

DB ESG Balanced

This sub-fund promotes environmental and social characteristics and qualifies as product in accordance with article 8(1) of Regulation (EU) 2019/2088.

Summary

This document shall give investors among other things a concise overview about Environmental, Social and Corporate Governance (ESG) characteristics that the investment strategy is targeting, the functioning of the rating system and screening criteria for the underlying assets, as well as how the database is integrated in the investment guideline monitoring process.

Investment policy

The sub-fund invests variably in equities and interest-bearing securities issued by governments and companies. Convertible bonds, bond and money market funds, certificates and derivatives with interest-bearing securities as underlyings may be acquired, as well as securities similar to equities, equity funds and certificates and derivatives, whose underlyings are equities or hedge fund, commodity and commodity future indices, investments which are based on inflation trends, and currency transactions. Regions, sectors and currencies as well as commodity-related and alternative investments may be taken into account in various shares and investment focuses. When selecting investments, ESG aspects are taken into consideration.

The sub-fund does not have a reference benchmark.

Environmental or social characteristics of the financial product

The sub-fund's assets are predominantly invested in securities from issuers that comply with defined minimum standards in respect to environmental, social and corporate governance characteristics.

The ESG performance of an issuer is evaluated independently from financial success based on a variety of

characteristics. These characteristics include, for example, the following fields of interest:

Environment:

- Preservation of biodiversity
- Protection of natural resources
- Mitigation of climate change
- Avoidance of environmental pollution and waste

Social:

- General human rights;
- Ban on child labour and forced labour;
- Mandatory non-discrimination
- Careful management of human capital
- Support for social opportunity.

Corporate Governance:

- Corporate Principles in accordance with the International Corporate Governance Network;
- Global Compact Anti-Corruption Principles.

Additionally exclusion criteria for (i) controversial industries, (ii) participation in controversial weapons transactions or (iii) violations of internationally accepted standards are applied.

Methodologies used to assess, measure and monitor ESG characteristics

DWS commissioned Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Germany to advise the sub-fund. Investment advice includes the analysis and recommendation of suitable investment instruments that take sustainability risks into account.

The sub-fund's assets are mostly invested in securities of issuers and investment funds that possess an MSCI ESG rating and that meet defined minimum standards with regard to ESG criteria. To this end, the sub-fund manager evaluates potential investments using an MSCI ESG

rating with regard to various environmental, social and corporate governance-related characteristics.

MSCI determines the ESG ranking of sovereigns, regional authorities and issuers affiliated with sovereigns with a view to the ESG risk factors in the value chain of the relevant country. The focus here is on the stewardship of resources, the entitlement to basic services and performance. Natural, financial and human resources differ from country to country and therefore result in different starting points for the manufacture of productive goods and the provision of services.

Other factors, such as a government and justice system that is recognized and effective from an ESG perspective, a low level of susceptibility to environmental impacts or other external factors, and a supportive economic environment can also influence the use of these resources.

MSCI issues an ESG rating from AAA (highest score) to CCC (lowest score) to make ESG characteristics more understandable and measurable. As part of a positive screening approach, the sub-fund manager takes into account MSCI ESG ratings when selecting investment instruments for the portfolio. The sub-fund invests mainly in investment instruments that have been issued at least an MSCI ESG rating of BBB. In addition, investment instruments can be acquired that have no MSCI ESG rating.

The majority of the sub-fund's investments will meet the sub-fund's ESG criteria at the time of purchase. If sub-fund investments no longer meet the minimum standards for ESG criteria of the sub-fund, the sub-fund can continue to hold these investments until (from the perspective of the fund manager) it is possible and practical to liquidate the position, as long as the majority of the sub-fund meets the ESG criteria.

MSCI develops a fund ESG rating for target funds, calculated based on the weighted average of the individual ESG scores of the assets held in the fund – in accordance with the most recent holdings published by the fund – (with the exception of positions of cash and cash equivalents and certain derivatives) and rated by MSCI, including an adjustment to reflect the weighting of the assets held in the fund to which MSCI assigns a positive and a negative ESG trend/ momentum score and the weighting of the “ESG laggards” in the fund (assets with ESG ratings of B to CCC). The only funds taken into

account here are those with at least 65% of their assets invested in financial instruments for which an ESG rating is available. In addition, the information on fund holdings may not be older than one year. The fund ESG rating may change either due to changes in the ESG ratings of the securities held in the investment fund or as a result of a change in the composition of the analysed investment fund.

Integration of sustainability risks and potential impact on returns

The sub-fund management considers sustainability risks by way of ESG integration when making investment decisions. Additional information on the way in which sustainability risks are considered in investment decisions is provided in the general section of the Sales Prospectus.

Sustainability risks can lead to a significant deterioration in the financial profile, liquidity, profitability or reputation of the underlying investment. Unless the sustainability risks were already expected and taken into account in the valuations of the investments, they may have a significant negative impact on the expected/estimated market price and/or the liquidity of the investment and thus on the return of the sub-fund.

Data sources, processing and due diligence

Investments are rated using the rating methodology described above, which is based on external ESG data (MSCI ESG Research LLC.) as well as on own research results. In addition, publicly available information is taken into account.

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 dialogue can be exercised by, for

example, proxy voting, company meetings or engagement letters.

Limitations to methodologies and data

ESG signals used by the Investment Advisor originate from data sources that the Investment Advisor receives under licenses with the commercial third-party ESG data provider MSCI ESG Research LLC. The data sources used are lists drawn up by MSCI which contain issuers who meet the requirements of MSCI's sustainability analysis and meet the filter specifications of the investment advisor. In addition, various publicly accessible sources such as factsheets, sales prospectuses, etc. are used for the list drawn up by the investment advisor, which also contains investment funds.

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