

# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

**DWS Investment GmbH**

Date of statement: 30.06.2024

# A / Summary

DWS Investment GmbH (LEI code 549300K0BHJ9BX9J8J87) – DWS – a member of DWS Group<sup>1</sup>, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of DWS Investment GmbH.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

Sustainability factors are defined in the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“Disclosure Regulation”) as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impacts mean negative impacts of investment decisions on those sustainability factors.

With this statement, DWS discloses – in line with the Delegated Regulation (EU) 2022/1288 to the Disclosure Regulation (“Delegated Regulation”) – the principal adverse impacts of its investment decisions in investee companies, sovereigns and supranational organizations as well as information on their identification and prioritisation along actions taken during the aforementioned reference period and actions planned for the subsequent reference period to avoid or reduce the principal adverse impacts identified.

DWS measures principal adverse impacts via the following indicators as defined by the Delegated Regulation:

- 14 mandatory principal adverse impacts indicators applicable to investments in investee companies
- 2 mandatory principal adverse impacts indicators applicable to investments in sovereigns and supranationals
- 2 additional principal adverse impacts indicators applicable to investments in investee companies, namely ‘Investments in companies without carbon emission reduction initiatives’ and the ‘Number of identified cases of severe human rights issues and incidents’

The disclosed impacts as well as actions taken and planned refer to the following financial products in scope of the Disclosure Regulation (namely undertaking for collective investments in transferable securities (UCITS<sup>2</sup>), alternative investment funds (AIFs<sup>3</sup>), portfolio management mandates<sup>4</sup> and pension products<sup>5</sup>) as applicable based on their underlying investment policy:

- Actively managed investment funds (UCITS and AIFs) and portfolio management mandates – the “Actively Managed Portfolio Business” spanning all major asset classes including equity, fixed income, cash, investment funds and alternative investments in form of tradable investments;
- Passively managed investment funds (AIFs) and portfolio management mandates encompassing delegated fund management (for UCITS) and managed account set-ups - the “Passively Managed Portfolio Business” spanning all major asset classes;
- Investment funds (AIFs) with illiquid assets such as private debt – the “Illiquid Business”;

<sup>1</sup> 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.

<sup>2</sup> UCITS means Undertakings for Collective Investment in Transferable Securities according to the Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS) as amended from time to time.

<sup>3</sup> Alternative Investment Funds according to the Directive 2011/61/EU on Alternative Investment Fund Managers as amended from time to time.

<sup>4</sup> Portfolio management (as defined in the Directive 2014/65/EU on Markets in Financial Instruments as amended from time to time) managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments.

<sup>5</sup> Pension products (pursuant to Article 2 para. 2 lit. (e) of Regulation (EU) No. 1286/2014) are products which, under national law, are recognized as having the primary purpose of providing the investor with an income in retirement and which entitle the investor to certain benefits.

- Certified Old Age Provision (OAP) products, i.e. pension products, for retail clients – the “OAP Business”.

DWS considers, i.e., identifies, prioritises, and addresses principal adverse impacts indicators through its group-wide overall sustainability strategy and commitments. Those aspects together with regulatory requirements and industry developments set strategic priorities which are implemented through policies and frameworks for DWS’ financial products.

In specific, DWS considers principal adverse impacts of investment decisions via (1) DWS Group policies, (2) exclusion practices on portfolio or index level and (3) stewardship activities. To what extent those measures are applicable to DWS’ financial products depends on the respective financial product’s investment strategy or consent of third parties (e.g., clients). Regarding (3), DWS acts as an active owner by exercising voting rights on behalf of its clients and by engaging in a dialogue with investee companies on various sustainability-related topics, such as the reduction of greenhouse gas emissions, human rights, and workers’ rights.<sup>6</sup>

Products for which DWS has outsourced the portfolio management to an external third party are included in the principal adverse impacts data disclosed for the aforementioned reference period. However, the consideration of principal adverse impacts for such products is subject to the individual product-specific investment policy.

For OAP contracts, DWS in its capacity as manufacturer of OAP products does not explicitly consider principal adverse impacts. Funds underlying the OAP contracts may consider principal adverse impacts as outlined in their investment policies.

The consideration of principal adverse impacts in the investment process is supported by the availability of data on adverse impacts attributed to existing and planned investments. To determine the principal adverse impacts of its investments in listed corporate issuers as well as in sovereigns and supranationals, DWS uses data from external commercial ESG data providers as well as DWS proprietary research. Limitations regarding the availability and quality of data as provided by each of the external vendors are aimed to be mitigated by DWS’ utilisation of multiple vendors. In those parts of the Illiquid Business which are investing in companies or projects, DWS obtains data on principal adverse impacts by actively reaching out to its investees. Despite best efforts being undertaken to maximize the coverage of the data disclosed in this principal adverse impact statement, limitations regarding data availability remain. DWS aims at further improving data availability, e.g., by actively engaging with its investees.

Overall, as fiduciary, it is of the utmost importance for DWS to make investment decisions in the best interest of its clients, considering material risks and the product specific investment policy. Principal adverse impacts will thus not automatically outweigh other relevant factors, especially for financial products managed specifically for individual clients.

<sup>6</sup> A pooled voting rights agreement is in place between DWS Group’s largest management companies in Europe – DWS Investment GmbH, DWS Investment S.A., and for specific portfolio management mandates of DWS International GmbH where voting rights have been delegated by the client – and executed by DWS Investment GmbH. These entities also pool their engagement activities, executed by DWS Investment GmbH.