STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT ADVICE ON SUSTAINABILITY FACTORS

DWS Investment GmbH

A / Introduction and summary

On 10 March 2021, the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector (Disclosure Regulation) entered into force. This regulation aims to support sustainable investments by requiring Financial Market Participants and Financial Advisers to disclose information regarding their approaches to integrate sustainability risks and principal adverse sustainability impacts when making investment decisions (in the case of a financial market participant) or when providing investment advice (in the case of a financial advisor) to investors and clients.

Sustainability or ESG factors ("ESG Factors") as defined in the Disclosure Regulation mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse sustainability impacts mean negative effects of investments on ESG Factors. The regulatory technical standards (RTS) of the Disclosure Regulation entered into force on January 1, 2023 in the form of the Delegated Regulation (EU) 2022/1288 of April 6, 2022. These RTS set out detailed requirements for the content, methods, and presentation of principal adverse impacts (PAIs) on sustainability factors. Financial advisors are required to provide information about the process they use in selecting the financial products on which they advise. This includes information on (i) how they use the information published by financial market participants in accordance with the Disclosure Regulation, (ii) whether, when selecting financial products for their advisory universe, they rank and select products based on information on principal adverse impacts that financial market participants publish in accordance with the Disclosure Regulation, and (iii) provide information on any criteria or thresholds based on the principal adverse impacts listed in Annex I of the RTS, used when selecting financial products or providing advice on these products (Article 11 of Delegated Regulation (EU) 2022/1288).

With this statement, DWS Investment GmbH (LEI code 549300K0BHJ9BX9J8J87) ("**DWS**") – a member of DWS Group[1] – wishes to disclose its approach on the consideration of principal adverse impacts on ESG Factors when providing investment advice.

This principal adverse impact statement covers the following investment advisory services of DWS provided to professional institutional clients only:

- **Classic ongoing investment advice mandates:** DWS provides ongoing investment advice in accordance with an advisory agreement concluded with the relevant client. The investment advisory universe of DWS for classic ongoing investment advice includes a broad range of financial instruments, e.g., shares, bonds, structured securities as well as UCITS and AIFs.

As investment adviser, DWS is obliged to assess suitability to enable DWS to act in the client's best interest. The assessment of suitability encompasses collecting information about a client and the subsequent assessment of the suitability of a given financial instrument for that client. The range of financial instruments generally included in DWS's investment advisory universe may be further specified and individually agreed with the relevant client. DWS encourages clients to take into account ESG Factors when agreeing on the relevant investment advisory universe. Principal adverse impacts on ESG Factors are an additional factor in the process of agreeing on an individual advisory universe which meets the investment objectives of the client in question.

[1] DWS Group means DWS Group GmbH & Co. KGaA and its subsidiaries consisting of any companies of which DWS Group GmbH & Co. KGaA is the direct or indirect parent company with majority participations (equity or voting capital share of more than 50 %), including branches and representative offices.

B / Description of selection process for investment advisory universe

Classic ongoing investment advice mandates

DWS encourages clients to take into account ESG Factors when agreeing on the relevant investment advisory universe. In agreement with the client, DWS considers the principal adverse impacts on ESG Factors in the selection process for financial instruments to be included in the investment advisory universe.

This selection process is based on a specific tool ("ESG Engine") which contains data on principal adverse impacts on ESG Factors. In the ESG Engine ESG data from external data providers as well as proprietary research results of DWS Group on sovereign, quasi-sovereign, corporate issuers, and investment funds is incorporated.

The methodology of the ESG Engine consists of an assignment of one out of six possible proprietary scores to issuers. Available ESG data include for instance:

- exposure to fossil fuels[2] and estimate on possible asset stranding risks;
- carbon emissions: the ESG Engine calculates portfolio carbon footprint data, measured in volume and in carbon intensity;
- further data on greenhouse gas emissions, energy performance, biodiversity, water, and waste,
- data on social and employee matters, human rights, anti-corruption, and anti-bribery;
- information on whether an issuer is involved in the development, manufacturing, procurement, distribution, and use of several types of controversial conventional weapon (CCW) systems or components; and
- data on human rights including information on the existence of a human rights policy, appropriate due diligence, on measures to prevent human trafficking or to identify severe human rights issues and incidents.

The ESG data also encompasses an assessment of scope, severity, probability of occurrence and potentially irremediable character of adverse impacts on ESG Factors.

Beyond that, DWS does not rank financial products using the principal adverse impact indicators on sustainability factors listed in the Disclosure Regulation or other indicators, or makes a selection based on this information. DWS also does not apply any other criteria or thresholds for principal adverse impacts under the Disclosure Regulation when determining the advisory universe or when advising on financial products.

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2 Industries that derive revenues from the exploration, mining, extraction, distribution or refining of hard, liquid or gaseous fuels (i.e. coal, oil, natural gas).