

DWS Invest ESG USD Corporate Bonds

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 ESG database including its data sources 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 at least 80% of the fund's assets globally in credit bonds denominated in USD. Credit bonds refer to government related bonds (Agency, Local Authority, Supranationals and Sovereign) and corporate bonds (Industrial, Utility, Financial Institutions). When selecting investments, ESG aspects are taken into consideration.

The reference benchmark of this sub-fund is not consistent with the environmental and social characteristics promoted by this sub-fund. Information on the reference benchmark can be found on www.bloomberg.com.

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:

- Conservation of flora and fauna;
- Protection of natural resources, atmosphere and inshore waters;
- Limitation of land degradation and climate change;
- Avoidance of encroachment on ecosystems and loss of biodiversity.

Social:

- General human rights;
- Prohibition of child labour and forced labour;
- Imperative Non-discrimination;
- Workplace health and safety;
- Fair workplace and appropriate remuneration.

Corporate Governance:

- Corporate Governance Principles by the International Corporate Governance Network;
- Global Compact Anti-Corruption Principles.

Methodologies used to assess, measure and monitor ESG characteristics

The sub-fund management seeks to attain a variety of the environmental, social and corporate governance characteristics by assessing potential investments via proprietary ESG investment methodology. This methodology incorporates portfolio investment standards according to an ESG database, which uses data from multiple leading ESG data providers as well as internal and public sources to derive proprietary combined scores for various environmental, social and corporate governance characteristics.

These encompass assessments for (i) controversial sectors (which include coal, tobacco, defence industry, pornography, gambling and nuclear power), (ii) involvement in controversial weapons (nuclear weapons, depleted uranium, cluster munitions and anti-personnel mines) or (iii) violation of internationally accepted norms, but also allow for an active issuer selection based on

categories such as climate and transition risk, norm compliance or best-in-class ESG evaluations. The methodology assigns one of six possible proprietary scores to each possible issuer based on a letter scoring from A to F, whereby issuers with A and B scores are considered as leading in their categories and issuers with C scores are considered as within the upper midfield of their category. These letter scoring can originate from revenues generated from controversial sectors or the degree of involvement in controversial weapons, the degree of severity that an issuer may be involved in the violation of international norms, the assessment on climate and transition risk, which is based on for example carbon intensity or the risk of stranded assets, or from best-in-class ESG evaluations.

The sub-fund manager considers in its asset allocation the resulting scores from the ESG database.

Criteria	Involvement in "controversial" sectors	Involvement in controversial weapons	Norm compliance issues / controversies	DWS ESG Ratings "SynRatings"	DWS SDG Ratings	DWS Climate Transition Risk Rating
Measurement	Revenues from controversial sector ¹	Nuclear weapons, cluster munitions, anti-personnel mines etc.	Reconfirmed UN global compact ² issues	Cross vendor consensus assessment in peer group	Contributing to the UN Sustainable Development Goals	Risks and opportunities from the change towards a carbon-free or low-carbon economy
A	non-involvement	Confirmed non-involvement	Confirmed no issues	True leader in ESG (91-95 SynPoints)	True SDG contributor (91-95 SDG points)	True climate leader (91-95 points)
B	Minor involvement	Alleged	minor severity	ESG leader (75-87.5 SynPoints)	SDG contributor (75-87.5 SDG points)	Climate solution provider (75-87.5 points)
C	1% – 5%	Dual purpose	moderate severity	ESG upper midfield (60-75 SynPoints)	SDG upper midfield (60-75 SDG points)	Low transition risk (60-75 points)
D	5% – 10%	Owning ³ / Owned ³	serious severity	ESG lower midfield (45-60 SynPoints)	SDG lower midfield (45-60 SDG points)	Mod. transition risk (45-60 points)
E	10% – 25%	Component ⁴ producer	high severity	ESG laggard (30-45 SynPoints)	SDG obstructer (30-45 SDG points)	High transition risk (30-45 points)
F	≥ 25%	Weapon producer	highest severity (global compact violation) ⁵	True laggard in ESG (15-30 SynPoints)	Significant SDG obstructer (15-30 SDG points)	Excessive transition risk (15-30 points)
A	No involvement reported	No involvement reported	No issue reported	No ESG rating coverage	No SDG rating coverage	No climate rating coverage
X	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

Note: Boxes / Ratings in dark grey are usually avoided in ESG / SDG-focused investments. Light grey boxes are taken with scrutiny and usually accumulation limits apply. Custom solutions deviate (1) Revenue share thresholds as per standard scheme. Sub-Guarantee available. Thresholds can be individually set. (2) Owning more than 20% equity. (3) Being owned by more than 10% of company involved in grave II or IV. (4) Single purpose key component. (5) Includes ILO conventions. Can be tailored to include corporate governance issues. (6) An 'F' rating can be considered a reconfirmed violation of the United Nations Global Compact rule framework for corporate behavior. SynPoints are the 0 to 100 point score underlying the SynRating.

The sub-fund's investment in low scored issuers (scores D and E) is limited or excluded whereas issuers with the lowest scores (e.g. score F) are always excluded from the investable universe.

The sub-fund's investment strategy with its specific limitations regarding controversial sectors, controversial business practices and weapons etc. is coded in the investment guidelines and embedded in the monitoring process. If the scoring of an investment calculated by the ESG database changes, for example from E to F, the exposure to F-rated investments should be adjusted correspondingly as F-rated investments are categorical excluded from the universe.

Integration of sustainability risks and potential impact on returns

The sub-fund management integrates sustainability risks into their investment decisions by means of ESG

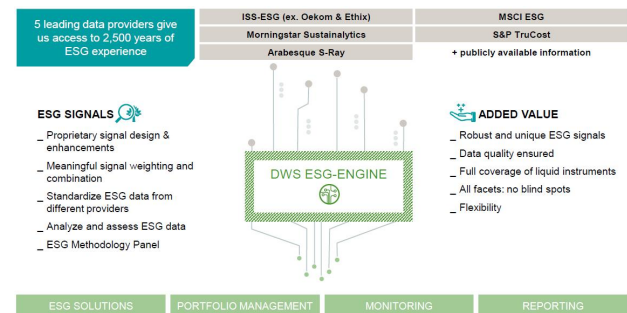
Integration. Further information on how sustainability risks are taken into account in the investment decisions can be found in the general section of the Sales Prospectus.

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

Our proprietary ESG database uses data from three generalist providers – MSCI ESG, ISS-ESG formerly known as Oekom/Ethics) and Morningstar Sustainability – and supplements these inputs with further information from two specialized providers: S&P TruCost (main focus on climate transition risk, water risk) and Arabesque S-Ray (various ESG metrics based on AI analysis).

Additionally publicly available information is taken into account.



The software of the ESG database translates the available data into a consistent evaluation process and applies the concept of concordant rank aggregation to derive a proprietary ESG Best-In-Class Ratings, the SynRatings. The ESG SynRatings seek to identify the true ESG leaders and ESG laggards by peer group, consistently assessed as such by the top ESG agencies in a 360 degree review.

Before implementing any new rules, overwriting vendor input in exceptional circumstances or doing enhancements to the algorithm, the ESG methodology panel (EMP) examines and approves the amendments to

the ESG database at first. This process is documented and externally audited.

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 that DWS uses in its investment management are sourced or derived from data that DWS receives pursuant to licenses with third-party commercial ESG data providers. Sources: ISS ESG, Morningstar Sustainalytics, S&P Trucost Limited, MSCI ESG Research Inc. and Arabesque S-Ray as well as information publicly available. These signals do not constitute investment advice or recommendations by such providers. All rights in the data and reports provided by third-party licensors vest in such licensors and/or their content providers. None of such licensors or their affiliates, or their content providers, accept any liability for any errors, omissions or interruptions in such data/reports as to completeness, accuracy or timeliness. No copying or further distribution of such data/reports is permitted without such third-party licensors' express written consent.