

DWS CEO resignation 'raises questions over future of firm'

By [Amie Keeley](#), [Dom Lawson](#) 6 June 2022

The resignation of DWS chief executive officer Asoka Wöhrmann following a police raid on the firm's offices last week raises questions over its future as an independent asset manager, according to an analyst.

Mr Wöhrmann [handed](#) in his notice after 50 representatives of Frankfurt's public prosecutor office, Germany's Federal Criminal Police Office and financial regulator BaFin [raided](#) the offices of DWS and its parent lender Deutsche Bank over greenwashing allegations.

The firm has been engulfed in a greenwashing scandal since last year, when its former sustainability chief claimed it had overstated its responsible investment credentials, prompting two separate investigations by the German and US financial regulators.

Mr Wöhrmann will step down on June 10 after the firm's annual general meeting. He will be replaced by Stefan Hoops, head of Deutsche Bank's corporate bank.

Haley Tam, an analyst at Credit Suisse, says Mr Wöhrmann "successfully implemented reform and turnaround" at DWS, adding that his departure is a "disappointment".

However, she adds: "We see the change of leadership heralding a period of uncertainty for DWS's strategy – and could even raise questions over its future as an independent asset management company."

Mr Wöhrmann said he took the decision to step down because the allegations had "become a burden for the company, as well as for my family and me".

The Frankfurt public prosecutor said last week that its raid was prompted by "reports in the international and national media" that DWS had sold "green financial products" as "greener or more sustainable than they actually were".

The authority said that, following examination, there is "sufficient factual evidence [...] that, contrary to the statements made in the sales prospectuses of DWS funds, [environmental, social and governance] factors [...] were not taken into account at all in a large number of investments".

Michael Klimek, managing partner at Dolphinvest, an asset management consultancy, says recent developments will cause "massive reputational damage" to the firm.

He says the asset manager has a "long history" of CEOs stepping down or leaving after relatively short spells in the role.

Tariq Fancy, former chief investment officer of sustainable investment at BlackRock, adds: "Obviously this is a huge blow to [DWS's] brand. I think the Volkswagen scandal lowered the public's trust in German businesses when it comes to sustainability; this comes not so long after and is a similar embarrassment that is playing out once again on a global stage."

Jonathan Doolan, managing partner at Indefi, an asset management consultancy, says the recent events at DWS are the first time greenwashing has shown its "teeth" and warns of wider ramifications for the industry as a result.

"It's interesting to see regulators taking such action. I think for the industry, one of the challenges is that it's going to be more difficult for asset managers to build sustainable capabilities that can be brought across geographies."

He says European regulation, such as the Sustainable Finance Disclosure Regulation, has shown that different countries define ESG factors differently.

"I think it begs the question about whether regulators are creating a framework that is too restrictive for asset managers to operate effectively. It's really difficult to serve all these difficult masters. Asset managers have to serve regulators, clients, portfolio managers and potentially their parent company."

News of DWS's office raid prompted a reaction from Tesla chief Elon Musk, who has criticised ESG in the past. He wrote on the social media site: "I have yet to see an ESG list that *isn't* fraudulent."

The volume of sustainable investment vehicles has ballooned in recent years but it has also prompted fears that some firms are overstating their credentials in the rush to attract client money.

HSBC Global Asset Management's sustainable funds are set to come under investor [review](#), amid mounting questions about the group's commitment to a net-zero future despite numerous pledges.

It follows controversial remarks made by the firm's global head of responsible investment, Stuart Kirk, who said climate risk was "irrelevant" for most of HSBC's loan book and that while he believed in a "just transition", humans would adapt to climate change.

He also criticised central bankers for their relentless focus on climate risk.