STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT ADVICE ON SUSTAINABILITY FACTORS

DWS Investment GmbH

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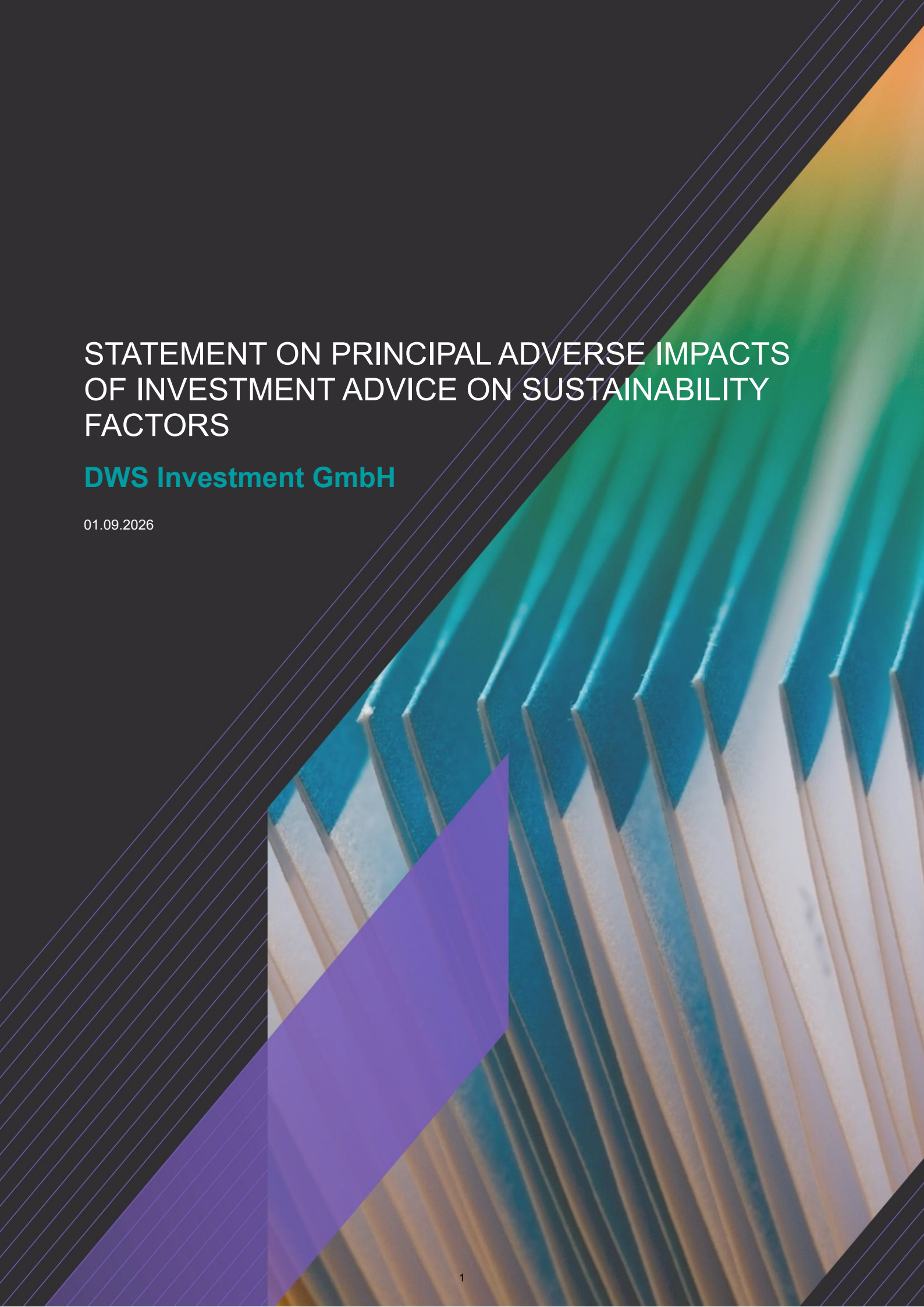

A / Introduction and summary

Sustainability factors are defined in the Disclosure Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("Disclosure Regulation") as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impacts mean negative effects of investment advice on sustainability 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], discloses its approach on the consideration of principal adverse impacts on sustainability factors when providing investment advice.

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

- **Investment advice using model portfolios**: DWS provides ongoing investment advice based on so-called model portfolios consisting of UCITS, Exchange Traded Funds (ETFs) and Exchange Traded Commodities (ETCs).

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. Principal adverse impacts on sustainability 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

1. Investment advice mandates using model portfolios

Where relevant to the institutional client's sustainability preferences, available PAI information may form an additional input when agreeing the individual advisory universe. DWS does not rank products using principle adverse impacts on sustainability factors or apply separate PAI thresholds.

For covered investment-advice mandates, the selection process is supported by proprietary software tool, the DWS ESG Engine. It is a multi-source ESG data aggregation, structuring and processing device, which supports an ESG analysis based on the ESG inputs from several ESG data providers, public sources and/or DWS internal assessment. The ESG Engine provides ESG data for covered sovereign, quasi-sovereign, and corporate issuers, and investment funds, including available data on principal adverse impacts on sustainability factors. Coverage may vary by issuer, fund and indicator.

The ESG Engine is used, amongst other, for the following ESG dimensions:

- exposure to certain fossil fuel related activities[2]
- emissions-related data used for specific carbon emission, greenhouse gas intensity and carbon footprint indicators;
- behaviour of companies in relation to generally accepted international standards and principles of responsible business conduct within, amongst others, the framework of the principles of the United Nations Global Compact, the United Nations Guiding Principles, the standards of the International Labour Organization and the OECD Guidelines for Multinational Enterprises;
- involvement in the manufacturing or selling of controversial weapons or key components of controversial weapons or other related specific activities.

Furthermore, the ESG Engine is used in the selection process to narrow down the investment universe for mandates utilizing model portfolios consisting of UCITs, ETFs and ETCs. To that end, specified fund-level information, including the fund's SFDR disclosure where applicable, may be used to restrict the advisory universe in accordance with the relevant client mandate. Where agreed with the institutional client, specified ESG screening criteria may be applied to restrict the advisory universe. The applicable criteria are determined in the relevant client arrangement.

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.

[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).