and improved certain aspects, particularly in the context of net zero. We engaged with the company to discuss a number of areas where further engagement is required to meet the UNEP FI's Sustainable Blue Economy Finance Principles.

Key takeaways from the discussion:
The company highlighted that they comply with low sulphur zones. In addition, they are aware of the problem of using open loop scrubbers and currently have less than 25% of the fleet use either open or closed loop scrubbers.

The company is currently in the development of waste reduction or zero waste to landfill targets and expects to give an update in the short to medium term. Additionally, we asked them to set waste reduction targets. The company disclosed that it is also exploring the possibility to be zero waste to landfill in future and will update on the same in the near future.

The company has set out a plan to reach net zero by 2040 and will start the verification by SBTi in the first half of 2023. The company noted that there has not been a guideline for the sector until recently.

Example of Engagement KPIs:
Set fleetwide targets for waste reduction by 2024

Next steps:
We will follow up with the company in 2023 with regard to SBTi verification and the DWS engagement KPIs.

Source:
DWS Investment GmbH, 12/31/2022

Human Rights case study
Case Study | Sector: Materials | Country: United Kingdom | Area of Engagement: Social | Sub-Area of Engagement: Community relationships; Labour Management

Engagement Case:
Although the company has above-average ESG management policies in place, there remains significant room for improvement in their execution. This concerns community engagement, social licence and labour management in

particular due to being involved in severe controversies such as the destruction of a cultural heritage site.

Key takeaways from the discussion:
The company's expansion plans may increase the risk of public dissent regarding potential impacts on local communities or natural ecosystems. DWS suggested that the company seeks to better manage relationships with indigenous and local communities, improve its strategy in that respect, and do everything to prevent any reoccurrence of controversies. Additionally, DWS requested that the company settle more of the existing cases and increase transparency.

DWS made the case to provide training for all employees focusing to resolve and prevent bullying, racism, and sexual harassment, as well as increased transparency regarding these issues. Additionally, DWS asked for the implementation of stricter and more efficient controlling procedures, and verification of improvements by new independent surveys. The company identified overall 26 different measures for the prevention of bullying, racism, and sexual harassment. Implementation of the measures is progressing. However, effective implementation at grassroot level is the critical issue. A new report to measure the progress of initiatives is projected for 2024.

Example of Engagement KPIs:
Increased transparency with the disclosure of historical incidents/controversies with indigenous/local communities and the provision of yearly updates

Next Steps:
DWS intends to continue monitoring the company's development in meeting the DWS engagement targets.

Source:
DWS Investment GmbH, 12/31/2022.

Reasons for our chosen approach, with reference to their disclosure under context for Principle 1 and 6

As mentioned in Principles 1 and 6 as well as in DWS's Engagement Policy 2022 and Corporate Governance and Proxy Voting Policy 2022 for EMEA, DWS takes its fiduciary duty very seriously and acts in the best interest of its clients. Please find the policy here:

1. https://www.dws.com/AssetDownload/Index?assetGuid=501ac2a6-2703-468a-a3b6-99d754b34749&consumer=E-Libraryand
2. https://www.dws.com/en-gb/solutions/esg/corporate-governance.

Built on almost 30 years of experience as a responsible investor, we believe that good corporate governance is an important source of higher relative (shareholder) risk-adjusted returns over the long term. Our approach and framework have been developed in a consistent and collaborative fashion, incorporating viewpoints and insights from various parties ranging from contractual and prospective clients, industry working groups, international associations, and regulatory bodies. DWS has always advocated for transparency and effective disclosure, and we have continuously improved our engagement approach.

In 2022, we continued to enhance our processes and capabilities. Since 2018, we have worked towards enhancing all aspects of our processes and capabilities, with the purpose of covering important general meetings with our proxy voting activities as well as increasing our general meeting attendance. For us, proxy voting activities go beyond our fiduciary duty to exercise our voting rights and play an important role in our engagement approach. In 2019, we accelerated our voting and engagement activities and saw a significant increase in the companies we could engage with. Building on our dialogue and experience from previous years, we also initiated new engagements on fundamental and new key topics in responsible investing. In this regard, in 2022, we submitted votes at 3,822 meetings (funds of legal entities in scope: DWS Investment GmbH (with discretion to vote for certain assets under management of DWS International GmbH, DWS Investment S.A. (incl. SICAVs and PLCs) based on internal delegation agreements Source: DWS Investment GmbH; Data as of 31.12.2022, ISS Proxy Exchange) annual general/extraordinary meetings (92% of equity AuM). In addition, we held 532 engagements in 2022.

Overall, shareholder proposals were increasing rapidly and becoming more complex. DWS is generally supportive of ESG-related shareholder proposals and evaluates them on a case-by-case basis. Shareholder proposals vary widely in terms of feasibility, materiality, and reasoning, for which we focus on practicability and meaningfulness. In some cases, proposals might not be taking into consideration previous steps and the progress of the company. In cases where investee companies have already announced corresponding policies and procedures, we give the company a certain amount of time for implementation. With this, we strive not to undermine the investee companies' efforts as well as our dialogue with them. While we were able to improve our ranking in the 'Voting Matters' report by the UK campaign group ShareAction from position 21 in 2020 to 15 in 2021 (which was based on our overall support for shareholder resolutions related to environmental and social topics which

increased from 66% to 85% over the same period), we ranked #20 out of 68 among the reviewed asset managers in terms of voting performance in 2022.

Our lower ranking compared to 2021 cannot be regarded as a downgrade but can be explained by the following considerations:
- The weighting of the three scores on E, S and G (Pay & Politics) changed compared to 2021 due to the selection of the proposals. While more focus was placed on the E due to the nature of climate change concerns, the proposals for G were getting weighted and scored for the first time in the rating and S was weighted significantly lower.
- The number of resolutions increased significantly in the year 2022 worldwide. Therefore, the selected proposals increased from 130 in 2021 to 252 in 2022. This also affected the quality of the shareholder resolutions. In some cases, the wording of the proposals was either too broad or too prescriptive. DWS considers shareholder proposals an important tool, yet we take a differentiated approach conducting our own analysis of a company's progress to receive a full picture. Based on this, we either support the shareholder resolution or take action individually. For all 'Against' or 'Abstain' votes, our voting analysts provided accountable rationales which are carefully documented.

Our overall support for all shareholder proposals dropped from 74% in 2021 to 66% in 2022. As shareholder proposals vary widely in terms of feasibility, materiality and reasoning, all are thoroughly reviewed on a case-by-case basis. We carefully review all proposals to seek to ensure the best voting decision possible in the best interest of our clients. Our own dialogue on shareholder proposals with our investee companies is also taken into consideration during the voting assessment.

In order to enhance our transparency with regard to our voting behaviour on shareholder proposals, we have included important shareholder proposals and the rationales of our voting in our DWS Active Ownership Engagement and Proxy Voting Report 2022. This report can be found here: www.dws.com/solutions/esg/corporate-governance

In addition to the Voting Matters 2022 report, ShareAction's 2023 Point of No Returns Report (published in February and March 2023) assessed the policies and practices of 77 of the world's largest asset managers across a range of environmental and social themes. In this regard, the DWS Group ranked #12 (#19 in 2020) in 2023's ranking.

Moreover, our communication on corporate governance with investors has also improved, evidenced by more interactive and detailed disclosures as discussed in Principle 6.

At DWS, we believe companies should take more responsibility for the way in which goods are produced, services are provided, and resources are used. We act as a trusting fiduciary for our clients when protecting their investments and perceive corporate boards as our partners who cautiously and prudently supervise the companies in which we are invested.

Building on our philosophy as an active owner and to ensure effective and meaningful execution, our engagement activities are governed and structured by various key documents, among them are our ESG Integration Policy and our Engagement / Corporate Governance and Proxy Voting Policy for EMEA. They are based on our objective to induce improvement in our investees' behaviour on environmental, social and/or corporate governance aspects with the aim of improving their long-term performance, resulting in a favourable and sustainable risk-return profile of our clients' investments.

Our Corporate Governance Center shares important insights with our clients on the relevance of investment stewardship, investors' expectations on executive remuneration following the implementation of the new Shareholders' Rights Directive (SRD II) and communication from the Board in times of crisis.

As laid down in Principle 10, our ESG specialists also participated in various conferences as speakers and panellists and spoke as guest lecturers at universities and authors of publications, sharing our views with wider audiences.

Outcome

Signatories should describe the outcomes of engagement that is ongoing or has concluded in the preceding 12 months, undertaken directly or by others on their behalf.

Ongoing or concluded engagements of the last 12 months undertaken directly or by others on our behalf

The outcome of the engagement process plays a role in risk-return analysis as well as in the conviction of the investment recommendation.

We document our engagement activities via a proprietary Engagement database and follow up with companies where necessary, including the status of an engagement or the outcome, which is tracked with the following categories:
- Successful / closed –– engagement targets were met
- Ongoing –– engagement continues on all or part of the engagement targets
- In escalation stage –– engagement escalation steps initiated
- Failed –– engagement targets were not met for a continuous amount of engagement escalations

Thanks to the engagement database, and our enhanced engagement approach rolled out in 2021, we can now prepare more comprehensive engagement plans (including KPIs, deadlines as well as mapping with PAI (Principal Adverse Impacts) and SDGs).

Engagement overview for funds, assets, and regions in 2022

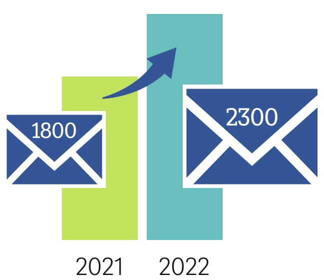
In 2022, we reported 532 engagements with 448 companies. We successfully closed 9 of our one-on-one engagement cases, with the majority still ongoing. Most of our engagements were held with portfolio companies in the US, Germany, and in Asia Pacific region, followed by the Nordics and Benelux companies. Our engagements in the Asian market continue to increase and we have also enhanced our outreach in certain emerging markets.

In our engagements with portfolio companies, we discuss a variety of ESG-related topics. Out of an overall 532 engagements in 2022, 438 included governance-related topics, we discussed social topics in 180 meetings and in 322 meetings environmental issues were raised. Most of the companies we engaged with were from the utilities, financial, energy, consumer discretionary or industrial sectors.

Chart 9.1 Outreach letters to our investee companies 2022

2718 companies contacted via engagement letters

- Pre-season letter on governance expectations
- Post-season letter on governance issues, where we voted Against Management
- Thematic engagement letters on net zero and human rights



More than 2300 investee companies received our pre-season engagement letter (1800 in 2021)

Our post-season letter was sent out to more than 770 investee companies (660 in 2021)

Table 9.1 Engagement Statistics 2022

Sectors	Engagement count	Relative Percentage
Communication Services	16	3%
Consumer Discretionary	69	13%
Consumer Staples	35	7%
Energy	66	12%
Financials	52	10%
Health Care	37	7%
Industrials	82	15%
Information Technology	38	7%
Materials	65	12%
Real Estate	18	3%
Sovereign/Supranational	1	0%
Utilities	53	10%
Grand Total	**532**	**100%**

Table 9.2 Top 6 engagement topics by each ESG pillar in 2022

Environment	Number of engagement activies
Specifically Net Zero/Science-based targets	796
Resource consumption/ scarcity	212
Hazardous Waste/Toxic Emissions	201
Water	157
Climate change management and disclosure	143
Biodiversity	83
Social	
Health and safety	109
Labour management	97
Supply chain/ contractors	85
Human rights	52
Product/Service Availability and Safety	48
Cyber security and data privacy	40
Governance	
Executive Compensation	519
Board Independence	214
Auditor	151
Overboarding	107
Board Composition	89
Business Ethics (Money Laundering /Bribery/ Corruption etc)	70

Examples for equities

Example 1: Executive Remuneration

Case Study | Sector: Consumer Discretionary | Country: Germany | Area of Engagement: G | Sub-Area of Engagement: Executive Remuneration

Engagement Case:
The company became a constituent of the DAX40 in September 2021. In 2021, they had a failed remuneration policy vote, which DWS did also not support. We engaged prior to the 2022 AGM in order to communicate our governance expectations, which are particularly important for DAX40 companies.

Key takeaways from the discussion:
Previously, the company did include performance indicators in annual bonus. We clearly articulated our expectation that the annual bonus should be measured against performance with a one-year time horizon set according to broker consensus forecasts. Furthermore, we highlighted that the weighting of non-financial metrics within the long-term incentive plan (LTIP) could be increased to bring the company in line with DAX40 peers. The company's 2021 remuneration policy included a provision allowing the granting of discretionary special bonuses. DWS views this critically, however, we take into consideration whether the amount available is adequately capped and designed to only compensate for forfeited compensation at a previous employer.

Example of Engagement KPIs:
Increase weighting of non-financial KPIs in the LTIP

Next Steps:
The company responded to shareholder criticism of the failed remuneration policy in 2021 and revised various aspects. They removed the ability to grant one-time special bonuses. Although the KPIs used for the annual bonus and LTIP are based on similar criteria, the company introduced performance targets for the bonus. The revised remuneration system received our support at the 2022 AGM.

Source:
DWS Investment GmbH, 12/31/2022.

Example 2: Shareholders rights, Board Independence
Case Study | Sector: Consumer Discretionary | Country: Germany | Area of Engagement: Governance | Sub-Area of Engagement: Shareholder rights/proposals; board independence

Engagement Case:
We are engaging with this company on a regular basis. Due to their shareholding and dual-class share structure, more than 90 per cent of the voting rights are held by four major shareholders who are all represented at board level. We engaged to address concerns about equal shareholder treatment and independent oversight at board level, which we believe should be enhanced.

Key takeaways from the discussion:
As an initial step to increase and improve the systems of checks and balances, we regard an increased level of independence at board level at the Company through truly independent, external outside directors as a pre-requisite. DWS does not support any favour to any particular class of shareholders. Holders of non-voting shares should be compensated for the lack of influence with a meaningful higher dividend. However, the dividend premium remained at EUR 0,06 (or less than 1 per cent) compared to the ordinary dividend.

Example of Engagement KPI:
Increase board independence to facilitate impartial oversight

Next steps:
We presented our views at both of the 2022 shareholder meetings. We will continue our engagement with the Company in 2023 and observe the progress of the company in this regard.

Source:
DWS Investment GmbH, 12/31/2022

10 Engagement: Collaboration

Context

Signatories, where necessary, participate in collaborative engagement to influence issuers.

DWS acknowledges that collaborative engagement is an essential and influential instrument of effective stewardship. To achieve common aims, DWS considers it helpful to collaborate with other long-term investors and key stakeholders, when talking about systematic risks and downsides as well as in engaging with those on industry and policy level. Thus, DWS holds itself to its commitment to working with other like-minded investors, e.g., by participating in investor networks, industry initiatives, trade associations and working groups to benefit from each other, raise industry and investment standards to best practices and to ensure that the voice of the asset management industry is heard.

Before engaging in initiative-driven collaborative action, DWS considers whether it is permitted by law and regulation. If so, DWS works hand in hand with other stakeholders to address their common concerns and align views among the collaborative engagement group. Thus, DWS engages as an active member in several groups and initiatives that facilitate communication between shareholders and companies on ESG and specific corporate governance matters.

Our commitment to combat climate change has driven not only our commitment to the Net Zero Asset Manager initiative in 2020 but also our support to the Climate Action 100+ initiative a few years ago, which we view as an efficient engagement method for generating sustainable outcomes and fulfil better our clients' expectations. Our engagement in these collaborative initiatives has heightened importance given that in some jurisdictions, e.g., the EU and particularly Germany, there are regulatory hurdles and barriers that prevent asset managers from participating in engagements with each other on company-specific topics or company-related issues. Due to the still existing regulatory impediments regarding potential "acting-in-concert" activities imposed by German regulator, BaFin, DWS continues its cautious approach. As a result, DWS is limited to engaging on its own instead of joining company-specific engagement initiatives that might be classified and sanctioned as "acting in concert".

As DWS recognises the importance of such collaboration to achieve meaningful change, we are continuously advocating for a more level playing field in our home market of Germany. We have joined several initiatives, e.g., via the German Investment Fund Association (Bundesverband Investment und Asset Management) (BVI) and the German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.) (DVFA) and are using our position in trade associations and working groups to improve the terms and conditions of collaborative engagement in Germany. In addition, DWS takes an active role in shaping investor industry association reports that set out expectations for companies on different ESG issues and works with other asset managers in policy advocacy and other related areas.

Activity

Signatories should disclose what collaborative engagement they have participated in and why, including those undertaken directly or by others on their behalf.

As outlined above, due to regulatory restrictions in its home market in Germany, DWS is restricted in conducting collaborative engagements with individual portfolio companies besides our role as co-lead investor for one company in the Climate Action 100+ Initiative.

However, we have been able to champion collaborative engagement in other ways. Throughout our engagement activities, we look to prioritise engagements where we feel we have the most influence and the best opportunity to drive progress and change.

To demonstrate our commitment to sustainable investing, we are part of several sustainability initiatives as laid out in Principle 4.

A full list containing memberships and affiliation regarding ESG and sustainability topics is included in the annex of our annual report https://group.dws.com/ir/reports-and-events/annual-report/

Outcome

Signatories should describe the outcomes of collaborative engagement.

Through our membership in working groups we engage on relevant policy issues on a national and international level https://group.dws.com/corporate-governance/dws-public-dialogue/ as well as addressing legislative topics through regular discussions with the regulator and/or representatives from ministries or advisory bodies https://group.dws.com/corporate-governance/dws-public-dialogue/. A full list of our bilateral public responses to regulatory consultations can be found at DWS Public Dialogue.

During 2022 members of DWS's Corporate Governance Center engaged in working groups on the national level including the Corporate Governance Working Group of the German Investment Funds Association (BVI) as well as the Commission on Governance & Sustainability of the German Association for Asset Management & Financial Analysis (DVFA).

On the international level, we engaged through our membership in the Stewardship Standing Committee Group of the European Fund and Asset Management Association (EFAMA) and the Global Governance Committee of the International Corporate Governance Network (ICGN). We are active members of the Institutional Investor Forum Advisory Council of the Harvard Corporate Governance Roundtable. In this function, we participated in last year's Roundtable in-person meeting in Cambridge, Main discussions were around hedge fund activism, the development of the ESG landscape, diversity and climate-related engagements.

Case Study: Amendment of the Stock Corporation Act to permanently allow for virtual AGMs:
In 2022 DWS, together with other German asset managers, continued to engage through the DVFA and BVI with representatives of the Ministry of Justice to ensure that changes to the AGM format still guarantee shareholders the full exercise of their rights.
- and We actively engaged in the discussions on the matter of a permanent legislative framework allowing for virtual AGMs, with a particular focus on shareholders' position to interact meaningfully with management and the board, i.e., submitting questions, making statements, and filing motions.
- We provided input to position papers and consultations for our industry associations BVI and DVFA and issued a consultation response on the legislative draft ourselves.

Case Study: Strengthening Corporate Governance practices in Germany – BVI Working Group on Corporate Governance and DVFA Scorecard for Corporate Governance:
- As a DWS representative is member of the BVI Working Group on Corporate Governance and also chairs the sub-committee of the DVFA responsible for the Scorecard for Corporate Governance, we are well positioned to discuss and shape best practice requirements of Corporate Governance in Germany.
- Annually the Guidelines for analysing AGM-agendas ('Guidelines', Analyse-Leitlinien für Hauptversammlungen ALHV from BVI) as well as the DVFA Scorecard for Corporate Governance are reviewed together with other investor representatives.

In 2022, the review of the BVI Guidelines focused on the format and conduct of AGMs as well as the composition of the board and remuneration reports. The 2022- the DVFA-Scorecard to evaluate governance performance included the S-DAX for the first time focused on AGM-format, board independence, overboarding and transparency on remuneration.

Case-study: DVFA – other topics:
- Within the DVFA-Commission, DWS also pushed the consultation on the revised German Corporate Governance Code calling for, among other aspects, a stronger recommendation that board chairs should engage with investors as well as conduct stricter assessments for the independence of board members.
- We also led the response to the Call for Evidence by ESMA on the implementation of SRD II pointing to the still existing hurdles for shareholder identification on the one hand and the barriers in cross-border voting on the other hand, incl. Power-of-Attorney-markets.

Case Study: Investment Association – Stewardship priorities, Requisitioned Resolutions, Climate policy:
- A DWS representative is member of the Stewardship Committee of the Investments Association (IA) and was involved in the setting of stewardship priorities for the IA and contributed in a working group to the development of a Guidance to Requisitioned Resolutions that is available to IA-members during Q2 2023.
- We were also part of a round table discussion with chairs of UK boards on governance-developments in the UK, focusing on diversity, remuneration and Say-on-Climate-proposals leveraging the investors' view on these topics towards investee companies.
- In this capacity, we also contributed to the IA's response on the Primary Market Effectiveness Review and submitted our critique on proposed dilution of shareholder rights, i.e., the weakening of the "one-share, one-vote"-principles for start-up and high growth companies.

- A DWS-representative is also a member of the Sustainable and Responsible Investment Committee and Climate working group of the IA. Substantive input was provided to an IA consultation response on energy efficiency and energy security and the IA position paper on energy efficiency, the first such 'real economy' policy position for the IA. As well, the DWS expert successfully convinced the IA to sign a joint private letter with other organisations, sent to the UK Prime Minister, calling for stronger energy efficiency policies.

Through our participation in consultations on the German Corporate Governance Code (GCGC) and the review of the G20/OECD-Principles, we expressed our perspective on how governance-standards should be evaluated and further developed on national and international levels. Our responses can be found in the DWS Public Dialogue-section of our website. We encouraged further protections for shareholder rights in both reviews. Additionally, we called on companies and boards to show further progress in regard to more diverse and independent board composition.

Case study: Discussions with BaFin/BMF on Collaborative Engagement: elaborating on potential collaborative engagement scenarios
- DWS engaged in a multilateral discussion with representatives from the German Ministry of Finance and the German regulator BaFin on the matter of collaborative engagement.
- As the largest German asset manager by assets under management, we regard a level playing field on the topic of collaborative engagement in our home market as crucial to fulfilling increased demands by international clients and regulators as well as other stakeholders, including the UN-backed PRI. Thus, we, together with other German-based investors, are seeking further clarification by the regulator and the legislator.

For a more complete list of activities, please refer to Principle 4.

Case Study: Climate Action 100 + Engagement in 2022
A company in the Utilities sector | Country: Italy | Area of Engagement: E | Sub-Area of Engagement: specifically, net zero/ science-based targets

Engagement Case:
In 2017 we joined the Climate Action 100+ initiative to engage the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures, and improve governance on climate change risks. Each investor focuses its discussions on one of the companies in scope. For DWS, our focus company is part of the utilities sector and is based in Italy.

Engagement Targets:
1. Science-Based Targets initiative (SBTi): We asked to increase transparency on SBTi targets within a 5-year period and to provide yearly disclosure on the progress against those targets
2. Carbon Intensity Measures: We asked the company to not only focus on carbon intensity measures (scope 1) but also to manage and disclose on absolute emission targets (scope 3)
3. Net Zero: Intensive discussions on how the company can reach net zero in 2050 and what challenges they may face. We asked for more disclosure and to accelerate completion of the net zero target before 2050.
5. Remuneration: We requested the company to consider including scope 3 emissions in its remuneration framework over the next few years.
6. Lobbying: We requested the company to increase its disclosure on lobbying.
7. TCFD: We requested the company to expand their scenario analysis to other countries beyond Brazil, Italy, and Spain.
8. Labour management: We requested the company to have greater oversight on labour management across the group and the supply chain. To also setup clear zero accident and fatalities targets

Engagement Status and Responsiveness:
Ongoing | Responsive

Company's progress so far:
We continue our one-on-one engagements with the issuer on a regular basis, the company is very responsive and has disclosed plans for increased transparency in their upcoming Sustainability report.

- In 2022, the company assured to get their medium- and long-term emissions targets verified by SBTI- currently they are in the process of recalculating the emissions targets since they have sold off their assets in Russia, and a plant in Brazil.
- They are discussing for the variable short-term remuneration to put the new index (numbers of frequency index accidents vs the number of hours worked) in place and more emphasis on the more severe accidents. They are also focused on automation and would implement Skybots where possible in 1-2 years.

Additional climate goals:
- Targets for phasing out of coal production- 2024, 2030
- Company already published targets for renewables deployment, scope 3 figures, links to the SDGs in its strategy and discloses its emissions intensity. As part of its long-term goals for emissions reductions and net zero, the company made a net zero 2050 commitment.
- Committed on providing transparency on water-related metrics in their 2023 reporting.

We note that, due to the current regulatory landscape described earlier in this principle, we cover our engagement in line with our individual engagement process.

Case Study: DWS's Climate Actions in 2022

In December 2020 DWS was the only German asset manager to become a founding signatory of the Net Zero Asset Managers Initiative. Through this initiative, asset managers commit to decarbonising their investment portfolios and accelerating their contribution to achieving net zero emissions and limiting climate change to 1.5°C. In December 2020, DWS was amongst the leading group of 30 global asset managers that committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. The founding signatory group also commits to support investing aligned with the Paris Agreement and net zero emissions by 2050 or sooner.

This commitment includes prioritising the achievement of real economy emissions reductions within the sectors and companies in which the asset managers invest.
As part of the initiative, all signatories have committed to:
- Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all Assets under Management
- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner
- Review their interim target at least every five years, with a view to ratcheting up the proportion of AuM covered until 100% of assets are included

In accordance with this commitment, we disclosed our interim net zero target framework for 2030 ahead of the UN Climate Change Conference UK 2021 (COP26) on 1 November 2021. As such, we put 35.4% (or € 281.3 billion) of our total global Assets under Management (as of 31 December 2020) in scope to be managed towards net zero[49] by 2030. This means in practice that, with respect to these in-scope assets, we seek to achieve a 50% reduction in Weighted Average inflation-adjusted financial Carbon Intensity (WACI adj.) related to Scope 1 + 2 emissions[50] by 2030, compared to base year 2019.

SBTI provides the reference framework for us on the path to net zero. We utilise this framework, which is considered a credible and robust foundation, providing clear guidance on expected assets in scope and target ambition levels. The initial asset scope to be managed towards net zero was defined based on SBTI guidance – including the required activities / asset classes under SBTi guidance. This includes certain financial instruments (equities, corporate bonds, liquid real assets and direct real estate investments) held primarily in mutual funds, but also in selected individually managed institutional accounts. As new methodologies and emission data become available, additional financial instruments can be included and we aim to increase the initial asset scope of 35.4% over time[51].

In previous years, DWS also joined the CDP Science-Based Targets Campaign, calling on 1,800 corporates globally to commit to science-based targets to reduce their carbon footprint, in line with the 1.5°C goal and to achieve net-zero emissions by 2050. The CDP Science-Based Targets Campaign initiative is supported by 137 financial institutions globally representing nearly USD 20 trillion in AuM. Our commitment to this initiative is part of our broader effort to engage with companies on climate-related topics.

Furthermore, DWS joined the Asia Investor Group on Climate Change (AIGCC) which is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and net zero investing.

[49] Subject to the consent of clients, legal entities, and fund boards.
[50] Standard for measuring greenhouse gas emissions: Scope 1 includes all direct emissions from the company's own operations; Scope 2 includes all indirect emissions associated with purchased energy.
[51] Subject to the consent of clients, legal entities, and fund boards.

11 Engagement: Escalation

Context

Signatories, where necessary, escalate stewardship activities to influence issuers.

The alignment of interests between portfolio companies and their shareholders should be managed through effective governance measures and sound structures to preserve and enhance company value and build shareholder confidence.

Furthermore, we believe that management should regularly engage with all relevant stakeholders to gain more diverse perspectives. As a responsible investment manager, we are always willing to share our expectations on ESG matters in an ongoing and constructive dialogue with our investee's executive and non-executive directors.

There are various ways in which we engage with our portfolio companies depending on the company itself, the sector, and the issue in question. However, in cases where we identify gaps between our expectations regarding financial and non-financial topics and the company's attitude towards it, we may start a direct engagement process with the company representatives and its management board. We regard active engagement as an essential part of our commitment to supporting good sustainable and corporate governance practices.

In 2022, our engagement approach continued to follow a detailed step-by-step escalation. The process started with a pre-season letter to more than 2300 portfolio companies forming part of our Core list.
In this pre-season letter, we informed investee companies about our key focus areas, including our updated Corporate Governance and Proxy Voting Policy, as well as the invitation to the investee companies for a dialogue.

In addition to sending out our pre-season letter, we invite Focus List companies for direct dialogue with senior management (CEO or Chairperson of the Board) over the course of the whole year. This is then followed in many cases by engagements with the companies. The next step is the call for extraordinary meetings with executive management and the supervisory board Chairperson. Subsequently, we send letters to members of both boards. In our view, direct participation in Annual General Meetings combined with a statement addressing shareholders and boards publicly is a very extensive means of engagement. When appropriate, we may also decide to file shareholder proposals. As a last measure, we will vote accordingly and against management proposals, in line with our Corporate Governance and Proxy Voting Policy.

As mentioned in Principle 5, we extended our proxy voting guidelines on board elections. We started voting against the re-election of non-executive directors in case the company fails to take climate action. In addition, we started voting against the re-election of non-executive directors in case of the failure to adequately and timely respond to our thematic engagement requests. In 2022, this concerned our thematic engagement programme on net zero. In 2022, consequently, we voted against directors at 54 companies for lack of response to our thematic engagement requests on net zero as a means of escalation.

Furthermore, in 2022, we carried out escalation measures to address a lack of communication from an investee company. For example, companies not responding to our engagement efforts or questionnaire may receive an escalation letter. As a result, we sent four Blue Economy escalation letters in total. In cases where DWS still receives no input to our Blue Economy questionnaire from the companies following the request, we will make use of our active ownership rights and follow with escalation steps outlined in our Engagement Policy for EMEA. These may include votes against the discharge, appointment/reappointment of directors and/or the submission of publicly available questions at the next annual general meeting.

Towards the end of the year, we also sent out individual post-season letters to over 770 of our portfolio companies, where we had identified issues with particular items on their agenda and voted against management recommendations.

This opens up the floor for a dialogue with the companies in order to discuss the reasoning behind our voting decisions and to better understand the company's perspective. In this regard, we identify core issues on governance and wider environmental and social topics that have caused significant votes against during the season under review. In 2022, we highlighted board independence and diversity, director overboarding (I.e. directors holding too many mandates), executive remuneration and ESG grade assessments. We outlined to the individual investee companies in scope the reason for our votes and ask for an engagement to discuss with the target to change our voting behaviour in the upcoming season. In this context, we contacted 99 out of the 770 companies regarding their ESG grades and invited them to a dialogue to understand how they plan to address these issues in the future. We also contacted fourteen out of 770 companies to communicate that we voted against their combined chair/CEO and invited them to engage on the matter.

Finally, please refer below for the activities of the Engagement Council and its involvement in our escalation process.

Engagement case study:
Lamb Weston Holdings
Case Study | Sector: Consumer Staples | Country: United States | Area of Engagement: Environmental | Sub-Area of Engagement: Specifically Net Zero; Resource Consumption/ Scarcity; Water

Engagement Case:
DWS voted against the election of the directors at the 2022 AGM because the company failed to respond to our net zero thematic engagement request. After we sent the company our post-season letter, which explained our voting behaviour, the company responded to our engagement request.

Key takeaways from the discussion:
We discussed the company's current decarbonisation targets and their validation with the SBTI. The company confirmed to us that they are working on the re-submission of the 2030 targets to reduce scopes 1 and 2 intensity for SBTi approval in order to be aligned with a 1.5°C pathway. Additionally, the company is planning to include scope 3 in the reduction targets and provide more transparency on absolute emissions.

Although the company has not yet committed to an overall net zero ambition by 2050, they confirmed that this is being discussed internally. The company informed us that they are working on this and will include more information in the next reporting cycle, most likely in the ESG report by 2024.

In addition to decarbonisation, we also discussed water usage and recycling.

Engagement KPI 1: Set scope 1, 2 and 3 emissions reduction targets and have them approved by SBTi.
Engagement KPI 2: Provide enhanced transparency on scope 3 emissions in the company's reporting.

Next steps:
We will follow up with the company on their further plans regarding SBTI approval for their emission reduction targets for scope 1 & 2, disclosure of scope 3 targets and reporting on their decarbonisation strategy.

Source:
DWS Investment GmbH, 12/31/2022

Engagement case study:
Naturgy Energy Group SA
Case Study | Sector: Utilities | Country: Spain | Area of Engagement: Environmental | Sub-Area of Engagement: Specifically Net Zero

Engagement Case:
DWS voted against the election of the directors at the 2022 AGM because the company failed to respond to our net zero thematic engagement request. After we sent the company our post-season letter, which explained our voting behaviour, the company responded to our engagement request.

Key takeaways from the discussion:
The company is aware of the topics we raised and is in most cases already in the process of collecting the data, implement changes but is not yet ready to announce them.
The path to net zero has been developed internally but is not yet approved by the Board of directors. Naturgy plans a strategic overhaul of the company ("Project Gemini": split of the company in a network and a market company). This project is currently on hold due to the energy crisis in Europe and concerns from the Spanish regulator. Depending on the outcome of this strategic shift the plans incl. the path to net zero could require an update/adjustment to reflect the new scope of a potential "new" Naturgy. All current plans are based on the current structure of the company.

In addition to Net Zero alignment, we also discussed water usage in water stressed areas.

Engagement KPI 1: Set up of carbon emission reduction initiatives aimed at aligning with Paris Agreement.
Engagement KPI 2: Verification by SBTi for scope3 emissions.
Engagement KPI 3: Reduce exposure to water stress areas.

Next steps:
We will follow up with the company on their future plans regarding Net Zero, SBTi approval for their emission reduction targets for scope 3 and reporting on their reporting aligned with TCFD.

Source:
DWS Investment GmbH, 12/31/2022

Activity

Signatories should explain:
- **the expectations they have set for asset managers that escalate stewardship activities on their behalf;**
  OR
- **how they have selected and prioritised issues, and developed well-informed objectives for escalation;**
- **when they have chosen to escalate their engagement, including the issue(s) and the reasons for their chosen approach, using examples; and**
- **how escalation has differed for funds, assets, or geographies.**

The integration of ESG criteria in a company's strategy is a key factor in the ability of an organisation to create value over time. For DWS, sound corporate governance centres on a clearly defined and stress-resilient business model with the corresponding corporate structure in place.

We strongly believe that integrating ESG criteria into our investment process contributes to a better understanding of the environment in which companies are operating in. It enables us to identify risks and opportunities that traditional financial analysis might not reveal. Our aim is to identify and assess material ESG criteria that may impact the value of our investments in order to achieve the best possible risk-adjusted investment returns for our clients.

As mentioned in Principle 6, DWS aims to have adequate voting and engagement policies to ensure consistent behaviour, for both Active and Passive investments. During 2022, DWS mainly kept its investment stewardship activities according to, for example, key issues and size of holdings, as outlined in UK Stewardship Code Report submission for 2021. Please refer to Principle 5, Principle 7 and Principle 9 for further information on our activities within the enhanced engagement framework.

Key portfolio companies

At the beginning of 2022, DWS screened the relevant holdings held by our funds, in terms of percentage of market capitalisation, AuM and several ESG criteria. As with previous years, our proxy voting coverage has expanded, rising to 92% Equity AuM for the three largest management companies in EMEA. This list was continuously updated throughout the year and by year-end, encompassed over 2800 companies globally.

Engagement Council

The regional Engagement Council (EC), which was formed as a governance body to monitor the engagement process, milestones or potentially trigger an escalation process (if applicable), oversees the engagement activities defined by the enhanced engagement framework for EMEA, such as providing guidance to the engagement leads, performing quality checks and tracking engagement progress. The objective of this council is to facilitate the discussion of important financial and non-financial issues and to drive engagement for the assets managed by DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. The EC oversees the enhanced engagement framework and aims to meet on a weekly basis to discuss and review engagement activities. EC members also discuss changes to strategic and focus list companies and the respective selection criteria and review relevant thematic engagement letters.

Scope of application across asset classes

Our engagement approach applies to assets we hold across equity, credit, and sovereigns. We also engage with index providers.

In June 2021 we sent a net zero letter to the identified companies, articulating our expectations and possible voting implications and inviting them to take ambitious steps on the path to net zero. Some companies failed to respond despite additional attempts including escalation steps. As a next step, we started engaging with stock exchanges aimed at establishing a joint effort to engage with listed companies. We have therefore identified a list of stock exchanges worldwide where these unresponsive companies are listed and sent them letters inviting them to an open dialogue. One of the first exchanges to respond to our letter and with whom we had our first engagement in 2022 was B3 (the Brazilian stock exchange). During our conference call, we discussed the possibility of the exchange taking escalation measures to public companies that fail to respond to investor engagement requests.

For more details on our approach to Alternatives, please refer to Principle 7.

Please note that for some companies we engaged with are not explicitly named as they have either required that their names not to be disclosed, or we have not received a timely confirmation for the purposes of publication. In addition to the information below, please refer to Principle 9, Principle 12 and our Active Ownership Report 2022 for further examples of our engagement activities from 2022.

DWS' questions to portfolio companies at AGMs

DWS has a long tradition of participating at the AGMs of our investee companies by either holding a speech and/or posing questions to the board. This highlights certain issues to the board and other shareholders that we regard as significant. We have continued to publicly communicate our concerns with a select group of companies by submitting questions to their boards, which are also published on our website (https://www.dws.com/solutions/esg/corporate-governance/). We choose to submit questions also to companies which we feel have not responded adequately to our previous efforts to engage on certain topics, including operational performance, executive remuneration, board independence, health, and safety conditions for employees during the pandemic or decarbonisation. The number of our AGM participations has increased from 40 in 2021 to 64 in 2022. Voicing our critique publicly also at virtual AGMs has become even more important during times when Covid-restrictions limited meaningful interaction between investors and boards as well as other shareholders in AGMs. We regard this as an instrument for escalation as we can share our views also with a broader audience of stakeholders.

With Germany passing formal legislation to integrate the virtual AGM as a legitimate means of participation, the topic of the virtual AGM format has been keenly discussed in 2022. DWS was actively involved in these discussions and made our position as fiduciary clear, upholding shareholder rights is of utmost importance.

Response levels vary between regions and for some markets the exchange is substantial and provides a basis for fruitful engagement. For other markets, AGMs tend to be more robust with Q&A sessions being comparatively limited. On the one hand, we welcome the opportunity to take part in real-time discussions via the virtual format, however, some jurisdictions leave more to be desired in terms of contribution from shareholders. DWS appreciates that shareholder rights and proxy voting differ between markets, and we will continue to actively participate and lobby for enhanced shareholder rights for virtual AGMs.

Our questions in 2022 mainly focused on corporate governance with executive remuneration being the most frequently asked topic. Furthermore, 45% of companies received questions relating to climate change and their approach to reducing carbon emissions, while 22% of companies received questions on human rights and health and safety standards.

Phillips 66's AGM May 11, 2022

DWS started engaging with Phillips 66 in late 2020 on a variety of issues covering governance and environment topics. Additionally, we sent Phillips 66 a letter in 2021 outlining our expectations for the company on climate as they were listed on the Climate Action 100+ list of largest GHG emitters. As such, the primary focus of subsequent engagements was on climate change and steps the company was taking to manage climate-related risks. From the outset, the company was viewed as a laggard, due to insufficient discloses as well as lacking GHG emissions reductions targets and not setting net-zero goal(s). Although the company has made some progress over that time, the company was still lagging peers and our expectations. As result of the engagements and the views expressed by Phillips 66 during those interactions, we felt escalation was necessary and to address the board directly through the submission of the questions below at the annual general meeting.

Question 1:
When can we expect Phillips 66 to set net-zero targets for scopes 1,2 and 3 by 2050? Also, when will the company set corresponding short-, medium- and long-term reduction goals that are aligned with the Paris Agreement? The board has stated the company has disciplined capital allocation to support the energy transition.
Question 2:
How do your capital expenditure plans align with a transition to a lower-carbon economy? Do you plan to commit to plans to decarbonise your future capital expenditures?
Question 3:
Do you plan to enhance your disclosure on your climate policy lobbying, whether direct or through trade associations, including how it aligns with the Paris Agreement's goals?
Question 4:
Why do you choose not to report to the CDP's climate questionnaire? Is this something you will do in the future? If so, when can we expect this commitment? DWS acknowledges that the objectivity and criticality of auditors can be impeded due to long tenure. We therefore expect companies to rotate their auditors after ten years. The current audit firm's tenure is 11 years.
Question 5:
How do you evaluate and ensure the objectivity and independence of the audit firm, in particular, after a long tenure? Would you consider a rotation of the audit firm in the near term?

BHP Group's AGM November 10, 2022

We sent BHP our pre-season letter 2022 and informed the company about our key focus areas, including our updated Corporate Governance and Proxy Voting Policy, as well as the invitation to the company for a dialogue.

During 2022, we engaged the company and conducted in-depth dialogues which covered broadly following themes:
- Environmental: Climate change management and disclosure, Net Zero/Science-based targets, Hazardous Waste/Toxic Emissions.
- Social: Health and safety, Community relationships, Social impact.
- Governance: Disclosure in line with EU Taxonomy, Disclosure in line with SASB, Disclosure in line with SDGs.

UK Stewardship Code Report 2022

We did not publish the details of engagement due to the various reasons. However, to raise the company's awareness of our expectation with regard to ESG, we filed the following questionnaire for the AGM 2022 based on our engagement path with the company:

Question 1:
We recognise that you have integrated the sustainability performance objectives in the executive managers' remuneration. However, targets and thresholds are not fully disclosed. When can we expect further transparency and details related to these metrics?
Question 2:
BHP's latest Climate Transition Action Plan launched in September 2021 is a step in the right direction. However, it is still a long way to reach Net Zero targets, partly caused by unsolved regulatory issues in respect of pathways and partly by company's limited ambitions to reach its targets. Although we acknowledge BHP's relative strength of Greenhouse Gas mitigation, and its Carbon emission performance is above peers we see further room for improvements. In particular, the huge amount of the absolute GHG emissions is missing significant use of cleaner sources of energy embedded in a holistic renewable energy strategy. In our view, there is pressing need to accelerate BHP's efforts to reduce its share in global warming and to set ambitious SBTi verified emission targets. How could BHP strengthen its efforts in this regard and when?
Question 3:
We appreciate the progress in providing more transparency into climate related data, especially in the near term. However, we are interested in more detailed actions and interim milestones beyond 2030 to reach Net Zero targets by 2050. Additionally, we would like to see the introduction of applying the EU Taxonomy to increase transparency regarding your investments in ESG relevant areas. Would you consider including the EU Taxonomy going forward?
Question 4:
DWS would like to see more efforts from BHP to use cleaner sources of energy and renewables. At least by 2030 BHP should clearly have undertaken large actions and moved towards the full use of renewable energy sources. Would you consider committing to use 100% of renewables by 2030? If not, for which year could you give a commitment for a full use of renewables?
Question 5:
BHP's earlier engagement in the extraction of coal, oil and petroleum is not compatible with the objective of fighting climate change. DWS appreciates clear moves of BHP in the right direction. However, BHP is missing a comprehensive exit plan for all commodities embedded in a clear timing schedule. How does BHP plan to handle the risks in financial terms and could you quantify impacts against coal that could damage the valuation of diversified mining companies like BHP beyond just an impairment charge on coal assets?
Question 6:
When will BHP provide more disclosure about assessing environmental impacts in Chile and the United States, as well as to prevent pollution in Colombia?
Question 7:
We understand BHP is divesting from certain assets in controversial regions. However, can we expect BHP's Sustainability Committee and Executives to set clear guidelines, to assess the environment impact on the ongoing projects and to prevent from any disputes in the future?
Question 8:
Can we expect a global policy to advance human rights, including indigenous people?

Consequently, we voted repeatedly against the re-election of non-executive directors proposed in the AGM 2022 because the company did not meet our expectations and besides, we supported one share-holder proposal.

Asset classes other than listed equities

DWS also engages as a fixed income investor as ESG factors can affect investment performance. The engagement with debt issuers helps the engagement lead to better understand the issues at the company, for example, to improve the disclosure of relevant ESG information, to influence the issuer's management of specific ESG risks or value creation as well as to mitigate any upcoming financial risk and to improve positive outcomes from their investments. To learn more about how we manage and mitigate potential conflicts of interest, please refer to Principle 3.

Engagements with Stock Exchanges and Index Providers - in 2022, we targeted relevant stock exchanges and Index providers as a method of escalation where we found investee companies not responding to our engagement requests.

We started to engage index providers given the limited ability of a passive product to divest from individual securities. During 2022, we intensified our discussions with index providers on basic ESG integration topics such as the progressive exclusion of controversial weapons, tobacco, and coal from benchmark indices. We also explored the enhancement of ESG assessment models for sovereign bonds and responded to many consultations regarding the evolution of current ESG index concepts such as ESG Screened or Paris Aligned Benchmarks. More broadly, we recently raised the topic of the good behaviour of index members (our investee companies) with regard to engagement on climate matters to our most important index providers. In

2022, DWS contacted four index providers representing almost EUR 100 billion in Xtrackers assets. We met with each provider between 2-5 times during quarterly or annual review meetings, consultation briefings and ad-hoc thematic engagement topics. Key achievements in 2022 include index providers adopting additional environmental objectives to existing indexes such as carbon reduction objectives as well as including stricter defence criteria in line with the BVI doctrine on ESG indices. In June 2021 we sent a net zero letter to the identified companies, articulating our expectations and possible voting implications and inviting them to take ambitious steps on the path to net zero. Some companies failed to respond despite additional attempts including escalation steps. As a next step, we started engaging with stock exchanges aimed at establishing a joint effort to engage with listed companies. We have therefore identified a list of stock exchanges worldwide where these unresponsive companies are listed and sent them letters inviting them to an open dialogue. One of the first exchanges to respond to our letter and with whom we had our first engagement in 2022 was B3 (the Brazilian stock exchange). During our conference call, we discussed the possibility of the exchange taking escalation measures to public companies that fail to respond to investor engagement requests.

Outcome

Signatories should describe the outcomes of escalation either undertaken directly or by others on their behalf.

No response to our engagement requests, may result in a possible vote against board members and the start of discussions with stock exchanges where the non-responding companies are listed or are part of indices. With regard to our case studies, the number of votes against directors and AGM questions, please refer to the Context and Activity sections above in this Principle.

Escalation steps

The Engagement Council will perform a review of engagement progress and engagement documentation and will then decide on the next steps together with the respective engagement lead. We aim to choose the relevant escalation measure that we deem to be in the best interest of our clients. For example, as the last step of engagement, it may resort to a closing dialogue that comprises a final intensive discussion with the issuer prior to potentially escalating our concerns publicly if applicable. The very last step of the escalation process is to consider, where possible and applicable, to reduce the investment in, or fully divest, the issuer from our portfolios. One month after the deadline/timeline is set in the Engagement Database for the corresponding engagement, the Engagement Council will follow up with the engagement lead for feedback/ rationale. Depending on the feedback/ rationale, the engagement lead may ask for an extension. If denied, escalation to the Engagement Council, who may undertake any or several of the following steps:

1. Letter to the Chair of the Board
2. Supporting and/or filing shareholder resolutions (where possible and feasible)
3. In special circumstances, actively promoting the election of an eligible director to the supervisory board of the company
4. Closing engagement dialogue with the company, if deemed as unsuccessful by the engagement lead

Therefore, escalation measures include participating in shareholder meetings where we modify or withdraw resolutions from the ballot, provide additional information that has prompted a change in our vote, attending a shareholder meeting in person or voting against management or proposing a resolution. Another strategy besides participating in shareholder meetings is to engage directly with the board. We either enter into direct discussion with the board members or write to the board of the company to formalise our concerns and requests.

/ 12 Exercising Rights and Responsibilities

Activity

Signatories should:
- **state the expectations they have set for asset managers that exercise rights and responsibilities on their behalf; OR**
- **explain how they exercise their rights and responsibilities, and how their approach has differed for funds, assets, or geographies.**

In addition, for listed equity assets, signatories should:
- **disclose their voting policy, including any house policies and the extent to which funds set their own policies;**
- **state the extent to which they use default recommendations of proxy advisors;**
- **report the extent to which clients may override a house policy;**
- **disclose their policy on allowing clients to direct voting in segregated and pooled accounts; and**
- **state what approach they have taken to stock lending, recalling lent stock for voting and how they seek to mitigate "empty voting".**

As a global Asset Manager, DWS is subject to the laws of many different countries. The exercise of active ownership, which includes the right to vote, is sometimes prohibited by legal or documentary restrictions (such as fund-based power-of-attorney requirements), which must be weighed against our clients' financial interests. These hurdles are especially observed in the Nordics, Poland, and Brazil (also so-called "Power-of-Attorney-markets"). For those funds and mandates subject to our Corporate Governance and Proxy Voting Policy in EMEA, we apply our policy globally to all investee companies held by these funds and accounts and there are generally no regional variations in the application of this policy. Yet, we also recognize that there are differences in governance, performance, and advancement, particularly in Asian markets. As an illustration, we reflect different independence-level standards for our Japanese holdings that are more suited to the local environment, but we have also increased the bar over the past few years. A higher threshold on topics like diversity is imposed in more established markets, which is also driven by the availability of data for our proxy voting research providers.

DWS is required to use its equity voting rights in a way that serves the best interests of its clients as a responsible investor and fiduciary. This is accomplished through our committed, reliable, and transparent proxy voting procedure, which is based on our specific criteria and the proxy voting guidelines outlined in the Corporate Governance and Proxy Voting Policy of DWS Investment GmbH, to which DWS International GmbH, DWS Luxembourg SA, and certain DWS funds have granted voting rights. The employees of DWS Investment GmbH's Chief Investment Office for Responsible Investments in Frankfurt, Germany, are in charge of carrying out our corporate governance and proxy voting policy.

Each pertinent item on the agenda of shareholder meetings of the firms that belong to our Core List is studied in isolation, and where appropriate, decisions are made on an individual basis in the best interests of our clients. We endeavour to vote across all markets where feasible and if the available voting infrastructure of each market so permits.

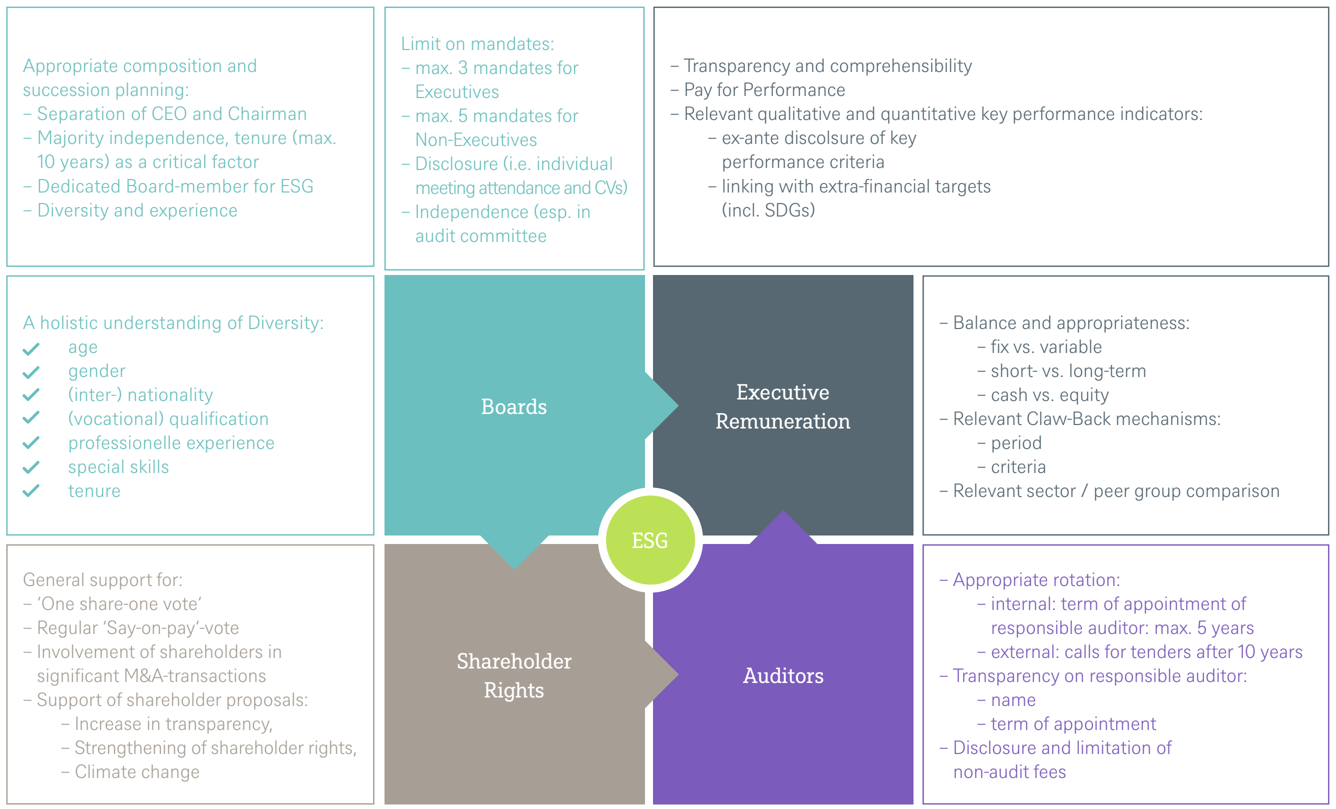
The voting mechanism for stocks explicitly does not distinguish between actively and passively managed funds; both are up for vote. Our Core List has special requirements for passively managed funds to make sure that passive holdings are properly represented in terms of voting and engagement. For instance, we aim to cover at least 75% of the holdings for our specific ESG passive funds.

There are also processes in place for corporate actions and the exercise of creditors' rights, with fixed income portfolio managers using different third-party tools to exercise these rights. The signatory entity, DWS Investments UK Limited, does not have a house voting policy. Generally, funds in respect of which DWS Investments UK Limited is the portfolio manager, sub-delegate voting responsibility to the DWS entity in Germany, DWS Investment GmbH. Please find the voting policy of DWS Investment GmbH at the following link: https://www.dws.com/en-gb/solutions/esg/corporate-governance/

DWS Corporate Governance and Proxy Voting Policy

The Corporate Governance and Proxy Voting Policy for the three largest management companies in EMEA consists of two parts – expectations and guidelines. Our understanding of good Corporate Governance is based on four core values, which form our expectations towards our portfolio companies:

Chart 12.1 DWS's corporate governance core values



Boards (of our investee companies) – Structure, Composition, and Special Responsibilities

There are multiple aspects we take into account when evaluating boards, their structures, processes, and candidates:
- Clear separation of powers through a two-tier board structure or separation of CEO and Chairman
- Adequate internal organisation through the set-up of committees (i.e., audit, risk, remuneration, nomination)
- Holistic and meaningful diversity that encompasses age, gender (at least one female board member on board level), experience, special expertise (e.g., sector, business, academic, sustainability, digitalisation), internationalization, leadership, tenure
- Succession-planning and board refreshment processes that are transparent and reflect the identified competencies and seek a thorough and effective board composition through e.g., a competence matrix
- In case a Lead or Senior Independent Director is appointed we expect this person to be fully independent following our standards and to be equipped with meaningful powers to effectively perform his/her duties
- Special roles and responsibilities (i.e., the Chair of the board or the audit committee) require increased scrutiny, qualifications, experience and knowledge, their expertise and independence shall be recognizable, as these roles are more time-consuming, we also attribute an additional mandate to those
- Level of independence (at least majority of the board and its committees) and identification of independent members
- Transparency about the work of the board, incl. individualized attendance and remuneration

Executive Remuneration (of our investee companies) – Structure and Transparency

We expect appropriate, comprehensible management compensation packages that include transparent and sustainable remuneration policies with ambitious targets and transparent and reasonable key performance criteria and relevant peer group comparisons. Our key expectations are:
- Ex-ante transparency on qualitative and quantitative key performance indicators (including ESG/non-financial KPIs) and target-levels
- Reflection of CEO-Pay-Ratio in the preparation of a new executive remuneration system
- Integration of material ESG factors and disclosure of a clear link between stated ESG targets/non-financial KPIs and Remuneration systems.
- Disclosure of the Board's assessment of the performance for Executives at the end of a reporting period that allows investors to i.e., assess how the targets were in alignment with the strategic goals, how the target-levels were met, incl. the chosen methodology for assessing the performance for extra-financial KPIs.
- Relevant and adequate bonus-malus mechanisms (incl. clawbacks) and reasonable deferral periods to ensure for a sustainable, long-term oriented compensation structure.
- Alignment of the interests of shareholders and management.
- Explanations in case of discretionary adjustments of the compensation
- A regular vote on an executive remuneration system (at least every four years)

Auditors (of our investee companies) – Independence and Transparency

We place high value on the quality and the independence of the auditor, as such, we assess the following:
- Transparency regarding the audit fees and the balance between audit and non-audit fees
- Disclosure on the tenure of the audit firm and the lead audit partner, including clear identification
- Frequent Frequent/regular rotation of both, the audit firm, and the lead audit partner, (no longer than ten years for audit firms, no longer than five years for partners)
- Information about findings related to the key audit matters and how the non-financial reporting is accompanied by the auditors

Shareholder and Stakeholder Rights – Treatment and Focus

The adequate treatment of (minority) shareholders' interests and proposals needs to be ensured.

As such we are supportive of:
- The 'one-share-one-vote' principle
- Shareholder proposals that request stronger transparency
- Shareholder proposals that enhance shareholder rights

However, we are against
- The existence or creation of different share classes that deny the equal treatment of shareholders
- Insufficient action by boards as a response to shareholder proposals

In case a company fails to demonstrate an appropriate willingness to respond to criticism expressed through shareholder proposals, we may hold the board accountable. Based on these expectations, the guideline part of our Corporate Governance and Proxy Voting Policy formulates clearly when we are supportive of proposals or when we will reject them.

A company's relationships with its stakeholders can have a significant impact on its ability to achieve its goals. As such, boards should oversee the process of engagement with their internal and external stakeholders, taking into account how these are impacted by relevant decisions and having regard to their needs and expectations.

Our policy can be found under this link: https://www.dws.com/solutions/esg/corporate-governance/

Voting Guidelines for our Investee Companies

As we aim to be as transparent as possible towards our portfolio companies about our expected voting behaviour, our policy includes a very detailed guideline section, a full disclosure of these guidelines would exceed this report. As a result, we present some examples of when we would generally reject a proposal, noting that these include but are not limited to:

Boards – (Re-) Appointment and/or Discharge:
- Insufficient qualification or unsuitability of candidate due to e.g., questionable transactions, abuses against minority shareholders, involvement in severe ESG controversies, failure to adequately address ESG risk and opportunities or to respond to thematic engagement requests
- Insufficient disclosure and transparency about suitability and qualification
- The election would cause the board to become insufficiently diverse, independent, or qualified,
- The discharge is called into question

- The position of CEO and Chairman are combined for more than 2 years and there is no Lead Independent Director established who also fulfils our independence criteria
- A former executive board member is proposed to become member of the supervisory board without a reasonable cooling-off period that is at least two years
- The election causes the candidate to hold more than three (for executives) or five (for purely non-executives) mandates, positions as Chairperson, Chairperson of the Audit Committee and CEO are attributed with two mandates

Executive Remuneration – System and Report:
- Missing link to strategy,
- Insufficient long-term orientation,
- Insufficient disclosure about KPIs, including non-financial KPIs,
- Missing malus and claw-back rules,
- Excessive and/or disproportionate elements, such as golden handshakes/parachutes etc.
- No explanation on the exercise of discretionary adjustments

Auditors – Recertification:
- Missing disclosure about terms of appointment,
- Appointment of the audit firm for more than ten years,
- Appointment of the Lead Audit Partner for more than five years,
- Fees for non-audit services exceed audit fees as set by reasonable standards,
- There are doubts about the appropriateness and capabilities of the audit firm.

Treatment of Shareholder Rights:
- Violation of applied thresholds in use of profits and/or capital management,
- Exceeding our limits of rights issuance in terms of volume (cumulative max. 40% of outstanding share capital) or duration (one to max. three years),
- Amendment of by-laws would limit proxy access, lengthen the term of office of directors, or result in any other form of limitation of shareholders' rights
- Substantial M&A-transactions are not put up for vote at the AGM or do not consider ESG-risks,

Shareholder Proposals:
- Against proposals to require a supermajority vote to amend the bylaws
- Against proposals undermining the investee company's corporate governance, business profile or existing practices and disclosures

Our Corporate Governance and Proxy Voting Policy for EMEA is reviewed annually to reflect developments in regulation and/or market best practices. The most important changes are highlighted in Principle 5.

Particular circumstances in Japan

Independence:
According to our policy on board composition, we expect investee companies, which define the role of the board to have a supervisory function instead of an executive function, to ensure that at least 1/3 of the members are considered independent. Nevertheless, we encourage investee companies to establish a majority independent board to meet the international best practice requirements.

As significant shareholders in Japan, we will scrutinize further the cross shareholdings mainly due to the market practice in Japan.

Board Composition:
According to our policy on separating the role and responsibilities of the CEO and Chairperson, we strongly encourage our Japanese investees to disclose the member who chairs the Board as well as the member who is considered to chair the company, the so-called "Kaicho", if these roles are separated. A retiring CEO should not become chair of the board as these two roles involve different responsibilities and approaches. We expect our investee companies to incorporate gender diversity into their composition and refreshment processes and to have at least one female director on their board. Furthermore, we encourage Investee Companies to set reasonable age limits.

We also expect and foster our investees in Japan to establish the relevant formal committees– nomination, remuneration and audit–which are at least majority independent, incl. statutory auditors.

Capital Management and Cross-Shareholdings:
We expect companies to foster sustainable long-term value creation through efficient capital management. Measures that support this include the reduction of cross-shareholdings, and conversion of excess cash-position into efficient investments. In case of repeated proof of inefficient capital management and underperformance on Return of Equity (RoE), i.e., below 5 % over the last five fiscal years we vote against the election of executive directors. We also vote against top executives at an investee company that allocates a significant portion (20% or more) of its net assets to cross-shareholdings.

Disclosure:
Listed investee companies should disclose and provide the necessary information in their disclosure documents in English. Furthermore, we expect investee companies to comply with and report on applicable internationally accepted and established standards and frameworks i.e. Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), SASB, TCFD that enable investors to act responsibly. Investee companies should set ambitious targets for mitigating and managing environmental and social risks and opportunities. We encourage all Investee companies to commit to net zero and set science-based targets.

For further details, please refer to the relevant sections of our Corporate Governance and Proxy Voting Policy: www.dws.com/AssetDownload/Index?assetGuid=d36aea0e-ce32-4402-97c1-7136be6442ba&consumer=E-Library&elib-assetguid=ba6cab4eb7ec4c8b8d9fa6b2e57444db

Special cases with respect to voting

Delegated Voting Rights
Voting rights, in respect of those funds for which the signatory entity DWS Investments UK Limited provides portfolio management services, have been sub-delegated to DWS Investment GmbH. These funds do not use default recommendations of proxy advisors when exercising voting rights but are based solely on the proprietary DWS Investment GmbH policy.

The current voting processes for funds and separately managed accounts, i.e., segregated accounts, where the signatory entity has delegated the exercise of voting rights to DWS Investment GmbH, rely only on the discretion of DWS Investment GmbH. Due to various regulatory requirements, the overriding of voting recommendations is currently not possible. The current processes do not allow for clients to override the voting recommendations where the voting rights lie with DWS Investment GmbH.

DWS does not currently have the capability to offer directed voting in segregated accounts. We are mindful of the growing client appetite for this and also note the ongoing discussions about an "expression of wish".

Securities Lending and Empty Voting
When lending a security, the associated voting rights are also loaned. This has the potential to weaken the voting power of clients and fund investors in pursuit of increasing income.

Within our active strategies, DWS manages this by ensuring securities lent as part of the program are recalled seven to ten days in advance of proxy voting events, enabling us to vote for our entire position at each event. This protects against the dilution of voting power whilst affording clients and fund investors the opportunity to increase income derived from the investment in the fund.

Within our Passive strategies, we retain a small holding of each position (i.e., we do not lend out an entire position). This allows the Passive team to vote on items where the full weight of holdings is not required. The team will only recall stocks ahead of a vote if there is a stipulation in the voting item that requires the full weight of a holding to be voted on. This is to ensure that the revenue from stock lending is maximised, as well as ensuring good relations with lending counterparties are maintained, thus balancing the conflict of interest between fiduciary and engagement responsibilities.

In the voting rights notifications, the shares lent are flagged with the "right to return" and thus remain in the voting rights report. One of the daily tasks of the Securities Lending Desk is to review the proxy voting report. This process includes checks and balances to verify and/or confirm that this task has been completed correctly on a daily basis.

Outcome

For listed equity assets, signatories should:
- **disclose the proportion of shares that were voted in the past year and why;**
- **provide a link to their voting records, including votes withheld if applicable;**
- **explain their rationale for some or all voting decisions, particularly where:**
- **there was a vote against the board;**
- **there were votes against shareholder resolutions;**
- **a vote was withheld;**
- **the vote was not in line with voting policy.**
- **Explain the extent to which voting decisions were executed by another entity, and how they have monitored any voting on their behalf; and**
- **explain how they have monitored what shares and voting rights they have.**

For fixed income assets, signatories should explain their approach to:
- **seeking amendments to terms and conditions in indentures or contracts;**
- **seeking access to information provided in trust deeds;**
- **impairment rights; and**
- **reviewing prospectus and transaction documents.**

In 2022, we voted at a total of 3,822 general meetings at 2,827 investee companies across 62 markets for the three largest management companies in EMEA. As with previous years, we increased our proxy voting coverage once more while making sure not to compromise the quality of the analysis. These meetings represented approximately 92% of the equity AuM for our funds domiciled in EMEA Investee companies listed in the US, Japan and Germany accounted for more than 40% of all companies voted.

– Our votes were completely rejected at a total of 41 meetings. We blocked voting at 23 eligible meetings due to the investee companies being subject to Russian sanctions—all cases were carefully reviewed.

We define our Core List in accordance with chosen criteria to ensure adequate quality and efficacy because the DWS Corporate Governance and Proxy Voting Policy necessitates thorough investigation and critical judgment. The DWS Core List includes a certain part of the relevant holdings, screening based on, among others:

a) Percentage of AuM and percentage of position in the company
b) Relevant ESG grades
c) Relevant market regulatory requirements, which entail voting for all companies held in a given market (e.g., Germany and Spain).

All securities held by the relevant DWS businesses may not be included in the Core List, and as a result, DWS Investment GmbH may not exercise its proxy voting rights for all securities. This list may occasionally be modified by DWS Investment GmbH at its sole discretion. We always work to broaden the range of meetings we include in our voting universe.

In 2022, we increased the number of meetings by 17.9% to reach 3,822.

Further details of our 2022 proxy voting activity are outlined below and in the Voting Results section under the following link: https://www.dws.com/solutions/esg/corporate-governance/

Proxy voting activities in 2022

We voted against management recommendations in 29% of the total number of items voted in 2022. The category that yielded the vast majority of against votes was (re-)election of directors, which accounted for 62% of our overall votes against management. The most common director-related issues that caused us not to support their election were:

– Failure to ensure majority independence on the supervisory board and the key board committees
– Excessive external board mandates held by directors
– Combined roles of CEO and chair without a corresponding lead independent director as per the DWS independence criteria
– Failure to adequately address existing material ESG controversies and/or has a poor ESG oversight
– Failure to address relevant diversity issues

Since 2021, we have sought to hold boards accountable for failure to address and/or mitigate a climate-related controversy with voting implications. In 2022, we also considered ESG controversies and climate risk oversight in our voting against directors' election and voted against the re-election of directors at 24 companies who failed to provide an adequate oversight of climate-related risks.

Furthermore, since 2022 we have held certain board directors accountable in cases where we have been unsuccessful in our attempts to engage with the investee company regarding net zero.

Overall, we voted against directors at 54 companies due to a lack of response to our thematic engagement request on net zero. As part of our post-season letter, we contacted 53 companies to inform them of our voting decision. As a result, we spoke with 16 companies who were previously not responsive.

Separation of CEO/chair role

DWS has set a clear preference for the separation of powers at the very top of a company to clearly demarcate executive and non-executive leadership. We believe this is the best way for the board to represent shareholders' interests when overseeing executive management. Despite this, we accept that a combined chair and CEO is commonplace in some markets and for this reason, we have continued to support their election in case there is a lead independent director on the board who has the necessary powers to counterbalance the chair/CEO or when the dual role of CEO and Chair was only of temporary nature.

Over the past few years, we have observed a steady trend towards investors expecting the separation of these two functions. In the US we have seen numerous shareholder proposals requesting an independent chair to be installed for companies. Even when the proposals failed to reach a majority and pass, there have been many cases that have garnered significant support. This has led to companies reassessing their governance structure by either considering separating the functions in future or granting the lead independent director enhanced capabilities in the governance articles of

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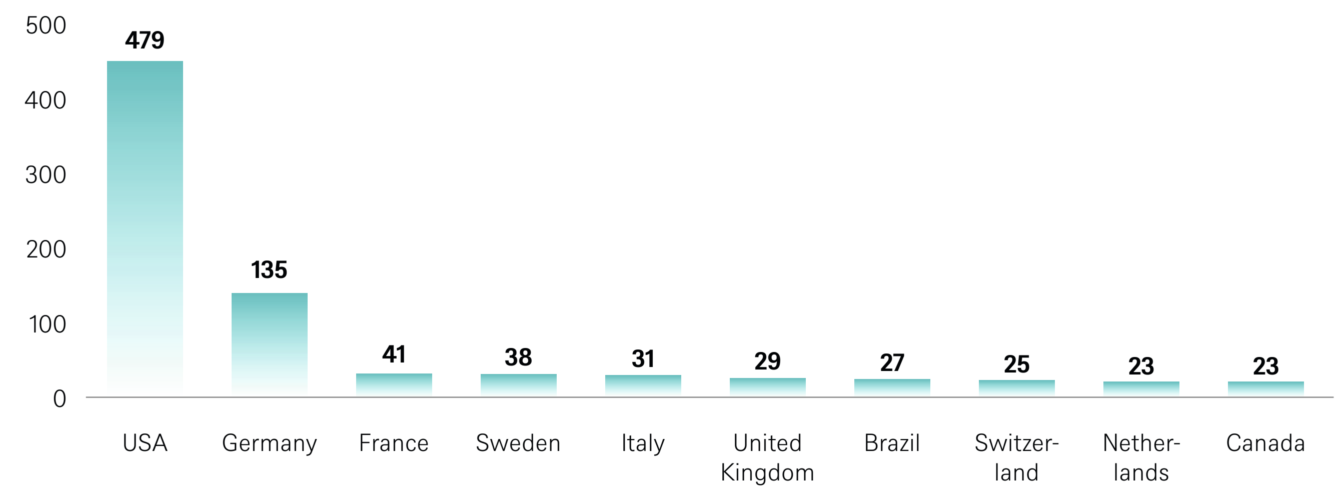
association to address the balance of power. We welcome this development and will continue to encourage companies to embark on this transition.

Overall, in 2022 we took voting action at 239 company AGMs due to the combined role of chair/CEO, of which the vast majority were in the US. In addition, we supported 44 shareholder proposals to appoint an independent board chair. As part of our annual post-season letter to investee companies, we contacted 14 companies to communicate that we voted against their chair/CEO and invited them to engage on the matter.

Chart 12.2 Top 10 markets where we could not support executive compensation proposals (company level):



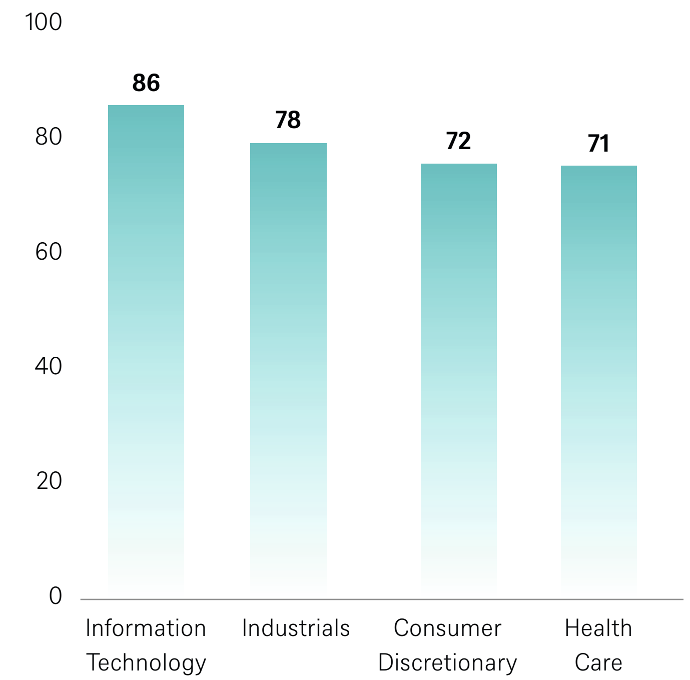
Executive Remuneration

Once again executive remuneration was one of the most critical topics for DWS at general meetings in 2022. Across all cases where DWS voted against management in 2022, 15% of those cases were due to concerns around executive remuneration. In total we voted on executive compensation items at 1,916 investee company meetings, of which we did not support 58%. Over half of our votes against were for investee companies concentrated in the US and German markets.

Common reasons for not supporting executive remuneration-related proposals were:

– Misalignment between pay and performance
– No clear ESG targets/non-financial KPIs and the remuneration system
– Lack of transparency and comprehensiveness (e.g. on the relevant maximum levels of compensation, key performance indicators and their weighting)
– No bonus malus and/or clawback mechanisms

Chart 12.3 Top sectors with votes against due to lacking ESG metrics:



ESG Metrics in Variable Executive Compensation Plans

A notable trend we observed was the increasing number of companies adopting non-financial performance metrics into executive remuneration variable compensation plans. In 2022 we identified 480 companies that have did not integrate clear non-financial/ESG performance metrics into their executive compensation plans. The majority of these votes were at North American large-cap companies. For European companies, the votes against were more evenly spread across mid-cap companies, and comparatively fewer at large-cap companies. Of our votes against management for this concern, the three top sectors were information technology, industrials and consumer discretionary.

Diversity topics

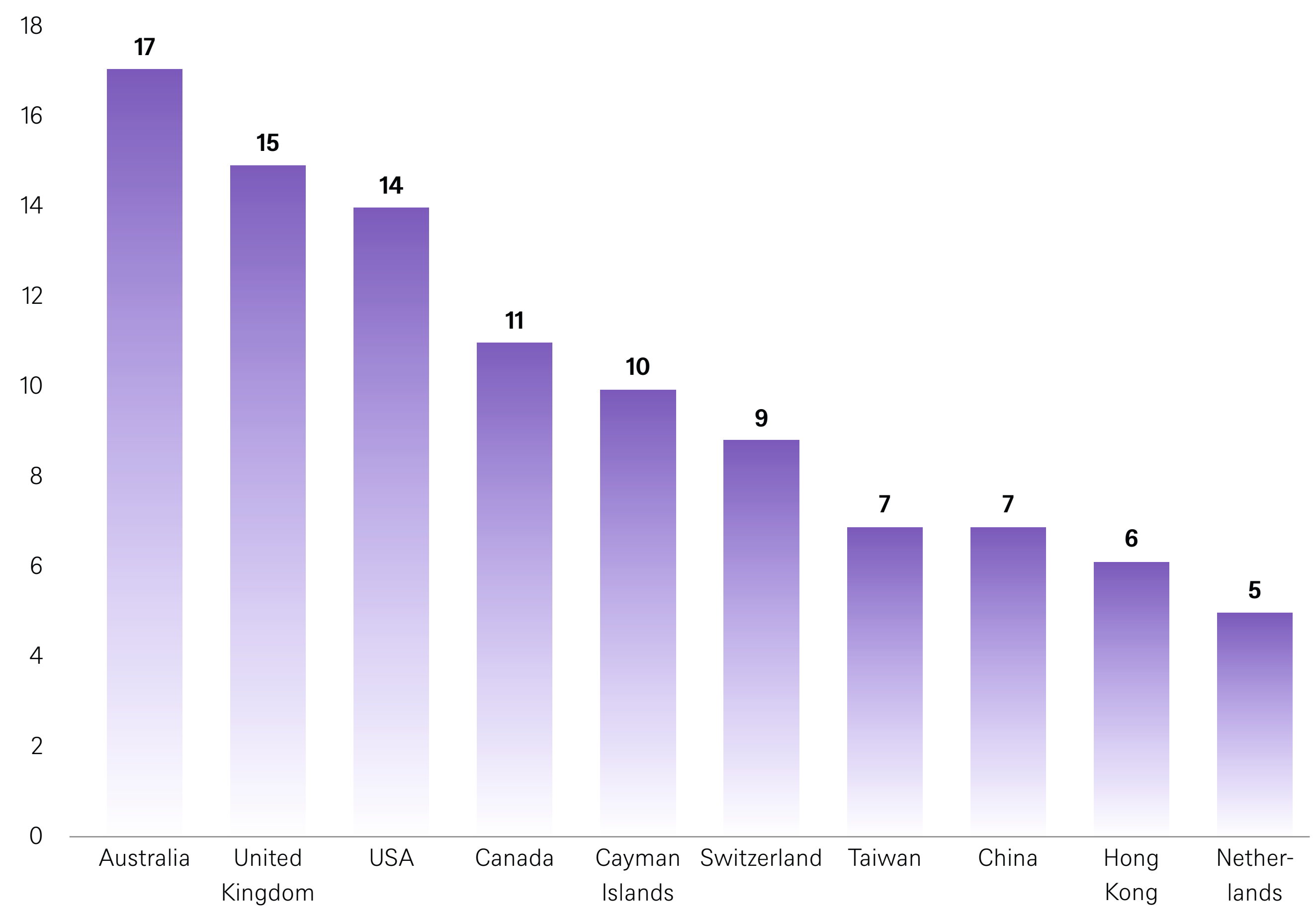
While DWS is making progress to create a more inclusive workforce as laid out in Principle 2, we are equally committed to promoting diversity in the companies in which we invest. Therefore, diversity topics still remain important in our stewardship activities in 2022.

Apart from climate risk oversight and ESG controversies, in 2022 we furthermore adjusted our rules on board diversity reflecting developments in certain markets. This change saw stricter rules being applied in developed markets where we felt that governance standards had sufficiently improved to reasonably expect a higher level of gender diversity. As a result, we voted against significantly more directors in 2022 due to gender diversity concerns.

In our view, gender diversity provides for a more dynamic, well-rounded board of directors ensuring unique perspectives, experience, talents and expertise. Even though we notice improvements in many countries, the representation of women at the board level and in senior management remains comparatively low. In this regard, we welcome the German legislation, effective August 2022, to install a gender quota also for the executive board for companies subject to the Codetermination Act (FüPog II, 2021) as well as the UK Financial Conduct Authority's changes to the listing rules to expect that at least one of the senior board roles (CEO, CFO, senior independent director) is held by a woman.

In 2022 we voted against directors at 151 companies (2021: 50) for which we believe board-level gender diversity was insufficient. Comparing the markets that yielded the most votes against between 2022 and 2021, it is clear to see the impact of our policy adjustment for 2022; of the top ten markets in 2022, six are those where we applied enhanced gender diversity rules following our 2022 policy update.

Chart 12.4 Top 10 markets where we voted against directors due to insufficient gender diversity (company level):



Following our update of our voting policy in 2022, we have been taking voting action for boards in which there is no ethnic/racial diversity. This only covered the US and UK where the data is reliable and best practice allows for enhanced expectations. In 2022, we voted against board chairs and nomination committee chairs at 40 investee companies for lack of racial/ethnic diversity. Over half (21) of these were mid-cap companies, which were relatively evenly spread across the US and UK.

Shareholder proposals

Voting on shareholder proposals is an important tool to convey shareholder sentiment particularly on environmental and social issues. DWS employs a principle-based approach as outlined in our DWS Corporate Governance and Proxy Voting Policy for the three largest, management companies in EMEA. We support reasonable proposals that promote, for example, enhanced shareholder rights or improved disclosure. Additionally, we generally support proposals that align a company's practices with internationally recognised standards.

2022 saw a record number of votable shareholder proposals. DWS voted on a total of 1,440 proposals in 2022, an increase of 35% from 2021. Proportionally, we have seen more environmental and social proposals being presented; environmental proposals that DWS voted on increased by 60% while social proposals rose by 93%.

Shareholder Proposal Breakdown by Category that DWS in total voted on:
– Environmental proposals = 11%
– Social proposals = 13%
– Governance proposals = 76%

As we place high scrutiny on the individual evaluation of shareholder proposals, we critically assess the respective nature of each proposal. During the 2022 voting season, our overall support for shareholder proposals reflects this individual assessment and results in a lower level of support (from 74% in 2021 to 66% in 2022). As shareholder proposals vary widely in terms of feasibility, materiality and reasoning, all are thoroughly reviewed on a case-by-case basis. We carefully review all proposals to seek to ensure the best voting decision possible in the best interest of our clients. Our own dialogue with our investee companies that are targeted with shareholder proposals is also taken into consideration during the voting assessment.

As the 2022 proxy voting season has illustrated, we believe that some shareholder proposals do not reflect the interests of the wider shareholder community and their clients. For example, we did not support some shareholder proposals from single-issue organisations that we feel were too narrow in focus and do not consider other important aspects for the long-term health of the company. We did not support other proposals seeking to micromanage companies; we believe the executive management and board are more qualified to address certain issues.

Breakdown of DWS votes per shareholder proposal category:
E: FOR 74%; AGAINST 15%; ABSTAIN 11%
S: FOR 70%; AGAINST 19%; ABSTAIN 11%
G: FOR 64%; AGAINST 30%; ABSTAIN 6%

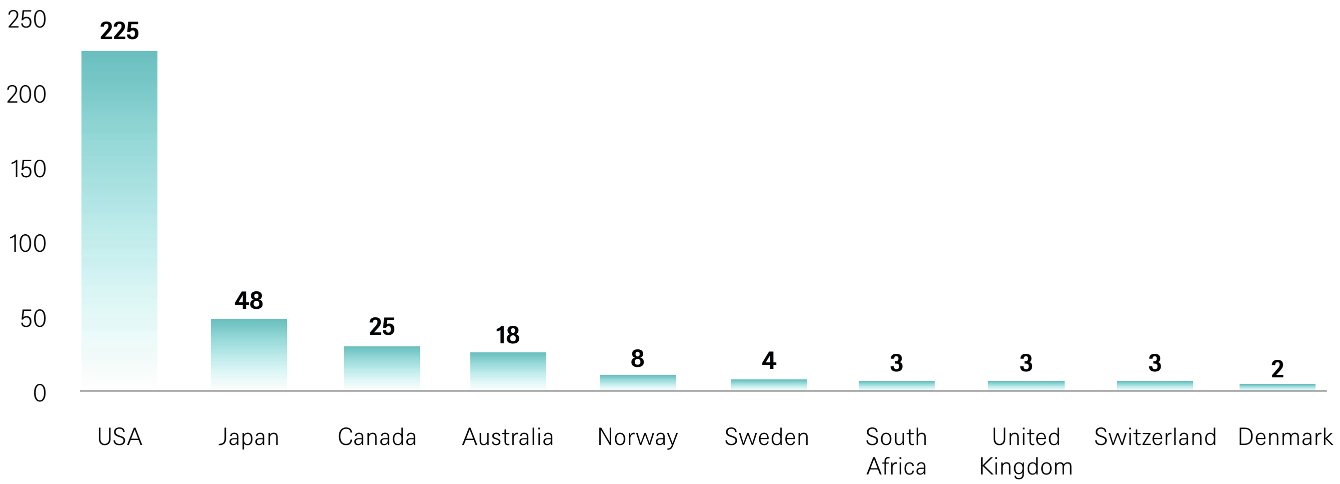
Table 12.1 Markets where we saw the largest increases for E, S and G proposals:

Total ESG proposals	2021	2022	Growth
US	417	511	23%
Japan	55	101	84%
Denmark	7	26	271%
Canada	18	57	217%

In Some markets 2022 figures remained consistent with 2021: Sweden (27 both years); Norway (11 both years), UK & Ireland (2021 – 7, 2022 – 6).

Environmental and Social shareholder proposals

Chart 12.5: All of the environmental and social proposals we voted on in 2022 were concentrated in 10 markets



Of the total 158 environmental proposals that DWS voted on, 119 were specifically related to climate, of which we supported 76%. Other prominent topics were plastic pollution, circular economy and nuclear energy in Japan.

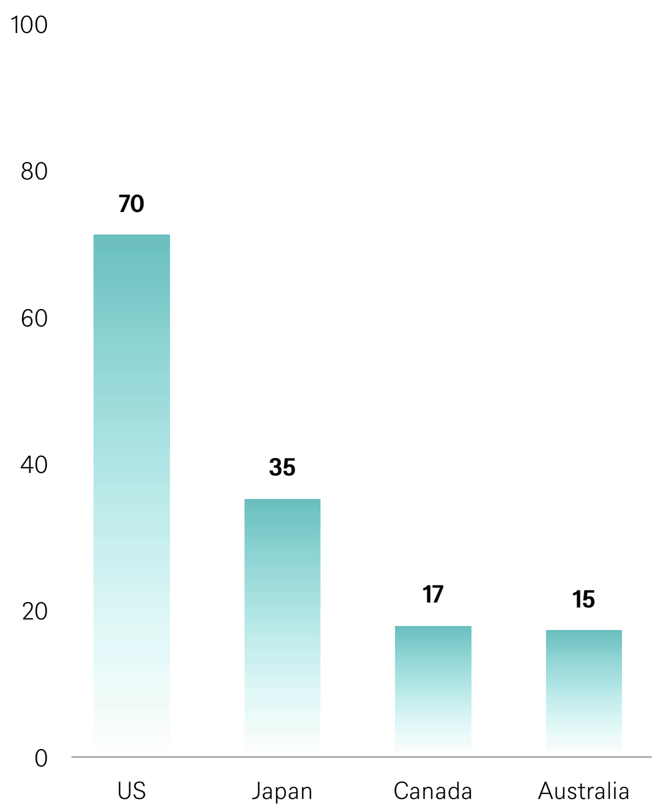
Of the total 181 social proposals that we voted on, we identified 55% were concerning diversity, equity and inclusion (DEI) and human rights. Of this 55%, we supported 75% of cases (73% of DEI proposals; 77% human rights proposals). 86% of all social shareholder proposals we voted on were in the US market, with the remaining 26 in four other markets (Japan, Sweden, Canada, and Australia).

Governance shareholder proposals

Voting on governance shareholder proposals can be divided into two categories: routine and non-routine business. Overall, DWS voted on 1,101 governance proposals, of which, 758 can be regarded as routine business, the vast majority of which were concerning uncontested director elections. 73% of such proposals were concentrated in three markets where director elections are regularly submitted by shareholders: China, Italy and Brazil. Therefore, in such cases, DWS's proxy voting guide-lines on director elections and director-related apply here.

For non-routine proposals, 62% were from investee companies based in the US, of which we supported 67% of cases.

Chart 12.6 Four markets accounted for 87% of the overall environmental shareholder proposals that we voted on:



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We did not support some shareholders proposals in cases where we have seen the company improving on certain parameters and/or is deploying ambitious plans to improve their environmental and societal impact.

1. Case Study for Tesla, Inc

Sector: Consumer Discretionary | Country: United States | Proposal Category: Social: Human Rights, Child Labour

Resolution 12 (Shareholder):
Report on Eradicating Child Labour in Battery Supply Chain

Proposal analysis:
We did not support this shareholder proposal on labour issues since we cannot corroborate the proponent's assertion of alleged lack of procedures. We found that the company was not sourcing from artisanal mines and followed relevant OECD due diligence guidance and had comprehensive disclosure in this area, including external audits. The company ensured there was no child labour in its supply chain and considered the issue as one of the most material ESG issue to its business. Also, our engagement in early 2022 supported this notion.

DWS Vote: Against
Management Recommendation: Against
Result: Failed
Vote Result: For 10.4%; Against 88.2%; Abstain 1.4%

2. Case Study for Pfizer, Inc

Sector: Health Care | Country: United States | Proposal Category: Social: Public Health

Resolution 8 (Shareholder):
Report on Public Health Costs of Limited Sharing of Vaccine Technology

Proposal analysis:
We did not support this proposal because the company has been working diligently to accelerate global production of the COVID vaccine and the requested report was not beneficial to shareholders or the company. In this case, it has committed over 1 billion COVID-19 doses in 2021 to low and middle-income countries and another billion doses in 2022. The company also has manufacturing agreements with multiple contract manufacturing organisations to expand production and has signed agreements with companies in South Africa and Brazil to supply vaccines to these markets.

DWS Vote: Against
Management Recommendation: Against
Result: Failed
Vote Result: For 8.7%; Against 91.3%

3. Case Study for Bayer

Sector: Pharmaceuticals | Country: Germany | Proposal Category: Gov: Executive Compensation

Resolution 5 (Management):
Approve Remuneration Report

Proposal analysis:
We did not support this proposal due to excessive pension contributions to executives and there were discretionary adjustments were part of the short-term remuneration components. We could not find the short-term components linked with company's profit.

DWS Vote: Against
Management Recommendation: FOR
Result: Failed
Vote Result: For 24.1%; Against 75.9%

Next steps: We are engaging with this company on continuous basis. We will continue our engagement activity going forward based on targeted KPIs and set timelines.

4. Case Study for Rolls-Royce Holdings Plc.

Sector: Automobile | Country: United Kingdom | Proposal Category: Gov: Diversity

Resolution 6 (Management):
Director Election

Proposal analysis:
We did not support this proposal because the nominee was an incumbent member of the Nomination Committee, and the board was not sufficiently gender diverse. The director in the Nomination committee is responsible for nominating the right and required directors to have the well diverse board.

DWS Vote: Against
Management Recommendation: FOR
Result: Passed
Vote Result: For 92.7%; Against 7.3%

Next steps: We will keep monitoring the progress in the company and will try to engage with the company on these matters.

Voting on Climate-Related Proposals

In 2022, we voted on 119 shareholder proposals directly related to climate change and GHG emission reduction. In general, we support reasonable climate-related shareholder proposals, aiming to, for example, enhance disclosure or set meaningful decarbonisation targets. In assessing such cases, we aim to follow internationally recognised guidance and frameworks such as TCFD and SBTi.

1. Case Study for Honeywell International Inc
Sector: Industrials | Country: United States | Proposal Category: Environment: Environment; Climate Lobbying

Resolution 5 (Shareholder):
Report on Climate Lobbying

Proposal analysis:
We supported the proposal to report on climate lobbying. Paris Agreement aligned lobbying is an area of increasing focus for investors. In this case, the Company already disclosed to a certain level, however, shareholders would benefit from understanding how lobbying is conducted via their membership in certain organisations/trade associations.

DWS Vote: For
Management Recommendation: Against
Resolution: Failed
Vote Result: For 39.1%; Against 60%, Abstain 0.9%

Next steps:
We discussed this issue with the Company following its AGM and identified areas where they could improve disclosure. We will monitor any developments in the reporting of lobbying and engage further with the Company.

2. Case Study for The Boeing Company
Sector: Industrials | Country: USA | Proposal Category: Environment: GHG Emissions

Resolution 8 (Shareholder):
Report on Net Zero Indicator

Proposal analysis:
Shareholders requested information on Boeing's alignment with the Indicator 1 of the Climate Action 100+'s Net Zero Company Benchmark. We supported this resolution because the enhanced disclosure would help the Company and its shareholders to assess the associated risks and opportunities of decarbonisation in the aviation industry.

DWS Vote: For
Management Recommendation: For
Result: Passed
Vote Result: For 89.1%; Against 8.4%, Abstain 2.5%

Next steps:
The Company published their 2022 Sustainability Report a few months after the AGM. This report outlines that as far as scope 3 emissions reduction is concerned. They are addressing this on an industry-wide approach by working with and supporting the aviation industry's decarbonisation without establishing company-specific targets at this time.

We will monitor the Company's industry association and lobbying activities with a view to identifying when the Company can commit to reducing scope 3 emissions.

Governance shareholder proposals
Voting on governance shareholder proposals can be divided into two categories: routine and non-routine business. Overall, DWS voted on 1,101 governance proposals, of which, 758 can be regarded as routine business, the vast majority of which were concerning uncontested director elections. 73% of such proposals were concentrated in three markets where director elections are regularly submitted by shareholders: China, Italy and Brazil. Therefore, in such cases, DWS's proxy voting guidelines on director elections and director-related apply here.

For non-routine proposals, 62% were from investee companies based in the US, of which we supported 67% of cases.

Management Say-on-Climate proposals
In their second year of being votable ballot items, decarbonisation/transition plans as proposed by management have increased in volume in 2022 with DWS voting on 39 proposals. We did not support 16 proposals (against or abstain) due to important factors missing in the overall plans, for example, targets in place to reduce significant and relevant scope 3 emissions, or lacking SBTi verification (if applicable). The majority of the proposals are from companies domiciled in the UK and Ireland (16), France (7) and Australia (6). Nine companies have submitted back-to-back proposals in 2021 and 2022 which we commend for transparency to shareholders.

At DWS we welcome the opportunity to vote on such a crucial topic, particularly for sectors where carbon emissions are high. We urge management to consider submitting a comprehensive decarbonisation plan and believe Say-on-Climate proposals are effective in gauging shareholder sentiment on the transition/decarbonisation plan. In 2023 we will pay close attention to the results of the votes and to what extent shareholder feedback has been addressed.

1. Case Study for BP Plc
Sector: Energy | Country: UK | Proposal Category: Environment: Say-on-Climate

Resolution 3 (Management):
Approve Net Zero - From Ambition to Action Report

Proposal analysis:
There were several reasons why we did not support the net zero report. Most importantly, the report did not cover scope 3 emissions and the decision to set targets for marketed energy products on an intensity basis, rather than absolute. Furthermore, the company did not commit to offer shareholders consecutive votes on the progress, only referring to an option in 2025.

DWS Vote: Against
Management Recommendation: For
Result: Passed
Vote Result: For 88.5%; Against 11.5%

Next Steps:
We will use our net zero engagement process to voice concerns about the company's climate plan. We will continue engaging with the company and monitor developments in this regard.

Divergence from our Corporate Governance and Proxy Voting Policy guidelines in 2022

There is a formalised process for instances where we wish to vote against our voting policy. In case the designated analyst recommends voting against the principles of the Corporate Governance and Proxy Voting Policy, they have the responsibility to make a case in front of the Proxy Voting Group with a well-reasoned rationale. The Proxy Voting Group consists of three members: Head of Corporate Governance, Co-Head of Research Equity and a senior representative of the equity portfolio management teams.

In 2022, DWS had 18 cases that were escalated to the Proxy Voting Group to vote against our policy recommendation.

Case Study
Sector: Utilities | Country: United States | Area of Engagement: Environmental | Sub-Area of Engagement: Hazardous Waste/Toxic Emissions; Specifically Net Zero/Science-based targets

Engagement Case:
We engaged with the Company to discuss, among other topics, their approach to decarbonisation and waste management. We believe that their current decarbonisation approach should be more detailed for shareholders to understand. We also discussed setting an overall net zero ambition for all GHG emissions (including nitrogen oxide and sulphur oxide).

Key takeaways from the discussion:
We discussed how the Company is meeting its decarbonisation targets that cover a ten-year horizon. The Company is on track towards achieving their 55% reduction in carbon emissions from electric operations by 2030. DWS is of the view that setting interim targets (e.g. three-five years) will help shareholders understand in more detail how the 2030 targets will be met. DWS will closely observe progress. In addition, we discussed reducing emissions for other GHG emissions, to which the company confirmed that the current net zero ambition for scope 1 covers methane and carbon, but emission levels of other gases are disclosed. Additionally, we discussed having emission reduction targets validated by SBTi. The company is monitoring the evolution of SBTi guidance for future consideration.

We also discussed the Company's approach to handling waste. While there have been concerns raised, the company has an environmental management system in place that conducts root-cause analyses to address the situation.

Example of Engagement KPIs:
Provide interim carbon reduction targets defined in a more granular way

Next steps:
We will further engage with the Company on a regular basis and track the progress towards DWS's engagement goals.

Source:
DWS Investment GmbH, 12/31/2022

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/ Appendix

Glossary

Term	Meaning
ABS	Asset-Backed Securities
AFC	Anti-Financial Crime
AG	German stock corporation (Aktiengesellschaft)
AGM	Annual General Meeting
AIF	Alternative Investment Fund
AIFMD	Alternative Investment Fund Managers Directive
AIGCC	Asia Investor Group on Climate
AktG	German Stock Corporation Act (Aktiengesetz)
APAC	Asia-Pacific
AuM	Assets under Management
B2B	Business to business
B2C	Business to client
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BVI	German Investment Fund Association (Bundesverband Investment und Asset Management e.V.)
CAAM	Class Action Advisory Meeting
CAO	Chief Administrative Officer
CCD	Client Coverage Division
CDP	Carbon Disclosure Project
CEEF	Clean Energy and Environment Fund
CEO	Chief Executive Officer
Ceres	Coalition for Environmentally Responsible Economies
CESGA	Certified ESG Analyst
CFO	Chief Financial Officer
CIO	Chief Investment Officer
CIR	Cost-income ratio
CLO	Collateralized Loan Obligations
Company	DWS Group GmbH & Co. KGaA, a German partnership limited by shares (Kommanditgesellschaft auf Aktien)
CO_2	Carbon Dioxide
COO	Chief Operating Officer
COP26	UN Climate Change Conference UK 2021
CREF	China Renewable Energy Fund
CRI	Committee for Responsible Investments
CRO	Chief Risk Officer
CROCI	Cash Return on Capital Invested
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTRR	Climate and Transition Risk Rating
D&O insurance	Directors' and Officers' Liability Insurance
DAX	German Stock Index (Deutscher Aktienindex)
DB	Deutsche Bank AG
Deutsche Bank Group	Deutsche Bank AG and its subsidiaries
DIP	Digital investment platform
GCGC	German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK)
DE&I	Diversity, Equity, and Inclusion
DNA	Desoxyribo Nucleic Acid - carrier of the genetic information of humans and almost all other organisms
DVFA	German Association for Financial Analysis and Asset Management (Deutsche Vereinigung für Finanzanalyse und Asset Management)
DWS Group / DWS	DWS Group GmbH & Co. KGaA and its subsidiaries
DWS IHC	DWS Intermediate Holding Company
DWS KGaA	DWS Group GmbH & Co. KGaA
DWSM GmbH	DWS Management GmbH

Term	Meaning
EAB	ESG Advisory Board
EEEF	The European Energy Efficiency Fund SA, SICAV-SIF
EC	Engagement Council
ED	Executive Division
EFAMA	European Fund and Asset Management Association
EIN	Employee Inclusion Network
EIP	Employee Investment Plan
EKPIs	ESG Key Performance Indicators
Elected EIP Award	Employee Investment Plan Award
EMC	Emerging Market Credit
EMEA	Europe, Middle East, and Africa
EMP	ESG Methodology Panel
ESG	Environmental, Social and Governance
ESG Framework	ESG Product Classification Framework
ESMA	European Securities and Markets Authority
ESMS	Environmental and Social Management System
ETF	Exchange traded fund
ETP	Exchange traded products
EU	European Union
EUR	Euro
FRC	Financial Reporting Council
FTE	Full-time Equivalent
FTSE4GooD	The FTSE4Good Index Series is a series of ESG equity indexes that include companies with positive ESG reputations
FVC	Franchise Variable Compensation
GAP	Global Action Plan
GCGC	German Corporate Governance Code
GDP	Gross domestic product growth
GHG	Greenhouse Gas
GmbH	German company with limited liability (Gesellschaft mit beschränkter Haftung)
GMF III	Global Microfinance Funds III
GRESB	Global Real Estate Sustainability Benchmark
Group	DWS Group GmbH & Co. KGaA and its subsidiaries
GRI	Global Reporting Initiative
GSC	Group Sustainability Committee
GSIA	Global Sustainable Investment Alliance
GSPP	Global Share Purchase Plan
GVC	Group Variable Compensation
HR	Human Resources
HY	High Yield
IA	Investment Association
ICGN	International Corporate Governance Network
ID	Investment Division
IIGCC	Institutional Investors Group on Climate Change
IIRC	International Integrated Reporting
IG	Investment Grade
ILO	International Labour Organization
IPO	Initial Public Offering
ISSB	International Sustainability Standards Board
ISS	Institutional Shareholder Services Europe Limited
IVC	Individual Variable Compensation
IVOX Glass Lewis	Glass Lewis GmbH
KGaA	German partnership limited by shares (Kommanditgesellschaft auf Aktien)
KPI	Key Performance Indicator
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft (Berlin)
LEED	Leadership in Energy and Environmental Design
LGBTQ	Lesbian, Gay, Bi, Trans and Queer
LGBTQI	Lesbian, Gay, Bi, Trans, Queer, and Intersex
LoD	Line(s) of Defence
LRA	Liquid Real Assets
LTA	Long-Term Award
LTCMA	Long-Term Capital Market Assumptions
MESGS	Minimum ESG Standard

Term	Meaning
MiFID	Markets in Financial Instruments Directive
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MSCI	Morgan Stanley Capital International Inc.
N/A	Not applicable
N/M	Not meaningful (in the management report)
NFR	Non-Financial Risk
NFRD	Non-Financial Reporting Directive
NGO	Non-governmental Organisation
NZAM	Net Zero Asset Managers Initiative
OECD	Organisation for Economic Co-operation and Development
OPIM	Operating Principles for Impact Management
ORMF	Operational Risk Management Framework
PAI	Principal Adverse Impacts
PD	Product Division
PLC	Public limited company: A type of public company established under the company laws of England, some Commonwe- alth jurisdictions, and the Republic of Ireland.
PRI	Principles for Responsible Investment
PVG	Proxy Voting Group
RCC	Risk and Control Committee
RFP	Request for Proposal
RI	Responsible Investment
RIC	Responsible Investment Center
RMF	Risk Management Framework
RRC	Reputational Risk Committee
S&P	Standard & Poor's
SAA	Strategic asset allocation
SASB	Sustainability Accounting Standards Board
SAVC	Sustainability Assessment Verification Council
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal (overview of SDGs: https://sustainabledevelopment.un.org/sdgs)
SEC	Securities and Exchange Commission
SFDR	Sustainable Finance Disclosure Regulation
SI	Sustainable Investments
SIC	Strategic Investment Committee
SICAV	Société d'investissement à Capital Variable (Investment company with variable capital)
SRI	Sustainable and Responsible Investment
SSA	Sovereign, supranationals & agencies
STA	Short-Term Award
TCFD	Task Force on Climate-related Financial Disclosures
TPI	Transition Pathway Initiative
TPLM	Third Party Lifecycle Management
TPRM	Third party management
UCITS	Undertakings for Collective Investments in Transferable Securities
UK	United Kingdom
UN	United Nations
UNGC	United Nations Global Compact
US / USA	United States (of America)
USD	US-Dollar
VBDO	Dutch Association of Investors for Sustainable Development
VRM	Vendor risk management
WACI adj.	Weighted Average inflation-adjusted financial Carbon Intensity
WEF	World Economic Forum
WHO	World Health Organisation
WWF	World Wide Fund For Nature
Xtrackers (ETFs)	Exchange Traded Funds offered by DWS

Cautionary statement regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS Group GmbH & Co. KGaA. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks.

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