



15 September 2023

# Publication pursuant to SFDR - Details

## DWS ESG Akkumula

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 Do No Significant Harm (DNSH) assessment is an integral part of the DWS Sustainability Investment Assessment and assesses whether an issuer that contributes to a UN SDG significantly harms one or more of these goals. Where significant harm is identified, the issuer does not pass the DNSH assessment and the investment can therefore not be deemed sustainable.

#### Integration of adverse impacts on sustainability factors

As part of the Sustainability Investment Assessment, a DNSH assessment shall systematically integrate the mandatory indicators for the principal adverse impacts on sustainability factors from Table 1 (by relevance) and relevant indicators from Tables 2 and 3 in Annex I of the Commission Delegated Regulation (EU) 2022/1288 supplementing the Disclosure Regulation. Taking these adverse impacts into account, the Company has set quantitative thresholds and/or defined qualitative values to determine whether an issuer significantly harms the environmental or social objectives. These values are defined based on various external and internal factors, such as data availability, policy objectives 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

As part of the Sustainability Investment Assessment, the Company also assesses on the basis of the Norm Assessment the extent to which an enterprise meets international standards. This entails tests of compliance with international standards such as the OECD Guidelines for multinational enterprises, the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact and the standards of the International Labour Organisation. Companies with the lowest Norm Assessment (i.e., a letter score of "F") do not qualify as sustainable and are excluded as an investment.

### Environmental or social characteristics of the financial product

Through this fund, the Company promotes environmental and social characteristics in the areas of climate action, social norms and governance, as well as the general ESG quality, by taking into account the following exclusion criteria:

- (1) Climate and transition risks;
- (2) Norm issues with respect to compliance with international norms for governance, human rights, labor rights, customer safety, environmental safety and business ethics;
- (3) Companies with very serious, unresolved controversies related to the principles of the United Nations Global Compact (UN Global Compact) are excluded;
- (4) In the area of ESG quality, issuers with the worst ratings of their peer group in terms of environmental, social and governance factors are excluded;
- (5) Countries rated as "not free" by Freedom House;
- (6) Controversial sectors for companies that exceed a predefined revenue limit;
- (7) Controversial weapons.

Through this fund, the Company also promotes a minimum proportion of sustainable investments that make a positive contribution to one or more United Nations Sustainable Development Goals (UN SDGs).

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

### Investment strategy

This fund follows an equity strategy.

The fund's assets are primarily invested in assets that fulfill the defined standards for the promoted environmental or social characteristics, as set out in the following sections. The strategy of the fund in relation to the promoted environmental or social characteristics is an integral part of the proprietary ESG assessment methodology and is continuously monitored through the investment guidelines of the fund.

Please refer to the special section of the Sales Prospectus and the Special Terms and Conditions of Investment for further details of the investment strategy.

### **ESG assessment methodology**

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

The ESG assessment methodology is based on the ESG database, which uses data from multiple ESG data providers, public sources and internal assessments. Internal assessments take into account factors such as an issuer's future expected ESG development, plausibility of the data with regard to past or future events, an issuer's willingness to engage in dialogue on ESG matters and an enterprise's ESG-specific decisions.

The ESG database derives "A" to "F" letter coded scores within different categories. Issuers each receive one of six possible scores (A to F), with "A" being the highest score and "F" being the lowest score on the scale. On the basis of other categories, the ESG database also provides exclusion criteria (complete exclusions or exclusions based on turnover thresholds).

The respective scores for the assets are considered individually. If an issuer in an assessment category has a score that is considered to be unsuitable in that assessment category, assets from this issuer cannot be acquired even if it has a score in another assessment category that would be suitable.

The ESG database uses, for example, the following categories to assess whether issuers/investments comply with ESG standards relating to the promoted environmental and social characteristics and whether companies that are invested in apply good governance practices:

#### **Climate and Transition Risk Assessment**

The Climate and Transition Risk Assessment evaluates the behavior of issuers in relation to climate change and environmental changes, e.g., with respect to greenhouse gas reduction and water conservation. Issuers that contribute less to climate change and other negative environmental changes or that are less exposed to such risks receive a better score.

Issuers that receive a letter score of F in the Climate and Transition Risk Assessment category are excluded.

#### **The Norm Assessment**

The Norm Assessment evaluates the behavior of companies, for example, within the framework of the principles of the UN Global Compact, the standards of the International Labour Organization, and behavior within generally accepted international standards and principles. The Norm Assessment examines, for example, human rights violations, violations of workers' rights, child or forced labor, adverse environmental impacts and business ethics. The assessment takes into account violations of the aforementioned international standards. These violations are assessed using data from ESG data providers and/or other available information, such as the expected future development of these violations as well as the willingness of the company to begin dialogue concerning relevant business decisions.

Companies that receive a letter score of F in the Norm Assessment category are excluded.

#### **The UN Global Compact assessment**

In addition to the Norm Assessment, companies that are directly involved in one or more very serious, unresolved controversies related to the principles of the United Nations Global Compact are excluded.

#### **The ESG Quality Assessment**

The ESG Quality Assessment distinguishes between corporate and sovereign issuers.

Issuers that are enterprises are compared on the basis of their ESG quality. When assessing issuers, the ESG Quality Assessment takes into account different ESG factors such as the handling of environmental changes, product safety, employee management or corporate ethics.

The ESG Quality Assessment adopts what is known as the "best-in-class" approach. In this, issuers receive an assessment relative to their peer group. The peer group is composed of issuers from the same sector of industry. Issuers rated better in the peer group comparison receive a better score, while issuers rated worse in the comparison receive a worse score.

For sovereign issuers, the ESG Quality Assessment assesses a state based on numerous ESG criteria. Indicators for environmental considerations are, for example, handling of climate change, natural resources and vulnerability to disasters; indicators for social factors include the attitude to child labor, equality and prevailing social conditions; and indicators for good governance are, for example, the political system, the existence of institutions and the rule of law. The ESG Quality Assessment also expressly considers the civil and democratic liberties of a country.

Companies and sovereign issuers that receive a letter score of F in the ESG Quality Assessment category are excluded.

#### **Freedom House status**

Freedom House is an international non-governmental organization that classifies countries by their degree of political freedoms and civil liberties. On the basis of the Freedom House status, countries rated as "not free" by Freedom House are excluded.

#### **The Exclusion Assessment for controversial sectors**

Companies that are involved in particular business areas and business activities in controversial areas ("controversial sectors") are excluded.

Companies are excluded as an investment based on the share of total revenues they generate in controversial sectors. The fund expressly excludes companies which generate revenues as follows:

- more than 5% from production of products and/or services provided in the armaments industry;
- more than 5% from production and/or sale of civil handguns or munition;
- more than 5% from production of tobacco products;
- more than 5% from production of products and/or services provided in the gambling industry;
- more than 5% from production of adult entertainment;
- more than 5% from production of palm oil;
- more than 5% from power generation through nuclear energy and/or uranium mining and/or uranium enrichment;
- more than 10% from crude oil;
- from unconventional extraction of oil and/or natural gas (including oil sand, oil shale/shale gas, Arctic drilling);
- more than 1% from coal mining;
- more than 10% from power generation from coal;
- more than 10% from power generation or other use of fossil fuels (excluding natural gas);
- more than 10% from coal and crude oil;
- more than 10% from mining, exploration and services for oil sand and oil shale.

Companies with coal expansion plans, such as additional coal mining, production or usage, are excluded based on an internal identification methodology.

The aforementioned coal-related exclusions only apply to thermal coal, i.e., coal that is used in power stations to generate power.

**Issuers that generate their revenues from activities related to power generation or other use of nuclear energy and natural gas as well as from the extraction of uranium or natural gas may be acquired for the investment fund as long as the aforementioned turnover thresholds are not exceeded.**

#### **The Exclusion Assessment for controversial weapons**

Companies that are identified as manufacturers – or manufacturers of key components – of anti-personnel mines, cluster munitions, chemical weapons, biological weapons, nuclear weapons, depleted uranium weapons or uranium munitions are excluded. In addition, the relative exposures within a Group structure can also be taken into consideration for the exclusions. Companies that are identified as manufacturers – or manufacturers of key components – of incendiary bombs containing white phosphorus are also excluded.

#### **Assessment of use-of-proceeds bonds**

In a departure from the above assessment categories, investment in bonds of excluded issuers is nevertheless permitted if the particular requirements for use-of-proceeds bonds are met. To begin with, the bonds are checked for compliance with the ICMA Green Bond Principles, Social Bond Principles or Sustainability Bond Guidelines. In addition, a defined minimum of ESG criteria is checked in relation to the issuer of the bond, and issuers and their bonds that do not meet these criteria are excluded.

Issuers are excluded based on the following criteria:

Companies and sovereign issuers with the lowest ESG Quality Assessment in the peer group comparison (i.e., a letter score of “F”);

- Sovereign issuers rated as “not free” by Freedom House;
- Companies with the lowest Norm Assessment (i.e., a letter score of “F”);
- Companies that are directly involved in one or more very serious, unresolved controversies related to the UN Global Compact;
- Companies with involvement in controversial weapons production; or
- Companies with identified coal expansion plans.

#### **Assessment of investment fund units**

Investment fund units are assessed taking into account the investments within the target funds in accordance with the ESG Quality Assessment, Climate and Transition Risk Assessment, Norm Assessment, UN Global Compact assessment, and the Freedom House status and with respect to the investments in companies that are identified as manufacturers – or manufacturers of key components – of anti-personnel mines, cluster munitions, chemical weapons and biological weapons (here, the relative exposures within a Group structure are taken into consideration).

The assessment methods for investment fund units are based on examining the entire portfolio of the target fund, taking into account the investments within the target fund portfolio. Depending on the respective assessment category, exclusion criteria (such as tolerance thresholds) that result in exclusion of the target fund are defined. Thus, target funds may invest in investments that are not compliant with the defined ESG standards for issuers.

#### **Sustainability Investment Assessment in accordance with article 2 (17) SFDR**

In addition, the Company measures the contribution to one or more UN SDGs to determine the proportion of sustainable investments. This is carried out via the 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?”.

#### **Assets not assessed in terms of ESG**

Not all of the fund’s investments are assessed using the ESG assessment methodology. This applies to the following assets in particular:

Bank balances are not assessed.

Derivatives are not used to attain the environmental and social characteristics promoted by the fund, which is why they are not taken into account in the calculation of the minimum proportion of assets that fulfill these characteristics. However, derivatives on individual issuers may be acquired for the fund if, and only if, the issuers of the underlyings meet the ESG standards and are not excluded in accordance with the ESG assessment categories described above.

(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**

Good governance is assessed with the Norm Assessment, 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?”. The assessed investee companies implement good governance practices accordingly.

(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 75% of its net assets in investments that are aligned with the promoted environmental and social characteristics. At least 15% of the sub-fund’s assets qualify as sustainable investments in the sense of article 2(17) SFDR. Up to 25% of the investments are not aligned with these environmental or social characteristics. 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 or 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**

A proprietary ESG assessment methodology is used to measure the attainment of the promoted environmental and social characteristics as well as the proportion of sustainable investments. The following sustainability indicators are used:

- **The Climate and Transition Risk Assessment** serves as an indicator for the extent to which an issuer is exposed to climate and transition risks.
- **The Norm Assessment** serves as an indicator for the extent to which norm issues constituting breaches of international standards arise at a company.
- **The UN Global Compact assessment** serves as an indicator for whether a company is directly involved in one or more very serious, unresolved controversies related to the United Nations Global Compact.

- **The ESG Quality Assessment** serves as an indicator for comparing the environmental, social and governance factors of an issuer with its peer group.
- **Freedom House status** serves as an indicator of a country's political freedoms and civil liberties.
- **The Exclusion Assessment for controversial sectors** serves as an indicator for determining the extent of a company's exposure to controversial sectors.
- **The Exclusion Assessment for controversial weapons** serves as an indicator for determining the extent of a company's exposure to controversial weapons.
- **The methodology for determining sustainable investments as defined in article 2 (17) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR)** is used as an indicator for measuring the proportion of sustainable investments (**Sustainability Investment Assessment**).

## Data sources and processing

DWS sources sustainability information from commercial data vendors: Information concerning involvement in 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 development goals (SDG), SFDR and EU taxonomy from ISS-ESG, MSCI ESG. Furthermore, information from non-commercial sources is considered, most notably from Urgewald, transition pathway initiative (TPI) and Science Based Targets (SBTI). There may be limited information on certain asset classes. Each of the commercial data vendors established upstream controls to ensure quality of their processes and of the data that is being provided to DWS. DWS as data users has set up processes to monitor the quality of the inbound data. This concerns checks on availability and integrity of the data as well as scrutiny towards cases where inbound data changes impact investment eligibility of assets under the sustainability criteria of the fund. Regular meetings with the ESG data providers are held to discuss issues and challenged cases when necessary. From the inbound data described above DWS derives ESG assessments, which then are used by the DWS investment professionals to make their investment recommendations or - decisions taking into account sustainability considerations. To that end, DWS employs an in-house developed software solution, the DWS ESG Engine. This tool standardizes and aggregates data across various sources. The resulting ESG assessments carry sustainability information concerning involvement in sectors; general ESG quality; specific water and carbon topics and concerning SDG, SFDR and EU taxonomy. DWS predominantly bases its ESG assessments on external vendor data in the aforementioned fully automated process. The ESG assessments may be corrected from internal control functions, in this case the information is sourced from the DWS research process. To that end, DWS itself does not estimate ESG data on their own. Where it concerns the EU taxonomy aligned assets, DWS utilizes a vendor package which offers non-estimated numbers. The ESG database is therefore based on data and figures as well as on internal assessments that take into account factors beyond the processed data and figures, such as an issuer's future expected ESG development, plausibility of the data with regard to past or future events, an issuer's willingness to engage in dialogues on ESG matters or corporate decisions.

## Limitations to methodologies and data

DWS bases its ESG assessments on external vendor data. The consumed data is of both quantitative (e.g. carbon intensities or share of sustainable activity) as well as qualitative nature (e.g. ESG assessments or assessment of possible violations of international norms). In both cases, the latter more than the former, potential expert-based subjectivity weighs in. Qualitative measures like general purpose ESG assessments may be subjective by construction; quantitative measures may originate from estimations or be based on certain assumption (e.g. determining the share of revenues from the share of produced energy). The prevalence of potential subjectivity constitutes a limitation if not properly mitigated. DWS mitigates this potential challenge by using multiple data vendors rather than only one in its ESG investment process. With this approach the potential subjectivity of each vendor is mitigated and turned into a diversity of information. Further, DWS has implemented automated plausibility checks. An additional layer of scrutiny is employed which may choose to adjust challenged assessments. Assessments may go beyond the processing of external vendor data and may reflect internal assessments based on e.g. recent developments, engagement potential and progress.

## Due Dilligence

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 founded on the availability of ESG data which the management company sources from external ESG data vendors. In addition to the external quality assurance by the vendors, the management company 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, for example, proxy voting, company meetings or engagement letters.

## Designated reference benchmark

An index has not been defined as a benchmark.





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

Date	Explanation of changes
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.
1 January 2023	Amendments to the structure, content and depth of detail according to the specifications of Art. 26 – 36 of the Comission Delegated Regulation (EU) 2022/1288