

Net Zero Annual Disclosure

2021

NZAM Annual Disclosure for DWS


As a founding signatory of the Net Zero Asset Managers (NZAM) initiative, DWS Group GmbH & Co. KGaA ("DWS" hereafter) reports annually against its Net Zero commitments via CDP (formerly Carbon Disclosure Project). The commitment to NZAM is voluntary and not based on a regulatory requirement.

In its second annual disclosure submitted to CDP in July 2023, DWS reported that for its assets under management in-scope for Net Zero targets, the inflation-adjusted Weighted Average Carbon Intensity (WACI) has decreased by a cumulative 5.2% from the 2019 baseline figure in the first two years.

Due to a lag in reporting and availability of emissions data, these calculations are based on DWS portfolio holdings as of year-end 2022 using the emission data from the previous year of those respective holding companies, which is 2021. Similarly, the baseline figure was based on year-end 2020 portfolio holdings and 2019 emissions.

You can find the Net Zero relevant extract of DWS's latest CDP disclosure including further details on the methodology, metrics and reconciliation of figures starting on page 8 of this document.

Assets under management in-scope for DWS' Net Zero targets

36.9%  **EUR 302.9bn**
of total AuM as on December 31, 2022

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

Report a cumulative

 **5.2%**
decrease from the 2019 baseline in the first two years

Explanation on Net Zero interim target calculation and results

In the 2019 baseline, the WACI amounted to 170.5 tonnes of CO₂ equivalents per million \$ of revenue (“tCO₂ e/mn\$”). In 2021, this has changed to 154.5 tonnes of CO₂ e/mn\$. Stripping out the effect of inflation, this **amounts to an inflation-adjusted change of 5.2% over two years.**²

The unadjusted gross WACI reduction over the two years was 11.7%, from which the carbon intensity reduction due to inflation was stripped out to arrive at the inflation-adjusted net WACI³ (please see below box for further explanation).

DWS applies the inflation-adjusted WACI instead of the standard WACI to strip out the effect of price increases from the decarbonisation metric. Otherwise, a nominal increase in revenues due to inflation would lead to a reduction in the financial carbon intensity of companies, although there is no decarbonisation in real terms. The surge in inflation in recent years has highlighted the importance of adopting this approach.



Carbon intensity normalises a company’s emissions by expressing it as per unit of revenues expressed in tonnes of greenhouse gas, converted to carbon dioxide emissions using the greenhouse gas protocol, per million-dollar revenues, written as tCO₂ e/mn\$.



Over time, inflation leads to higher nominal revenues and consequently brings down carbon intensity without a corresponding decrease in emissions. The surge in inflation in recent years has highlighted this effect. Stripping out inflation from the overall change in carbon intensity thus leads to a measure closer to real terms reduction.



For this reason, DWS expresses its NZAM interim reduction target in terms of this inflation-adjusted “net” WACI instead of unadjusted “gross” WACI.

² The 170.5 tonnes pertain to DWS portfolio holdings as of December 31, 2020, and the carbon emissions of these holding companies in the year 2019. Likewise, the 154.5 tonnes are for DWS holdings as on December 31, 2022, and the carbon emissions of these holding companies for the year 2021.

³ We use US dollar measure of inflation since the carbon intensity calculations are based on USD denominated company revenues. The US GDP deflator is preferred over CPI or PCE as it is a broader-based measure rather than focusing only on prices of consumption baskets only.

	Year 1		Year 2		Cumulative change
	CO ₂ Intensity	Reduction	CO ₂ Intensity	Reduction	
Baseline (2019 emissions on Dec-20 holdings)	170.5		162.0		
Step 1. Revisions to historical carbon data	170.2		158.2	-2.3%	
Step 2. Self-decarbonization of portfolio companies	166.8	-2.0%	146.1	-7.7%	
Step 3. Changes to DWS product mix: i. e. existing products being closed	165.8	-0.6%	145.8	-0.2%	
Step 4. Changes to portfolio holdings (flows, market moves, portfolio changes)	157.0	-5.3%	154.7	6.1%	
Step 5. Changes to DWS product mix: i. e. new products being launched	157.6	0.4%	154.5	-0.1%	
Step 6. In scope adjustment (post calculation)	162.0		154.5		
Step 7. Gross change in WACI		-7.4%		-4.6%	-11.7%
Step 8. Inflation adjustment		1.2%		6.1%	7.4%
Step 9. Net WACI change (inflation-adjusted)		-6.3%		+1.2%	-5.2%

Main drivers of the reported DWS portfolio decarbonization

The change in WACI of DWS' portfolios is the combined result of three main underlying effects:

1. changes to portfolio holdings either due to fund flows, market movements, and other portfolio considerations;
2. changes to the carbon intensity of holding companies themselves; and
3. changes to DWS' product mix, i.e. existing products being closed or new product launches.

Changes to the assets in scope

Using the same methodology as for the interim target setting (mainly following SBTi), the AuM in scope for DWS Net Zero interim targets was EUR 302.9bn representing 36.9% of total AuM as off 31 Dec 2022. The overall change of in-scope assets includes both the impact of changes in AuM of portfolios that were already in-scope last year as well as some new portfolios coming into scope.

Results so far in relation to overall market and our interim target 2030

The 5.2% inflation-adjusted cumulative decrease in WACI over the first two years has been achieved under challenging external conditions. The surge in energy prices last year and the consequent outperformance of high carbon intensity sectors of the market, raised the relative weight of these high emitters in portfolios and market benchmarks, leading to higher WACI numbers. To put this into context, the MSCI All-Country World Index over the past two years saw a cumulative inflation-adjusted WACI increase of 10.8%.

Outlook

DWS will consider the following potential measures in working towards the interim 2030 decarbonisation targets:

- Translate the overall net zero targets to portfolio-based management actions including, for example, fossil fuel policies
- Engage with high-emitting investee companies on their net zero target setting to achieve long-term change, conscious of the fact that engagement shows less immediate effects
- Engage with index-providers to influence index composition (especially for ESG indices) and to issue more net zero aligned indices
- Work with institutional clients towards developing their net zero and portfolio targets
- Drive the development of innovative products and services aligned with net zero ambitions

Some of these measures will be developed further over the next year following an assessment of the new SBTi Net Zero Standard for Financial Institutions.⁴

External factors outside DWS' or its investee companies' influence also affect the WACI of portfolios, and the pace of achieving DWS' interim 2030 decarbonisation targets. Some of these external factors, for instance the 2022 energy crisis, have created strong headwinds for the WACI reduction effort.

DWS thus does not expect the path of WACI reduction to follow a linear trend. But while these external factors may introduce short-term volatility in the path of decarbonising our portfolios, DWS remains committed to achieving its 2030 interim target of a 50% inflation-adjusted WACI reduction.

⁴ Based on initial SBTi methodology for Financial institutions (Version 1.0), in October 2021, DWS committed to develop a science-based target to be submitted to SBTi for official validation by October 2023 and intended to publish a Climate Transition Plan. Since then, SBTi further evolved its methodology and issued a draft Net Zero Standard for Financial Institutions earlier this year which was followed by a public consultation. DWS has contributed to this consultation and is now awaiting the final Net Zero Standard that is expected to be published in 2024. As a result, in agreement with SBTi, the initial target setting deadline was extended. In consideration of the final Standard, DWS will refine its decarbonization approach.

Excerpt from DWS report to CDP Climate Change Questionnaire 2023

C2. Risks and opportunities

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

We assess the portfolio's exposure	
Investing (Asset manager)	Yes

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Investing (Asset manager)	A specific climate-related risk management process	61	Qualitative and quantitative	Short-term Medium-term Long-term	Internal tools/methods	DWS designed and implemented its proprietary Climate Transition Risk (CTR) Assessment in 2019 with an initial focus on carbon emissions for liquid assets. In 2022, the CTR Assessment highlighted potential risks and opportunities associated with carbon emissions and water. DWS is also currently exploring how to incorporate other environmental factors into its investment process such as forestry and biodiversity. The CTR Assessment and other climate relevant information (for example, absolute emissions level or type of fuel used) are made available to Active analysts and portfolio managers through the ESG Engine, our proprietary tool. In 2022, we used five external commercial ESG data providers MSCI ESG, Morningstar Sustainalytics, ISS ESG, S&P TruCost, ESG Book and onboarded additional – partly non-commercial – vendors to support our net zero ambitions. The proportion covered is defined as all active assets under management in 2022. During 2023, we aim to review our CTR Assessment.

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Investing (Asset manager)

Type of climate-related information considered

Emissions data
Energy usage data
Emissions reduction targets
Climate transition plans
TCFD disclosures

Process through which information is obtained

Directly from the client/investee
Data provider
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel

State how this climate-related information influences your decision-making

DWS Group subscribes to 5 leading commercial ESG data vendors and public data sources (subject to licensing) and combines external data into a single data source; namely the ESG Engine. This data is structurally integrated into DWS's portfolio and risk management systems and corresponding system landscape for liquid assets. As part of the research process within our Active investment management activities, the Active investment professionals (analysts and / or portfolio managers) are bound by internal policies and handbooks to consider these considerations as part of their research process and integrate in their buy / sell recommendation, if applicable. Our overall Climate and Transition Risk (CTR) Assessment works across sectors but of course is geared to capture sectors with high emissions. The above mentioned ESG Engine data can also become part of our enhanced engagement process in EMEA for our three largest management companies and would then be monitored by the engagement lead throughout the engagement period. In specific cases, specific Climate and Transition Risk Assessment of the engaged issuer may be also escalated to Sustainability Assessment Validation Council (SAVC). The SAVC reviews and assures the quality of the ratings from the ESG Engine and may also change the CTR based on SAVC's internal due diligence, research, engagement outcomes and hence final assessment. As part of our enhanced engagement process, we may also obtain data directly from investees when we engage with the objective of achieving increased disclosure. For sovereign issuers, we use public data sources as well to the extent they are covered by ESG data licensing agreements.

Example of engagement within our enhanced engagement framework in EMEA for our three largest management companies: A Spanish utility company's climate targets (carbon neutral (defined as <10gCO2/kWh) globally by 2030 in Scope 1 and 2 and net zero in all three scopes before 2040) as well as its biodiversity plan (targeting to have net positive impact by 2030) were a significant factor in our ESG-integrated investment due diligence process, where financial and non-financial aspects are considered. In our view, this has been an important driver for our positive investment recommendation for equity strategies in 2022.

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

As a founding signatory to the Net Zero Asset Managers Initiative (NZAM), DWS set its 2030 interim net zero target in November 2021. For our defined assets in scope, we seek to achieve a decarbonisation target of 50% of the inflation-adjusted weighted average carbon intensity (adj. WACI) for Scope 1 + 2 emissions by 2030 compared to 2019.

Thereby, we intend to apply the methods of the SBTi which is considered a credible and robust foundation providing clear guidance on expected assets in scope and target ambition levels.

The guiding principle of our net zero implementation is to foster change in the real economy and contribute to real reductions in carbon emissions. The initial focus is on achieving positive change through active dialogue with companies, leading to reductions in their GHG emissions. Another lever lies in aligning our product mix to take climate and ESG aspects into account. Finally, divestment of portfolio holdings remains a possible last option, if other options have failed to make our concerns heard in dialogue.

Over the next few years, we aim to focus on the following measures in particular:

- Translating defined asset targets into portfolio-based measures in accordance with applicable guidelines & contracts
- Working with investee companies and index providers to set net zero targets and develop net zero aligned indices
- Working with institutional clients to set portfolio decarbonization targets

In line with our previously stated commitment to drive towards net zero emissions in our portfolios well before 2050, DWS started in 2022 to develop and has published beginning of 2023 a new policy governing our investments in thermal coal related activities – the DWS Coal Policy. DWS has disclosed the progress towards its net zero target in the NZAM report 2022 and will report annually hereafter.

We are fiduciary manager; hence, any portfolio-level commitment is conditional on client ambitions and applicable regulatory requirements. Our fiduciary and legal obligations require that we receive approval from various independent legal entity boards, fund boards and from our institutional clients to include additional AuM in the net zero asset scope.

In 2021 we conducted a review of our operational emissions and applied a science-based methodology to seek to reduce them by 2030. In 2022, we identified a number of specific interventions that aim to achieve emission reductions by 2030 that are at least equivalent to the SBTi requirements.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

Identification of spending/revenue that is aligned with your organization's climate transition

Row 1 No, but we plan to in the next two years

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies

Row 1 Yes, our policies include climate-related requirements that clients/investees need to meet

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Investing (Asset manager)

Type of policy

- Engagement policy
- Sustainable/Responsible Investment Policy
- Investment policy/strategy
- Proxy voting
- Active ownership policy

Portfolio coverage of policy

61

Policy availability

Publicly available

Attach documents relevant to your policy

- 📄 2022 Corporate Governance and Proxy Voting Policy.pdf
- 📄 DWS_Policy_ESG Integration Policy for Active_october 2021_extern_final.pdf
- 📄 dws-proxy-voting-policy-and-guidelines.pdf
- 📄 ESG Active Integration Policy_28102022_external version for European Legal entities.pdf
- 📄 091389_DWS_Responsible_investment_framework.pdf
- 📄 Engagement Policy_Mar2022_final_extern_20052022.pdf

Criteria required of clients/investees

- Disclosure of Scope 1 emissions
- Disclosure of Scope 2 emissions
- Set a science-based emissions reduction target
- Set an emissions reduction target
- Be on track to achieving a science-based emissions reduction target
- Develop a climate transition plan
- Develop pathways to net-zero by 2050 or sooner

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

No timeframe

Industry sectors covered by the policy

- Energy
- Materials
- Capital Goods
- Commercial & Professional Services
- Transportation
- Automobiles & Components
- Consumer Durables & Apparel
- Consumer Services
- Retailing
- Food & Staples Retailing
- Food, Beverage & Tobacco
- Household & Personal Products
- Health Care Equipment & Services
- Pharmaceuticals, Biotechnology & Life Sciences
- Software & Services
- Technology Hardware & Equipment
- Semiconductors & Semiconductor Equipment
- Telecommunication Services
- Media & Entertainment
- Utilities
- Real Estate

Exceptions to policy based on

Geography
Line of Business
Products and services

Explain how criteria required, criteria coverage and/or exceptions have been determined

We interpret item C-FS3.6a as asking for which part of DWS's overall business line portfolio is covered by overarching responsible investment framework, Active policy for the incorporation of ESG (including research handbooks that operationalize the ESG approaches and include best practices and minimum expectations towards our Active investment professionals), Engagement Policy or our Corporate Governance and Proxy Voting Policy in EMEA. All of these include climate-related requirements that we apply to our dealings with investees. It is important to note that requirements articulated in those internal or external DWS documents do not by construction lead to a good ESG portfolio assessment or grade. For DWS ESG AuM please refer to pages 13, 27 and 28 of DWS Group Annual Report 2022. On a single financial product level DWS specifies certain investment policies and investment guidelines so that the figure above (see 61% above), would consider all DWS Active AuM. We acknowledge that for certain asset classes, products and jurisdictions we have not yet articulated sustainability related requirements as part of the investment and engagement process.

In context of our commitment to the Net Zero Asset Managers initiative (NZAM) in 2020 and our 2030 interim target submission in 2021, we have identified key levers towards achieving our net zero targets: engagement (self-decarbonization), shift in our product mix or portfolio re-allocation. For the selection of strategic and focus list in our engagement framework, absolute emissions, SBT, net zero transition plans have been among the selection criteria. Please refer to DWS Investment GmbH's Active Ownership Engagement and Proxy Voting Report 2022 for the scope of our engagement framework in EMEA for our three largest management companies, namely DWS Investment GmbH, DWS International GmbH and DWS Investment S.A..

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

The company offers two different types of SFDR-Article 8 products in EMEA by applying one of the two following Active ESG filters:

1. The "DWS Basic Exclusions" filter represents our approach to incorporate certain exclusions (regarding issuers with excessive climate risk, norm violation or involvement in controversial sectors) in the investment guidelines of the relevant fund. The DWS climate and transition risk assessment evaluates issuers in relation to climate change and environmental changes, e.g., in respect to greenhouse gas reduction and water conservation. Issuers that contribute less to or are less exposed to climate change and other negative environmental changes are evaluated better. Issuers with excessive climate risk profile (i.e., a letter score of "F" of CTR grade) are excluded from the investment universe.. Please note, that products applying the "DWS Basic Exclusions" filter are not included in the 2022 ESG AuM number.
2. The "DWS ESG Investment Standard" filter enhances the exclusions in comparison to the "DWS Basic Exclusions" 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"). Issuers with excessive climate risk profile (i.e., a letter score of "F" of CTR) are excluded from the investment universe and issuers with high climate risk profile (i.e. a letter score of "E" of CTR grade) are limited to 5% of the fund's assets. Products applying the "DWS ESG Investment Standard" filter are included in the 2022 ESG AuM number.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target
Portfolio target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

No, but we anticipate setting one in the next two years

Target ambition

Year target was set

2019

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2
Scope 3

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Category 6: Business travel

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

1,384

Base year Scope 2 emissions covered by target (metric tons CO2e)

3,974

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

7,238

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

7,238

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

12,596

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

73

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)
100

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
96

Target year
2025

Targeted reduction from base year (%)
37.96

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
7,814.5584

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
888

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
1,294

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)
3,620

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)
3,620

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
5,802

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]
142.0910379832

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

DWS has limited operational control of its corporate real estate, with the management of all locations currently outsourced to DB Group. While this remains the case, associated DWS emission targets for energy consumption and renewable electricity are aligned to those of DB Group.

The absolute target outlined above reflects the emissions target based on our existing public commitments to source 100% renewable electricity by 2025, to reduce total energy consumption by 20% by 2025 and to reduce travel emissions by 25% by 2022, all against a 2019 base year. All of these initiatives are currently being implemented and cover our Scope 1+2 operational emissions with the exception of emissions from fleet vehicles, as well as emissions from business travel. On this basis, compared with a total Scope 1+2 plus Scope 3 business travel emissions from 2019 of 13,121 tCO₂e, 12,596 tCO₂e (96%) of emissions within this baseline are within scope of the interventions.

The proposed interventions build on existing targets outlined above re: reducing energy consumption, sourcing renewable electricity and reducing travel emissions and are targeted at delivering enhanced emission reductions by 2030 that, at a minimum, will comply with SBTi requirements, both in terms of GHG boundary scope and emission reductions delivered. Planned interventions are expected to range from corporate real estate to fleet to business travel initiatives.

Plan for achieving target, and progress made to the end of the reporting year

DWS has limited operational control of its corporate real estate, with the management of all locations currently outsourced to DB Group. As such, associated DWS emission targets for energy consumption and renewable electricity are aligned to those of DB Group. Corporate real estate KPIs with a 2025 target year are underway:

Sourcing of renewable electricity has increased to 96% during 2022, ahead of our interim target of 85% by 2022 and on track for 100% by 2025 through continuing to expand the purchase of energy attribute certificates such as renewable energy certificates (RECs) and also power purchase agreements, where appropriate. This compares with 75% in 2019.

Total energy consumption has reduced by 28% during 2022 compared with 2019, an improvement against a reduction of 21% in 2021, compared with 2019. In part, this has been reflective of reduced office occupancy during the Covid-19 pandemic and enforced remote working, but the reduction is also reflective of a series of operational measures being delivered to ensure more efficient use of office space. These measures range from increasing energy efficiency e.g. through installation of LED lighting across our offices to more effective and efficient use of air conditioning / heating, to actively challenging whether office space can be reduced. We plan to achieve our target through continuing to commit to critical assessment of these factors and delivering a meaningful emissions abatement strategy.

Our business travel emissions increased in 2022 compared to 2021 due to an increase in air travel following the relaxation of COVID-19 restrictions. However, emissions continue to be significantly lower than our 2019 baseline. To ensure that we continue to manage down our travel emissions and maintain the impact of delivering upon our 2022 target, a more rigorous internal process has been established to ensure that essential business travel is prioritised and we encourage staff to utilise effectively the technology solutions that facilitate virtual meetings, where appropriate.

Within our expected enhanced SBTi-aligned operational emission targets, we expect for the above interventions to be built upon by including measures targeted at transitioning to an electric fleet, exploring the procurement of biogas, exploring the ability to reduce office space and lowering travel emission targets further still through reducing the volume of business travel and prioritising greener modes of transport.

List the emissions reduction initiatives which contributed most to achieving this target**C-FS4.1d****(C-FS4.1d) Provide details of the climate-related targets for your portfolio.****Target reference number**

Por1

Year target was set

2021

Portfolio

Investing (Asset manager)

Product type/Asset class/Line of business

Fixed income
Listed equity
Real estate/property
Other, please specify

As new methodologies and emission data become available, additional financial instruments may be included and we aim to further increase the initial asset scope of 35.4% of our AuM over time.

Sectors covered by the target

All sectors

Target type

Portfolio emissions

Target type: Absolute or intensity

Intensity

Scopes included in temperature alignment**Metric (or target numerator if intensity)**tCO₂e**Target denominator**

Million revenues (unit currency as reported in C0.4)

Base year

2019

Figure in base year

170

Percentage of portfolio emissions covered by the target

59.47

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Assets under management

Percentage of portfolio covered by the target, using a monetary metric

35.4

Frequency of target reviews

Annually

Interim target year

2030

Figure in interim target year

85

Target year

2050

Figure in target year

0

Figure in reporting year

154.5

% of target achieved relative to base year [auto-calculated]

9.1176470588

Aggregation weighting used**Proportion of portfolio emissions calculated in the reporting year based on asset level data**

100

Proportion of the temperature score calculated in the reporting year based on company targets**Target status in reporting year**

Underway

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Target ambition

Please explain target coverage and identify any exclusions

As NZAM signatory, DWS set its 2030 interim target in line with achieving net zero by 2050 in November 2021. On the defined in-scope assets, DWS seeks to achieve a 50% reduction in Weighted Average inflation-adjusted financial Carbon Intensity (WACI adj.) related to Scope 1 + 2 emissions by 2030, compared to base year 2019. SBTi provides the reference for DWS on our path to net zero. We are working towards underpinning this overall NZAM headline target with science-based target(s). Our portfolio emissions target is not based on a regulatory requirement. Metric and target: While our interim target is based on WACI adj. as proposed by DeNederlandsche Bank, in context of this report, DWS reports the climate impact of our portfolios using a non-adjusted WACI to be consistent with the requested metrics and definitions. The preliminary year-on-year reduction in the non-adjusted WACI is approx. ~4.6% incl. different effects leading to an adjusted baseline. The comparable change in the inflation adjusted WACI (incl. baseline effects) is +1.2%.

Current scope: Following SBTi guidance, DWS put assets in scope for which credible decarbonisation methods and data exist. This includes required and certain 'optional' activities / asset classes, i.e. financial instruments (equities, corporate bonds, Liquid Real Assets and many direct real estate) primarily in mutual funds, but also in selected individually managed institutional accounts. Two categories of assets are currently out of scope: (1) Mandates from institutional clients, which have not yet themselves committed to net zero. (2) Asset classes managed in DWS legal entities in geographic locations that have known regulatory or legal requirements regarding any change to investment processes, including approval from independent fund boards. These are in geographies where emissions accounting and decarbonisation methodologies do exist in principle. It is our priority to work closely with clients, fund boards and legal entities on our decarbonisation goals to put more assets in scope over time and in line with further regulation and evolving methodologies. Approx. 40% of our total global AuM is invested in asset classes where no agreed net zero or emissions accounting methodology exists. We aim to continue to work actively with SBTi, NZAM and other standards and organisations to develop measurement methods for these asset classes.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1
Por1

Target year for achieving net zero

2050

Is this a science-based target?

No, but we anticipate setting one in the next two years

Please explain target coverage and identify any exclusions

At our Annual General Meeting (AGM) in November 2020, we expressed our ambition to become climate-neutral in our actions, in line with the Paris Agreement, and well ahead of 2050. As a next step we became a founding signatory of the Net Zero Asset Managers initiative (NZAM) in December 2020. In November 2021, DWS set its 2030 interim decarbonisation target (see Por1) as part of the NZAM initiative, in line with achieving net zero by 2050. The Science Based Targets Initiative (SBTi) provides the reference for DWS on its path to net zero.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

n/a

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for low-carbon product R&D	In 2022, DWS has expanded its range of Xtrackers ETFs where the indices tracked are aligned with the goals of the Paris Climate Agreement. Specifically, the indices of seven existing Xtrackers ETFs have changed, which previously tracked the market for corporate bonds in Euro and US dollars with different maturities and focused on environmental and social standards as well as good corporate governance (ESG). These ETFs now track indices that meet the requirements for EU Paris Aligned Benchmarks (PAB). An ESG-related exclusion criteria will remain in place as well. The new indices are characterised by the fact that they aim to reduce carbon emissions. Specifically, the ETFs track Bloomberg-MSCI Euro/USD Corporate SRI PAB indices that target a 50 per cent reduction in carbon emissions compared to an equivalent non-ESG market benchmark, as well as a continuous reduction in carbon intensity of seven per cent per year. The benchmark index includes a semi-annual exclusion process based on bond issuer emissions in addition to the usual monthly rebalancing. The semi-annual process determines which issuers should be excluded from the benchmark Index to ensure compliance with the PAB Regulation.

Other Own Thematic Research Institute	In 2022, the ESG Thematic Research team continued to publish articles on key sustainability topics with a focus towards the ESG and sustainability implications of the war in Ukraine given its impact on global energy and food systems. The team also further examined energy independence and the vulnerability of the world's essential systems covering climate, biodiversity, water, land and oceans and their financial materiality.
Compliance with regulatory requirements/standards	In 2022 we focused on the analysis and implementation of further regulations and amendments such as Sustainable Finance Disclosure Regulation (SFDR) and EU Taxonomy Regulation. Due to specifications outlined in the SFDR Regulatory Technical Standards (RTS) which were published in the Official Journal of the European Union on 25 July 2022, we focused our work on the further development of pre-contractual documents, as well as periodic reports and website disclosures on product level to fulfil regulatory requirements that went live in 2022.
Dedicated budget for other emissions reduction activities	We have taken initial action with respect to our corporate fleet scheme, with electric and hybrid vehicle options, a "bike2work" scheme at certain locations as well as free job tickets for public transport for employees in Germany.
Employee engagement	In 2022, our employees performed 5,206 hours of volunteering which equated to 84 minutes of volunteering per employee. Employees support for our CSR partner Healthy Seas has increased further. During lockdown some colleagues became involved with the marine conservation organization through skills based mentoring and the number of ambassadors for Healthy Seas has increased. As was the case in 2021, employees in EMEA had the opportunity to attend Healthy Seas training sessions to better understand their mission and goals. This group expanded to the US in 2022. As part of our focus on ecological issues, we are committed to protecting the oceans and preserving the Blue Economy. This is why we work closely with ocean and conservation organizations such as "World Wide Fund for Nature" (WWF) Germany and Healthy Seas.
Internal incentives/recognition programs	We have reflected sustainability performance parameters in the Executive Board remuneration and we have included ESG components, such as the CDP score, in the Franchise Variable Compensation (FVC) for all employees.
Partnering with governments on technology development	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..
Dedicated budget for energy efficiency	DWS has limited operational control of its corporate real estate, with the management of all locations currently outsourced to DB Group. While this remains the case, associated DWS emission targets for energy consumption and renewable electricity are aligned to those of DB Group.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Investing
Mutual funds

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify
Art.8 SFDR

Description of product

DWS designed and implemented its proprietary Climate and Transition Risk Assessment (CTRR) in 2019 with an initial focus on carbon emissions. Today, CTRR highlights potential risks and opportunities associated with carbon emissions and water. The CTRR and other climate relevant information are made available through the ESG Engine, our proprietary database. The ESG Engine is predominantly used by Active investment professionals.
In 2022, we continued to increase the number of our European domiciled actively managed mutual funds which promote environmental or social characteristics and report as Article 8 SFDR. Most of our actively managed mutual funds in the EU now apply one of two ESG filters: the "DWS Basic Exclusions" filter or the "DWS ESG Investment Standard" filter. By applying these ESG filters to our European domiciled actively managed mutual funds, climate and transition risks are considered as part of the investment process. Both filters exclude issuers with excessive climate risk profiles by screening issuers for their CTRR.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

157,922,000,000

% of total portfolio value

19.24

Type of activity financed/insured or provided

Other, please specify

Opportunities and risks of a company when transitioning to a carbon-free or low-carbon world as well as management and severity of water risks on a company's operational business

Product type/Asset class/Line of business

Investing
Fixed Income

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

The Xtrackers USD Corporate Green Bond UCITS ETFs and Xtrackers EUR Corporate Green Bond UCITS ETFs are DWS's first ETFs in the corporate green bond category. By including corporates and selected agencies, the fund complements traditional and ESG offerings by providing investors with an investment grade corporate exposure with environmental requirements concerning the use of proceeds. Securities are independently evaluated by MSCI ESG Research along four dimensions to determine whether they should be classified as a green bond. These eligibility criteria reflect themes articulated in the ICMA Green Bond Principles and require proceeds to be used for at least one of the eligible environmental categories defined by MSCI ESG Research, which includes, amongst others, climate adaptation. Recently, DWS launched the Xtrackers II Eurozone Government Green Bond UCITS ETF, which tracks an index reflecting the performance of sovereign green bonds classified according to the Climate Bond Initiative's Green Bond Taxonomy. The CBI's Climate Bond Taxonomy determines if each Green Bond's use of generated proceeds will help in the wider effort of transitioning to a low carbon economy.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

334,575,233

% of total portfolio value

0.04

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Sustainable agriculture

Product type/Asset class/Line of business

Investing
Fixed Income

Taxonomy or methodology used to classify product

Internally classified

Description of product

DWS Invest Corporate Green Bonds: The fund mainly invests in green bonds issued by corporates where the use of proceeds is limited to projects with environmental and/or climate benefits (use of proceeds bonds). At least 80% of the fund's assets are invested worldwide in environmentally sustainable investments (according to Art.2 (17) SFDR). Up to 20% of the fund's net assets will be invested in investments that do not pursue the sustainable investment objective. These other investments may include all asset classes, including cash and derivatives. They may be used by the portfolio management in particular for liquidity and/or hedging purposes. The proportion and use of investments classified as unsustainable will not affect the achievement of the sustainable investment objective as they are neutral with respect to this objective.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

149,536,700

% of total portfolio value

0.02

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Nature-based solutions
Sustainable agriculture

Product type/Asset class/Line of business

Investing
Other, please specify
Sustainable Investments in Alternatives

Taxonomy or methodology used to classify product

Internally classified

Description of product

DWS has 25 years track record in impact investing over various themes, including in climate change mitigation and adaptation. Impact investing is where the fund directly creates positive change, where there is a problem, an underserved need (the planet and people who are most affected from climate change).

Current impact funds include the following:

1. The European Energy Efficiency Fund (eeef): Region-Specific Sustainable Energy Strategy. EEEF seeks to address climate change in the EU 27 through a European energy efficiency strategy
2. The China Renewable Energy Fund (CREF): Country-Specific Clean Energy Fund. CREF is designed to facilitate equity ownership in renewables for a NetZero corporate and its suppliers via a fund structure that accrues carbon credits from wind and solar project investments in China and thus addressing their carbon footprint.
3. The Clean Energy and Environment Fund (CEEF): Country-Specific Environment Fund. CEEF seeks to directly address pollution and environmental contamination in China by investing in environmental solution providers. Sample portfolio companies include cleantech firms specializing in greenhouse gas emission reductions and industrial solid waste recycling.
4. In 2021, DWS entered into an agreement with the UN Green Climate Fund to set up the Universal Green Energy Access Programme, which would invest in mini-grid/off-grid renewable energy to supply clean electricity to businesses and households and address access to electricity where electrification is low in selected African countries.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

520,000,000

% of total portfolio value

0.06

Type of activity financed/insured or provided

Renewable energy
Emerging climate technology, please specify
cleantech firms specializing in greenhouse gas emission
Sustainable agriculture

Product type/Asset class/Line of business

Investing
Listed Equity

Taxonomy or methodology used to classify product

Internally classified

Description of product

DWS Invest ESG Climate Tech: The Fund management invests worldwide in companies that are primarily active in business areas suited to restricting or reducing climate change and its effects or help to adapt to it, specifically companies offering products, services and solutions helping to lower emissions by generating clean energy, transmit energy efficiently or increase energy efficiency, but also companies that are active in climate change impact management across areas like health, water, agriculture or disaster prevention/recovery.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

763,814,459

% of total portfolio value

0.09

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Nature-based solutions
Sustainable agriculture
Paperless/digital service

Product type/Asset class/Line of business

Investing
Listed Equity

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify
Methodological requirements for a Paris-aligned Benchmark as set out in Commission Delegated Regulation (EU) 2020/1818.

Description of product

DWS Invest Qi Global Climate Action Fund: The fund aims to generate long-term capital appreciation for investors seeking exposure to global equities with less volatility than the MSCI World NDR index. Furthermore, the fund management aims to establish a relative improvement in the carbon intensity of the overall portfolio. Stock selection and portfolio construction are based on quantitative methods to achieve an attractive risk/return-profile. The "conservatively" oriented fund enables capital gains with reduced risk.
DWS Invest Qi Global Climate Action invests in assets that contribute to reducing CO2 emissions and thus to meeting the long-term global warming targets of the Paris Agreement under the United Nations Framework Convention on Climate Change.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

14,898,412.93

% of total portfolio value

0

Type of activity financed/insured or provided

Other, please specify
Carbon reduction

Product type/Asset class/Line of business

Investing
Fixed Income

Taxonomy or methodology used to classify product

Internally classified

Description of product

The DWS Invest Low Carbon Corporate Bonds Fund promotes the reduction of CO2 emissions in order to achieve the long-term global warming targets of the Paris Agreement. It has not determined a benchmark, i.e. a Paris-agreed EU reference value as defined in Regulation (EU) 2016/1011, for the achievement of the advertised low CO2 emissions in accordance with the Paris Agreement. However, the Solactive ISS Paris Aligned Select Euro Corporate IG Index ("Index") has been determined as the performance benchmark for the Fund. This is a rules-based index that measures the performance of liquid investment grade corporate bonds denominated in Euro. The index tracks a portfolio of investment-grade corporate bonds based on ISS ESG climate analysis and aligned to the scenario of 1.5 C global warming by 2050. This scenario is reflected in the underlying investment universe (i.e. the Solactive Euro IG Corporate Index)

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

53,080,100

% of total portfolio value

0.01

Type of activity financed/insured or provided

Other, please specify
Carbon reduction

Product type/Asset class/Line of business

Investing
Listed Equity

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify
SFDR Article 8

Description of product

During the course of 2022, 6 EU-domiciled UCTIS ETFs were launched tracking Solactive ISS ESG Net Zero Pathway Indices. The indices aim to meet the requirements for EU Paris-aligned Benchmarks to reduce carbon intensity, as measured by (scope 1+2+3) GHG emissions over the Enterprise Value including Cash (EVIC), by 50% versus the respective parent benchmark and have a decarbonisation trajectory, defined by an annual minimum carbon intensity reduction of 7%. Moreover, the indices also aim to implement the recommendations published by the IIGCC in their Net Zero Investment Framework.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

66,677,970

% of total portfolio value

0.01

Type of activity financed/insured or provided

Other, please specify
Carbon reduction

Product type/Asset class/Line of business

Investing
Fixed Income

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify
SFDR Article 8

Description of product

With respect to Xtrackers USD Corporate Bond SRI PAB UCITS ETF, Xtrackers USD Corporate Bond Short Duration SRI PAB UCITS ETF, Xtrackers II EUR Corporate Bond SRI PAB UCITS ETF, and Xtrackers II EUR Corporate Bond Short Duration SRI PAB UCITS ETF, certain changes to the methodologies of the underlying indices to the funds came into effect during 2022, including an initial 50% decarbonisation of GHG emissions relative to the respective parent benchmarks followed by an annual 7% decarbonisation trajectory of GHG emissions with the aim of complying with the minimum standards laid out for EU Paris Aligned Benchmarks.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

3,027,164,450

% of total portfolio value

0.37

Type of activity financed/insured or provided

Other, please specify
Carbon reduction

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C12. Engagement

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Clients of Asset Managers (Asset owners)

Type of engagement

Information collection (understanding client behavior)

Details of engagement

Other, please specify
We aim to operate in line with Paris Agreement by providing Net Zero education, decarbonization strategies & products to clients that may enable to set or achieve NZ goals in accordance to client consent. We aim to increase portfolios in line with NZ

% client-related Scope 3 emissions as reported in C-FS14.1a

0

Portfolio coverage (total or outstanding)

0

Rationale for the coverage of your engagement

Non-targeted engagement

Impact of engagement, including measures of success

We aim to increase the share of portfolios in line with Net Zero. We therefore provide our clients with strategies and products that may enable them to either set or achieve their own Net Zero goals in accordance with and subject to local regulatory frameworks. As a fiduciary, we do require client consent for managing their portfolios in line with Net Zero.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investees.

Type of engagement

Information collection (Understanding investee behavior)

Details of engagement

Include climate-related criteria in investee selection / management mechanism
Climate-related criteria is integrated into investee evaluation processes

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

72.3

Investing (Asset managers) portfolio coverage

10.6

Rationale for the coverage of your engagement

Engagement targeted at investees with increased climate-related risks

Impact of engagement, including measures of success

In 2022, we further adopted the enhanced engagement framework in EMEA for our three largest management companies, namely DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. One of our priorities in 2022 was to progress on the net zero commitment that we made in 2020. In support of our ambition, we followed on the initial engagement letter we had sent in 2021 by sending our thematic engagement letter to more than 50 additional companies with high WACI portfolio contribution in 2022. In the letter, we set-out our expectations, informed the companies of our voting strategy and requested transparency and detailed information around their concrete net zero strategies. We also conducted 175 dedicated follow-up engagements. We remain in constructive dialogue with many issuers and expect this to continue in 2023. KPIs, time horizon and measurement are defined at the beginning of an engagement and reviewed by the regional Engagement Council and monitored over time. Any explanation provided by issuers on their lack of responsiveness or concerns over a period and the likelihood of success are further determinants. The Engagement Council will perform a review of engagement progress & documentation and will then decide on next steps together with the respective engagement lead. An internal KOD covers best practices and expectations for the engagement lead when initiating engagements and following up on set targets and KPIs. We will choose the relevant escalation measure that we deem to be in the best interest of our clients. E.g., 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 or fully divest the issuer from our portfolios. Note: For CDP, portfolio coverage and %scope 3 emissions are reported on a firm-wide global basis, while the enhanced engagement framework refers only to our three largest management companies in EMEA. We do not differentiate our engagements between "Information collection and Engagement & incentivization".

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership
Support climate-related shareholder resolutions
Support climate-related issues in proxy voting
Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner
Initiate and support dialogue with investee boards to set Paris-aligned strategies
Encourage better climate-related disclosure practices among investees
Encourage investees to set a science-based emissions reduction target

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

0

Investing (Asset managers) portfolio coverage

0

Rationale for the coverage of your engagement

Engagement targeted at investees currently not meeting climate-related policy requirements

Impact of engagement, including measures of success

In 2022, we further adopted the enhanced engagement framework in EMEA for our three largest management companies, namely DWS Investment GmbH, DWS International GmbH and DWS Investment S.A. One of our priorities in 2022 was to progress on the net zero commitment that we made in 2020. In support of our ambition, we followed on the initial engagement letter we had sent in 2021 by sending our thematic engagement letter to more than 50 additional companies with high WACI portfolio contribution in 2022. In the letter, we set-out our expectations, informed the companies of our voting strategy and requested transparency and detailed information around their concrete net zero strategies. We also conducted 175 dedicated follow-up engagements. We remain in constructive dialogue with many issuers and expect this to continue in 2023. KPIs, time horizon and measurement are defined at the beginning of an engagement and reviewed by the regional Engagement Council and monitored over time. Any explanation provided by issuers on their lack of responsiveness or concerns over a period and the likelihood of success are further determinants. The Engagement Council will perform a review of engagement progress & documentation and will then decide on next steps together with the respective engagement lead. An internal KOD covers best practices and expectations for the engagement lead when initiating engagements and following up on set targets and KPIs. We will choose the relevant escalation measure that we deem to be in the best interest of our clients. E.g., 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 or fully divest the issuer from our portfolios. Note: For CDP, portfolio coverage and %scope 3 emissions are reported on a firm-wide global basis, while the enhanced engagement framework refers only to our three largest management companies in EMEA. We do not differentiate our engagements between "Information collection and Engagement & incentivization".

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

We started to engage with 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 good behaviour of index members (our investee companies) with regards 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.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

Exercise voting rights as a shareholder on climate-related issues	
Row 1	Yes

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder

Exercise voting rights directly

How do you ensure your shareholder voting rights are exercised in line with your overall strategy or transition plan?**Percentage of voting disclosed across portfolio**

100

Climate-related issues supported in shareholder resolutions

Climate transition plans
Climate-related disclosures
Aligning public policy position (lobbying)
Emissions reduction targets
Board oversight of climate-related issues

Do you publicly disclose the rationale behind your voting on climate-related issues?

Yes, for some

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

- Yes, we engage directly with policy makers
- Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate
- Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate



Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

In 2020, DWS became a founding signatory of the Net Zero Asset Managers Initiative. As part of this initiative DWS committed to work with our asset owner clients to decarbonise investment portfolios and accelerate the contribution to achieving net zero emissions and thus limiting global warming to 1.5°C.

#8: "Engage with actors key to the investment system including credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that products and services available to investors are consistent with the aim of achieving global net zero emissions by 2050 or sooner."

-  Commitment – The Net Zero Asset Managers initiative.pdf
-  NZAM-Commitment.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

In November 2021, DWS set its 2030 interim target in line with achieving net zero by 2050. We have set up a cross-divisional implementation programme to orchestrate the different net zero related activities and to ensure successful implementation. That programme provides regular progress updates to the DWS Group Sustainability Council (GSC).

DWS has an approval process for new sustainability-related initiatives (commitments or memberships) in place to ensure that any new initiatives are in line with our group-wide sustainability strategy – and specifically our net zero commitment.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

- International Sustainability Standards Board (ISSB) - IFRS Sustainability Standards Exposure Drafts:
- IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"
- IFRS S2 "Climate-related Disclosures" and Appendix B Industry-based disclosure requirements
- "Volume B15—Asset Management & Custody Activities".

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Climate-related reporting

Policy, law, or regulation geographic coverage

Global

Country/area/region the policy, law, or regulation applies to

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

Participation in consultation response - DWS comment letter sent on 27th July 2022

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

DWS raised concerns that the single materiality / climate change focus is falling short of what is needed to provide effective and comprehensive disclosures to meet the objectives outlined in article 2 (a) of the IFRS Foundation Constitution.

We stressed the need to take important investment decisions and that investors cannot understand how capital markets can work effectively if standards ignore the impact economic and financial capital has on society and the environment. As such, we stated that a commonly accepted standard needs to be based on double materiality as otherwise asset managers as ourselves will need to continue to spend significant time and resources in assessing the impact capital has on environment and society and that this will result in higher costs for sustainable investors and capital misallocation.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

No, we have not evaluated

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

-  DWS Annual Report 2022_EN_sec (1).pdf
-  DB Non-Financial-Report-2022.pdf
-  20230316_DWSClimateReport2022_Final.pdf

Page/Section reference

Annual Report 2022 - p. 28 - 30, DB Non-Financial Report ("Information about our climate change performance"), DWS Climate Report 2022, DWS UK TCFD Report 2022

Content elements

- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

Comment

n/a


Publication

In voluntary communications

Status

Complete

Attach the document

-  20230316_DWSClimateReport2022_Final.pdf

Page/Section reference

Climate Report aligned w/ TCFD

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

Comment

n/a

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	<p>Asia Investor Group on Climate Change (AIGCC)</p> <p>CDP Signatory</p> <p>Ceres Valuing Water Initiative</p> <p>Climate Action 100+</p> <p>Institutional Investors Group on Climate Change (IIGCC)</p> <p>International Corporate Governance Network (ICGN)</p> <p>Net Zero Asset Managers initiative</p> <p>Principle for Responsible Investment (PRI)</p> <p>Science-Based Targets Initiative for Financial Institutions (SBTi-FI)</p> <p>Task Force on Climate-related Financial Disclosures (TCFD)</p> <p>Other, please specify</p> <p>DVFA; BVI; EFAMA; GIGN; Stewardship Code; IA; VBDO; EFRAG; FNG; GIIN; WEF; Ceres; CPI; CCRI; EEFIG; Global Investor Statement; GOGLA; IAA; BBP; CRREM; INREV; GIGN; Eurosif; Just Transition; GIIA; GRESB; ULI; Energy Better Buildings Challenge; OPIM</p>	<p>Asia Investor Group on Climate Change (AIGCC) - Member;</p> <p>CDP Signatory - Signatory, Member, Commitment, Reporter;</p> <p>Ceres Valuing Water Initiative - Member;</p> <p>Climate Action 100+ - Signatory;</p> <p>Institutional Investors Group on Climate Change (IIGCC) - Member;</p> <p>International Corporate Governance Network (ICGN) - Committee Member;</p> <p>Net Zero Asset Managers initiative - Signatory</p> <p>Principle for Responsible Investment (PRI) - Signatory;</p> <p>Science-Based Targets Initiative for Financial Institutions (SBTi-FI) - Commitment;</p> <p>Task Force on Climate-related Financial Disclosures (TCFD) - Supporter;</p> <p>Other, please specify</p> <p>Berufsverband der Investment Professionals (DVFA) - Member;</p> <p>Bundesverband Investment und Asset Management (BVI) - Member;</p> <p>European Funds and Asset Management Association (EFAMA) - Member;</p> <p>Global Institutional Governance Network (GIGN) - Member;</p> <p>UK Stewardship Code - Signatory;</p> <p>UK The Investment Association (IA) - Member;</p> <p>Dutch Association of Investors for Sustainable Development (VBDO) - Member;</p> <p>European Financial Reporting Advisory Group (EFRAG) - In-kind donation;</p> <p>Forum Nachhaltige Geldanlagen (FNG) - Member;</p> <p>Global Impact Investing Network (GIIN) - Member;</p> <p>Pension for Purpose - Member;</p> <p>World Economic Forum (WEF) - Working Group Member;</p> <p>Ceres Investor Network on Climate Risk and Sustainability - Member;</p> <p>Climate Policy Initiative's (CPI) Global Innovation Lab for Climate Finance - Founding Member;</p> <p>Coalition for Climate Resilient Investments</p>

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
	<p>(CCRI) - Founding Member;</p> <p>EU Energy Efficiency Financial Institutions Group (EEFIG) - Founder and Steering Committee Member;</p> <p>Global Investor Statement on Climate Change - Member;</p> <p>Global Off-Grid Lighting Association (GOGLA) - Member;</p> <p>Investment Adviser Association (IAA) - Member;</p> <p>Better Buildings Partnership (BBP) - Member / Signatory of Climate Commitment;</p> <p>Carbon Risk Real Estate Monitor (CRREM) - Member;</p> <p>European Association for Investors in Non-Listed Real Estate Vehicles (INREV) - Member;</p> <p>Global Institutional Governance Network (GIGN) - Member;</p> <p>Eurosif - Working Group Member;</p> <p>Investing in a Just Transition - Signatory</p> <p>New Financial - Member;</p> <p>Global Infrastructure Investors Association (GIIA) - Founding Member;</p> <p>GRESB (Global Real Estate Sustainability Benchmark) - Member;</p> <p>Urban Land Institute (ULI) - Member;</p> <p>US Department of Energy Better Buildings Challenge - Member;</p> <p>Operating Principles for Impact Management (OPIM) - Signatory</p>

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric
Investing (Asset manager)	Yes	Portfolio emissions Other carbon footprinting and/or exposure metrics (as defined by TCFD)

C-FS14.1a

(C-FS14.1a) Provide details of your organization's portfolio emissions in the reporting year.

Investing (Asset manager)

Portfolio emissions (metric unit tons CO₂e) in the reporting year

30,232,159.01

Portfolio coverage

57.11

Percentage calculated using data obtained from clients/investees

1.33

Emissions calculation methodology

The Global GHG Accounting and Reporting Standard for the Financial Industry

Please explain the details and assumptions used in your calculation

The data for total absolute emissions for liquid holdings (listed equities and corporate bonds) is sourced from internal systems and databases which in turn source emissions data from MSCI and other third-party ESG data providers. The liquid portfolios and positions considered within the calculation are sourced from DWS internal front-office and back-office systems and are partially also relying on information sourced from external vendors. The positions and instruments considered within the calculation may further be subject to limitations with regards to system accessibility or data availability and are further relying on aggregation procedures between the different systems involved.

In addition to the information for liquid positions described above, emissions data for our direct real estate business have also been included, where available.

Overall the emissions data for 469.1bn EUR of AuM, which is 57.11% of total DWS AuM as of YE2022, is considered in the calculation. Within our liquid holdings, the available emissions data considered is for 93.13% of relevant liquid assets (equities and corp. bonds). In the real estate business, the data availability is for 82.14% of assets.

The emissions data for Liquid holdings is not gathered by DWS from investee companies or clients directly but comes from third party data providers. The data quality and accuracy therefore also depends on the accuracy of data obtained from our vendors. The emissions data for direct real estate investments is collected using utility bills or similar sources. Hence we report only the direct real estate assets under the category of percentage calculated using data obtained from clients/investees.

The financed emissions are computed according to the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF) and accepted by the GHG Protocol. The formula allocates companies' emissions to DWS according to DWS' share in the company's Enterprise Value including Cash (EVIC). DWS is reporting Scope 1 and 2 emissions of investee companies and real estate assets.

DWS also aims to track the Scope 3 emissions data of investee companies. On the basis of available emissions data, the total Scope 1, 2, and 3 emissions across our managed portfolio of corporate bonds and listed equities plus the direct real estate business is 202, 631, 119 metric tons of CO2e.

C-FS14.1b

(C-FS14.1b) Provide details of the other carbon footprinting and/or exposure metrics used to track the impact of your portfolio on the climate.

Portfolio	Investing (asset manager)
Portfolio metric	Weighted average carbon intensity (tCO2e/Million revenue)
Metric value in the reporting year	174.31
Portfolio coverage	50.04
Percentage calculated using data obtained from clients/investees	0
Calculation methodology	DWS reports the weighted average carbon intensity (WACI) metric because this intensity metric seeks to measure the rate of emissions of the assets we invest in, relative to the revenues they generate, rather than depending on the absolute size of our total AuM which influences the absolute emissions metric reported above.

The WACI emissions data is sourced from internal systems and databases which source emissions data amongst others from MSCI and other third-party ESG data providers. The liquid portfolios and positions considered within the calculation are sourced from DWS internal front-office and back-office systems and are partially also relying on information sourced from external vendors. The positions and instruments considered within the calculation may further be subject to limitations with regards to system accessibility or data availability and are further relying on aggregation procedures between the different systems involved.

On the basis of the above process, the WACI figures disclosed relate to our corporate bonds and listed equities holdings in managed portfolios. The financed emissions are computed according to the TCFD-recognized carbon intensity metric based on the volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons CO2e/\$M revenue. The reported emissions are calculated by dividing tons of CO2e by revenues in USD. The reported Portfolio Coverage is 50.04%, which is EUR 411.0bn of liquid assets for which WACI is calculated as a proportion of the EUR821.5bn of total DWS AuM as of YE 2022. We are not including the emissions from our direct real estate assets into this WACI metric calculation. The nature of these real estate investments makes the WACI metric less suitable for them.

DWS also aims to track the Scope 3 emissions data of investee companies. On the basis of available information, the Scope 1, 2, and 3 emissions WACI across our managed portfolio of corporate bonds and listed equities is 944.24 tCO2e/\$M revenue.

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world
Investing (Asset manager)	Yes	<p>Product launches: A component of our climate transition strategy is to shift the mix of investment products we offer our clients towards more sustainable options. This includes products that invest in low-carbon intensity companies, companies with high but rapidly falling carbon intensity, and companies that facilitate the green transition with their tools and technology. Examples include seven dedicated Net Zero Pathway, Paris aligned Xtrackers ETFs we launched in 2022, Examples: Xtrackers World Net Zero Pathway Paris Aligned UCITS ETF + Xtrackers EMU Net Zero Pathway Paris Aligned UCITS ETF, both launched in Feb22.</p> <p>Engagement: DWS conducted 175 engagements with investee companies / high emitting companies on the topic of net zero in FY22. Details on the respective engagements are disclosed in the "DWS Active Ownership: Engagement & Proxy Voting Report 2022".</p> <p>Coal Policy (in development since 2022, published in April 2023): In line with our commitment to drive towards net zero emissions in our portfolios well before 2050, DWS published a new policy governing our investments in thermal coal related activities – the DWS Coal Policy in April 2023. In this Coal Policy, "coal" refers to unabated thermal coal, i.e. coal used to generate electricity and for heating, but does not cover metallurgical coal or coking coal used primarily for steel-making purposes.</p>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world
Investing (Asset manager)	Yes, for all

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.

Imprint

DWS Group GmbH & Co. KGaA
Mainzer Landstrasse 11-17 | 60329 Frankfurt am Main | Germany
Telephone: +49 (69) 910-12371 | info@dws.com

Investor Relations
+49 (69) 910 14700 | Investor.relations@dws.com

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