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Publication pursuant to SFDR - Details

DWS ESG Convertibles

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 DNSH assessment forms an integral part of determining whether an investment is a sustainable investment as defined in article 2 (17) of the Disclosure Regulation.

Integration of adverse impacts on sustainability factors

The DNSH assessment shall integrate all mandatory indicators for the principal adverse impacts from Table 1 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 investment 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

The safeguard assessment forms an integral part of determining whether an investment is a sustainable investment as defined in article 2 (17) of the Disclosure Regulation. When performing the safeguard assessment, the Company determines whether enterprises comply with the OECD Guidelines and the UN Guiding Principles.

Environmental or social characteristics of the financial product

Through this fund, the Company promotes environmental and social characteristics in the areas of climate protection, social norms and governance, as well as the general ESG quality, by applying an exclusion strategy 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) In the area of ESG quality, issuers are generally compared with their peer group and excluded if they receive a low score;
- (4) Controversial sectors and controversial activities;
- (5) 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).

Investment strategy

This fund follows a multi-asset strategy as the principal investment strategy. At least 51% of the net assets are invested in convertible debentures, warrant-linked bonds, warrants and convertible preference shares of reputable domestic and foreign issuers. Up to 20% of the net assets may be invested in equities, including convertible preference shares. Up to 49% of the fund's assets may be invested in money market instruments. Up to 25% of the fund's assets may be invested in bank balances. The fund may invest up to 10% in contingent convertibles.

Please refer to the special section of the Sales Prospectus for further details of the principal investment strategy.

The net assets shall be 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 ESG assessment methodology and is continuously monitored through the investment guidelines of the fund.

ESG assessment methodology

The fund invests at least 75% in assets that meet the defined ESG standards in relation to environmental, social and governance criteria. Investment limits are set for this.

In order to determine whether and to what extent assets meet the defined ESG standards, a proprietary ESG database assesses the assets according to ESG criteria independently of economic prospects.

The ESG database processes data from multiple ESG data providers and public sources and considers internal assessments based on a defined assessment and classification methodology. The ESG database is therefore based on the one hand on data and figures and, on the other hand, on assessments that take into account factors beyond the processed data and figures, such as future expected ESG developments, plausibility of the data with regard to past or future events, an issuer's willingness to engage in dialogue on ESG matters and corporate decisions of the issuer.

The assets receive one of six possible scores in the individual assessment categories, with "A" being the highest score and "F" being the lowest score.

The ESG database uses a variety of assessment categories to assess whether assets meet ESG standards, including:

Climate and Transition Risk Assessment

The ESG database 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.

Norm Assessment

The ESG database evaluates the behavior of issuers, for example, within the framework of the principles of the United Nations Global Compact and 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.

ESG Quality Assessment

The ESG database distinguishes between corporate and sovereign issuers.

For companies, the ESG database compares issuers based on 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 companies from the same sector in the same region. Issuers rated better in the peer group comparison receive a better score, while issuers rated worse in the comparison receive a worse score.

For sovereigns, the ESG database assesses the integrated government leadership while taking into account, among other things, the assessment of political and civil liberties.

- **Exclusion Assessment for controversial sectors**

The ESG database defines certain business areas and business activities as relevant. Business areas and business activities are defined as relevant if they involve the production or distribution of products in a controversial area ("controversial sectors"). Controversial sectors are defined, for example, as the civil firearms industry, the arms industry, tobacco and adult entertainment.

Other business sectors and business activities that affect the production or distribution of products in other sectors are defined as relevant. Other relevant sectors are, for example, nuclear energy or coal mining and coal-based power generation.

When assessing issuers, the ESG database takes into consideration the share of total revenues that the issuers generate in the relevant business areas and business activities. The lower the percentage of revenues from the relevant business areas and business activities, the better the score.

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

Assets that have a score of A-D in the individual assessment categories, a score of A-C in the Exclusion Assessment for controversial sectors and a score of A-C in the Exclusion Assessment for the controversial weapons sector meet the ESG standards.

Up to 15% of the fund's assets may be invested in assets that have an ESG Quality Assessment score of D. Assets that receive an ESG Quality Assessment score of E are excluded as an investment.

Up to 5% of the fund's assets may be invested in assets that have a Climate and Transition Risk Assessment score of E.

Up to 5% of the fund's assets may be invested in assets that have a Norm Assessment score of E.

Assets that receive a score of D or E in the Exclusion Assessment for controversial sectors and in the Exclusion Assessment for the controversial weapons sector are excluded as an investment. Assets that have a score of D are excluded as an investment insofar as these are related to coal mining and coal-based power generation.

In addition, specifically in the case of the fund, assets shall be excluded which are issued by

- issuers that generate revenues from the manufacture or distribution of weapons outlawed based on international conventions (e.g., chemical weapons conventions),
- issuers that generate more than 10% of their revenues from power generation or other use of fossil fuels (excluding natural gas),
- issuers that generate more than 10% of their revenues from coal and crude oil,
- issuers that generate more than 10% of their revenues from mining, exploration and services for oil sand and oil shale.

As a derogation, the green bonds, social bonds or similar bonds issued by the issuers excluded above may be acquired provided these bonds comply with the relevant Bond Principles of the ICMA (International Capital Market Association).

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 fund.

Assets that receive a score of F in an assessment category are excluded as an investment.

Up to 25% of the UCITS fund's assets may be invested in assets that do not meet the ESG standards or are not assessed.

In addition, the Company shall determine whether an economic activity is a sustainable investment as defined in article 2 (17) of the Disclosure Regulation.

At least 15% of the fund's assets shall be invested in sustainable investments as defined in article 2 (17) of the Disclosure Regulation that contribute to achieving an environmental or social objective, whereby the sustainable investments meet the aforementioned ESG standards.

(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.

(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 currently 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 database is used to measure the attainment of the promoted environmental and social characteristics. 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 there are norm issues in connection with an issuer.
- **The Quality Assessment** serves as an indicator for comparing the environmental, social and governance factors of an issuer with its peer group.
- **The Exclusion Assessment for controversial sectors** serves as an indicator for determining the extent of an issuer's involvement in controversial sectors and controversial activities.
- **The Exclusion Assessment for the controversial weapons sector** serves as an indicator for determining the extent of an issuer's involvement in controversial weapons.
- Measurement of the proportion of sustainable investments.

(Pre-contractual disclosure according to Annex II of the Commission Delegated Regulation (EU)2022/1288 supplementing the Sustainable Finance Disclosure Regulation.)

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.