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DWS ESG Convertibles

This financial product promotes environmental and social characteristics and qualifies as product in accordance with Article 8(1) of Regulation (EU) 2019/2088.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The fund commits to partially invest in sustainable investments. To ensure those sustainable investments do not cause significant harm to any environmental or social sustainable investment objective following processes are implemented:

DNSH Assessment

The sustainable investments that are made for this fund are assessed to determine that they do not cause significant harm to an environmental or social sustainable investment objective. To this end, the indicators for the principal adverse impacts on sustainability factors (by relevance) described below are considered. Where significant harm is identified, the investment cannot be classed as sustainable.

Integration of adverse impacts on sustainability factors

With the Sustainability Investment Assessment, the mandatory PAI indicators (by relevance) from Table 1 and the relevant indicators from Tables 2 and 3 in Annex I of the Commission Delegated Regulation (EU) 2022/1288 supplementing the Disclosure Regulation are systematically integrated. Taking these principal adverse impacts into account, the Company has set quantitative thresholds and/or defined qualitative values to determine whether environmental or social sustainable investment objectives are significantly harmed. These values are defined based on various external and internal factors, such as data availability or market trends, and may be adjusted over time.

Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Sustainable investments' compliance with, for example, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is evaluated using the Assessment of norm controversies (described in more detail below). Companies with the lowest score ("F") in norm controversies are excluded as an investment.

Environmental or social characteristics of the financial product

Through this fund, the Company promotes environmental and social characteristics in that it generally considers ESG criteria, for example, by excluding investments in companies with the lowest score with respect to norm-related controversies with regard to international standards, issuers with the lowest score for ESG aspects in comparison with their peer group and/or investments in companies whose activities in controversial sectors generate more than a specific revenue threshold.

In addition, through this fund the Company promotes a minimum proportion of sustainable investments as defined in article 2 (17) of Regulation (EU) on sustainability-related disclosures in the financial services sector (SFDR).

For this fund, the Company has not designated a reference benchmark for the attainment of the promoted environmental and social characteristics.

Investment strategy

This fund follows a strategy based on multiple asset classes.

Further details of the investment strategy can be found in the special section of the sales prospectus and the Special Terms and Conditions of Investment.

At least 80% of the fund's assets are invested in assets that comply with the promoted environmental and social characteristics and/or the criteria for sustainable investments described in the following sections. The portfolio's compliance with the binding elements of the investment strategy for the attainment of the promoted environmental and social characteristics and compliance with the PAB exclusions is continually examined within the framework of the monitoring of the investment guidelines of the fund.

ESG assessment methodology

The Company seeks to attain the promoted environmental and social characteristics for the fund by assessing potential investments with a proprietary ESG assessment methodology irrespective of their economic prospects of success and by applying exclusion criteria based on this assessment.

The ESG assessment methodology uses a proprietary data processing program that uses the data from one or multiple ESG data providers, public sources and/or internal assessments to derive combined scores. The methodology for determining these combined scores may be based on various approaches. For example, a particular data provider may be prioritized.

Alternatively, the assessment may be based on the lowest value (“worst-of” principle) or on an average approach. The internal assessments may take into account factors such as an issuer’s expected future ESG development, the plausibility of the data with respect to past or future events, the willingness to engage in dialogue on ESG matters and/or a company’s ESG-related decisions. In addition, internal ESG assessments for investee companies may consider the relevance of the exclusion criteria for the company’s specific market sector.

The data processing program uses, for example, the following assessment categories to evaluate compliance with the promoted ESG characteristics and to determine whether the investee companies follow good governance practices. The assessment categories include, for example, the use of exclusions on the basis of the revenue earned from controversial sectors or on the basis of the exposure to these controversial sectors. With some assessment categories, issuers receive one of six possible scores, with “A” being the highest score and “F” being the lowest score on the scale. If one of the assessment categories results in the exclusion of an issuer, the Company may not invest in this issuer.

Depending on the investment universe, the portfolio composition and the positioning in certain sectors, the assessment categories described below may be more or less relevant; this is reflected in the number of actually excluded issuers.

PAB exclusions

The Company applies PAB exclusions as per the applicable statutory provisions and excludes the following companies:

- a. Companies with an exposure to controversial weapons (production or sale of anti-personnel mines, cluster munitions, chemical weapons and biological weapons) that are assessed as part of the “Exclusion Assessment for controversial weapons”, as described below;
- b. Companies involved in the cultivation and production of tobacco;
- c. Companies that violate the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises (assessed as part of the “assessment of norm controversies”, as described below);
- d. Companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- e. Companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- f. Companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- g. Companies that derive 50% or more of their revenues from power generation with a GHG intensity of more than 100g CO₂e/kWh.

In particular, the PAB exclusions are not applied to bank balances or to certain derivatives. The scope of the application of the PAB exclusions at use-of-proceeds bonds level is described below in the “Assessment of use-of-proceeds bonds” section.

Exclusion Assessment for controversial sectors

Companies that are active in particular branches of industry and are exposed to business activities in controversial areas (“controversial sectors”) are excluded as follows, depending on the proportion of total revenues that the companies generate in controversial sectors:

- a. Production of products and/or services provided in the armaments industry: 5% or more
- b. Production and/or sale of civil handguns or munition: 5% or more
- c. Production of products and/or services provided in the gambling industry: 5% or more
- d. Production of adult entertainment: 5% or more
- e. Production of palm oil: 5% or more
- f. Nuclear power generation and/or uranium mining and/or uranium enrichment: 5% or more
- g. Unconventional extraction of crude oil and/or natural gas (including oil sand, oil shale/shale gas, Arctic drilling): more than 0%
- h. Companies that generate 25% or more of their revenues from the mining of thermal coal and from coal-based power generation as well as companies with thermal coal expansion plans, such as additional coal generation, production or use. Companies with thermal coal expansion plans are excluded based on an internal identification methodology.

Companies that are exposed to the production or distribution of nuclear weapons or key components of nuclear weapons are also excluded. The exposures within a Group structure may be taken into account.

Assessment of norm controversies

The assessment of norm controversies involves evaluating the behavior of companies with regard to generally accepted international standards and principles for responsible business practices, including in relation to the principles of the United Nations Global Compact, the UN Guiding Principles for Business and Human Rights, the standards of the International Labour Organization, and the OECD Guidelines for Multinational Enterprises. Among other things, these standards and principles address human rights violations, workers’ rights violations, child or forced labor, negative environmental impacts, and ethical business conduct. The assessment of norm controversies evaluates reported infringements of the international standards mentioned above. Companies with the lowest score (“F”) in norm controversies are excluded as an investment.

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ESG Quality Assessment

The ESG Quality Assessment distinguishes between corporate and sovereign issuers.

For corporate issuers, the ESG Quality Assessment facilitates an assessment relative to their peer group based on an overall ESG assessment, for example concerning the handling of environmental changes, product safety, employee management or corporate ethics. The peer group for companies is made up of companies from the same branch of industry. Companies rated higher in this peer group comparison receive a higher score, while companies rated lower in the comparison receive a lower score. Companies with the lowest score of “F” are excluded as an investment.

With sovereign issuers, the ESG Quality Assessment provides an assessment relative to their peer group under consideration of environmental and social criteria as well as indicators of good sovereign governance. This includes, for example, the political system, the existence of institutions and the rule of law. Sovereign issuers with the lowest score of “F” are excluded as an investment.

Freedom House Status

Freedom House is an international non-governmental organization that classifies countries by their degree of political freedoms and civil liberties. Based on the Freedom House Status, countries rated as “not free” are excluded as an investment.

Exclusion Assessment for controversial weapons

Companies are excluded if they are identified as being exposed to the production or distribution of controversial weapons or key components of controversial weapons or to other related business activities (anti-personnel mines, cluster munition, chemical and biological weapons, blinding laser weapons, weapons with non-detectable fragments, depleted uranium weapons/munition and/or incendiary weapons with white phosphorus). The exposures within a Group structure may also be taken into account for the exclusions.

Assessment of use-of-proceeds bonds

This assessment is specially designed for this type of financial instrument and an investment in use-of-proceeds bonds is only permitted if the following criteria are complied with. Firstly, all use-of-proceeds bonds are checked for compliance with the Climate Bonds Standards, similar industry standards for green bonds, social bonds or sustainability bonds (such as the ICMA Principles) or the EU standard for green bonds, or for whether the bonds have undergone an independent audit.

Secondly, provided that this is relevant and enough data is available, certain exclusion criteria (including the applicable PAB exclusions) are applied at bond level and/or in relation to the issuer of the bonds, which may result in the bond being excluded as an investment.

In particular, investments in use-of-proceeds bonds are prohibited based on the following issuer criteria:

- a. Companies that are referred to under a) to c) of the PAB exclusions;
- b. Companies with identified thermal coal expansion plans, as explained above;
- c. Companies that derive more than 0% of their revenues from the unconventional extraction of crude oil and/or natural gas (including oil sand, oil shale/shale gas, Arctic drilling);
- d. Companies that derive 5% or more of their revenues from nuclear power generation and/or uranium mining and/or uranium enrichment;
- e. Sovereign issuers classed as “not free” by Freedom House.

If not enough data is available for the assessment of the PAB exclusions at the level of the use-of-proceeds bonds, the issuer is also assessed on the basis of d) to g) of the PAB exclusions described above, which may result in the exclusion of the use-of-proceeds bonds.

Assessment of investment fund units (target fund)

Investment in investment fund units (target fund) is permitted if they are aligned with the PAB exclusions (starting on May 21, 2025) and, if applicable, with the Freedom House rating. The assessment of investment fund units is based on information about the target funds that is obtained from external data sources, or it is carried out under consideration of the investments in the target portfolio. In view of the variety of data providers and methods and the regular rebalancing of the target fund portfolio, this fund may have an indirect position in certain assets that would be excluded from direct investment.

Sustainability Investment Assessment

In addition, the Company measures the contribution to one or multiple UN SDGs and/or other environmentally sustainable objectives in order to determine the proportion of sustainable investments. This is carried out via the proprietary Sustainability Investment Assessment, with which potential investments are assessed on the basis of various criteria regarding whether an investment can be classed as sustainable, as described in more detail in the section entitled “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”. (Pre-contractual disclosure according to Annex II of the Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation.)

Policy to assess Good Governance

The assessment of good governance practices of the investee companies (including assessments with respect to sound management structures, employee relations, remuneration of staff and tax compliance) is a component of the assessment of norm controversies that evaluates whether the behavior of a company complies with generally accepted international standards and principles for responsible business practices. More information is provided in the section entitled “What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”. Companies with the lowest score (“F”) in norm controversies are excluded as an investment.

(Pre-contractual disclosure according to Annex II of the Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation.)

Proportion of investments

This fund invests at least 80% of its net assets in investments that are aligned with the promoted environmental and social characteristics. Within this category, at least 15% of the fund’s assets qualify as sustainable investments in the sense of article 2(17) SFDR. Up to 20% of the fund’s net assets may be invested in all permissible assets for which either the DWS ESG assessment methodology is not applied or for which ESG data coverage is incomplete. A more detailed description of the specific asset allocation of this fund can be found in the Special Section of the Sales Prospectus.

Derivatives are not used to attain the environmental and social characteristics promoted by the fund.

Monitoring of environmental or social characteristics

For the purpose of the investment guideline monitoring, a coding process is established in which the investment policy as described in the prospectus and the investment limits contained therein are coded in accordance into the investment management system. This applies in particular to the respective ESG investment limits. The investment limits are monitored daily pre- and post-trade in the investment management system to ensure compliance with the investment guidelines. In pre-trade monitoring, it is ensured that the investment limits are complied with before trading. However, if a breach has been detected, the breach will be investigated for its cause and scope, addressed and corrected in accordance with legal/regulatory requirements and guidelines.

Methodologies

Attainment of the promoted environmental and social characteristics as well as the sustainability of the investments is assessed by applying an internal ESG assessment methodology and ESG-specific exclusion threshold values as described in more detail in the section entitled “What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”. With this methodology, various assessment categories are used as sustainability indicators:

- The **Assessment of norm controversies** serves as an indicator for the extent to which norm-related controversies with respect to international standards arise at a company.
- The **ESG Quality Assessment** serves as an indicator for comparing the environmental, social and governance aspects of an issuer with its peer group.
- The **Freedom House Status** serves as an indicator for the political rights and civil liberties of a country.
- The **Exclusion Assessment for controversial sectors** serves as an indicator for determining the extent of a company’s involvement in controversial sectors.
- **Exclusions as per the EU Paris-aligned Benchmarks** in accordance with article 12 (1) of the Commission Delegated Regulation (EU) 2020/1818 (“PAB exclusions”).
- The **Sustainability Investment Assessment** serves as an indicator for measuring the proportion of sustainable investments as defined in article 2 (17) SFDR.

Data sources and processing

DWS employs an in-house developed software solution, the DWS ESG Engine. This tool standardizes and aggregates data across various sources to derive ESG assessments, which then are used by the DWS investment professionals to take into account relevant sustainability criteria. DWS sources sustainability information from commercial data vendors which may include, for example: Information concerning involvement in controversial sectors from ISS-ESG, MSCI ESG, S&P TruCost; concerning norm violations and controversy issues from ISS-ESG, MSCI ESG, Morningstar Sustainalytics; concerning general ESG quality of corporates, sovereigns and/or funds from ISS-ESG, MSCI ESG, Morningstar Sustainalytics; concerning specific carbon and water data from ISS-ESG, MSCI ESG, S&P TruCost, ESG Book; concerning specific data on sustainable investments (Art.2 (17)) from ISS-ESG, MSCI ESG; and/or DWS internal research where relevant or as part of the respective methodology. Furthermore, information from non-commercial sources may be sourced most notably from Urgewald, Freedom House and Science Based Targets initiative (SBTi). Each of the commercial data vendors established upstream controls to ensure quality of their processes and of the data that is being provided. In addition, DWS has set up different quality control processes for inbound ESG data and ESG assessments derived by the DWS ESG Engine. This concerns checks on availability and integrity of the data as well as scrutiny towards cases where significant assessment changes are observed compared to previous periods. The ESG assessments are quality controlled and/or validated by responsible teams and/or councils. Based on current understanding of the regulatory guidelines on estimates, DWS classifies all data that is not publicly reported by investee companies under (regulatory) reporting requirements as estimated data (including data received from data vendors if they do not disclose their coverage of estimated data). Therefore, up to 100% of the data used may be reported as estimated data.

Limitations to methodologies and data

DWS ESG assessments are based on external vendor data and/or DWS internal assessments and research. In both cases, potential expert-based subjectivity weighs in. The prevalence of potential subjectivity constitutes a limitation if not properly mitigated. DWS mitigates this potential challenge by selecting the methodology deemed most reasonable for the relevant DWS ESG assessment under consideration, e.g. by seeking for cross vendor consensus in order to avoid bias or by applying a worst off assessment approach in order to gather different facets deemed relevant by different ESG providers regarding the same topic. ESG assessments based on DWS internal research follow at least a four-eye principle approach and are regularly reviewed by the relevant DWS ESG council. Further data limitations, including limited data coverage for certain asset classes and investments, outdated data and structural data update issues, may apply. These data limitations and how these are mitigated are further described in the procedure document on ESG methods, data sources and processing (please see the link to the document above).

Due Diligence

The due diligence carried out on the underlying assets of a financial product is governed by relevant internal policies, key operating documents and handbooks. The due diligence is based on the availability of ESG data which the fund management sources from external ESG data vendors. In addition to the external quality assurance by the vendors, the fund management has processes and governance bodies in place that control the quality of the ESG signals.

Engagement policies

An engagement activity can be initiated with the individual issuers regarding matters such as strategy, financial and non-financial performance, risk, capital structure, social and environmental impact as well as corporate governance including topics like disclosure, culture and remuneration. The engagement activity can be exercised by company meetings.

Designated reference benchmark

For this fund, the Company has not defined a reference benchmark for establishing whether it is aligned with the environmental and social characteristics it promotes.

Version history according to Art. 12 of Regulation (EU) 2019/2088

Date	Explanation of changes
25 April 2025	Changes related to ESMA-Guidelines on funds' names using ESG or sustainability-related terms
15 September 2023	Change of the ESG assessment methodology and introduction of additional exclusions. Change of principal adverse impacts on sustainability factors (so-called PAI's) as part of its investment decisions.