



Controversial Weapons Statement

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 **DWS**

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1 / DWS Group approach

In accordance with certain international treaties and conventions banning Controversial Weapons (CWs), DWS has implemented internal operating rules in relation to Investments in companies engaged in the production, distribution, or transfer of CWs. The DWS Controversial Weapons Statement ('Statement') addresses DWS Group's perspectives on CW covered by international treaties and conventions referenced in the Section 'Purpose'.

DWS aims to avoid investments in entities identified as CW Corporations and has implemented procedures regarding its approach through restrictions on investments in CW Corporations. Due to differences in legal, regulatory, and contractual provisions applicable to DWS entities and products in different jurisdictions, DWS's approach and procedures to implement-ing the Investment Principles of this Statement regarding CW Corporations will vary. The differences in the procedures for the specific regions and jurisdictions are further described below.

2 / Purpose

This Statement sets out the organisational framework for identifying companies that produce, transfer and/or distribute CWs. It sets out DWS Group's approach regarding Investments in, companies having a relevant link, as described below, to the production, transfer of, and / or distribution of CWs. Given the lack of a uniform definition for CWs and the ongoing developments on this subject, as of the date of the publication of this Statement, the definitions in the following international treaties and conventions in determining what constitutes CW are relevant:

- **Cluster munition weapons:** The Convention on Cluster Munitions (the 'Oslo Convention') which prohibits all use, stockpiling, production, and transfer of cluster munitions;
- **Anti-Personnel mines:** The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the 'Ottawa Convention'); and
- **Biological and Chemical weapons (BCW):** The Biological Weapons Convention (1972, Geneva) on the prohibition of the development, production and stockpiling of bacteriological and toxin weapons and on their destruction; and the Chemical Weapons Convention (1993, Geneva) on the prohibition of the development, production, stockpiling and use of chemical weapons and on their destruction.

DWS does not have its own identification mechanism as to whether a particular weapon qualifies as a CW or whether a company has a link to the production, transfer and/or distribution of CWs. Instead, DWS follows the assessments of third-party commercial vendors and non-government-organizations (NGOs) to which it subscribes, and who, themselves, adhere to the above commonly accepted international treaties and conventions to identify CWs and conduct research to identify linkage to such CWs.

Based on the data provided, DWS maintains its own classification on the degree of involvement of certain companies in CWs and accordingly whether they, in DWS's view, qualify as CW Corporation(s) to which the Investment Principles of this Statement apply.

The classification as a CW Corporation follows a grading scheme, as further described in Section 3.1 which defines the degree of a company's involvement in these weapons.

3 / Investment principles

3.1. Identification of CW corporations

DWS employs a comprehensive classification system to assess the degree of involvement of specific companies in CWs. The classification of companies associated with CWs is performed by the DWS ESG Engine – DWS Group’s proprietary tool for ESG assessments - which incorporates ESG-related data from third party commercial vendors such as MSCI ESG, ISS ESG and additionally considers the NGO PAX.

The DWS ESG Engine classifies the degree of a company’s involvement in CWs based on whether the company directly produces the weapon or is indirectly linked to it through other connections. DWS relies on the assessments of the above-mentioned commercial vendors and/or NGOs it subscribes to in order to determine whether a particular weapon qualifies as ‘controversial’. If there are differing views as to particular assessments, DWS has a process in place to challenge and resolve these (review of the ESG Engine assessments in the Sustainability Assessment Validation Council – SAVC). This approach ensures that DWS’s classification of a company’s involvement with CWs is based on widely accepted standards and reliable assessments.

Direct and indirect linkage

Rather than focusing on the respective revenue, the DWS ESG Engine decodes vendor information to determine the degree of the company’s involvement grade. It considers both direct involvement (such as production or servicing of controversial weapons) and indirect linkages (for example, weaponry components or delivery devices). Companies involved in the following activities are graded as CW Corporations:

- Production of single-purpose components for CW;
- Production of single purpose delivery devices for CW; and
- Companies that have a controlling ownership in CW Corporations mentioned in the previous bullet points.

Companies with remote, alleged or ceased involvement in CWs or with dual purpose (e.g., an aircraft capable of delivering CWs) are not classified as CW Corporations in terms of the scope of the Investment Principles.

3.2 Application of the investment principles

All products in scope (as set out in Section 4) are expected to exclude investments (as defined below) in companies identified as CW Corporations under this Statement. The business units Passive Products and Alternatives Products apply a divergent assessment process as described below under Section 3.3.

3.3 Divergent assessment process due to product specifics

3.3.1 Passive products

Special additional considerations in relation to the application of the Investment Principles are required for ETFs and the passively managed institutional accounts.

The following considerations apply for European-domiciled Xtrackers UCITS ETFs, Xtrackers Institutional Mandates in EMEA and for certain US Xtrackers ETFs subject to client consent (together “Xtrackers Portfolios”):

- For Xtrackers Portfolios with a Direct Investment Policy, companies classified as CW Corporations will be removed, subject to a materiality calculation to determine the importance of those securities to the achievement of the investment objective of the ETF or mandate. The materiality calculation will quantify the impact of removing the security(ies) on ex-ante tracking error of the sub-fund holdings against the reference index. If a security, or securities, are adjudged as being non-material contributors to the performance of the reference index, then they will be removed from the portfolio holdings. The materiality calculations are repeated at each index review and/or index rebalance.
- For Xtrackers Portfolios with an Indirect Investment Policy, companies classified as CW Corporations will not be eligible securities for the invested assets for that portfolio. Identification and removal of these securities is independent of the index methodology. For the avoidance of doubt: such Xtrackers Portfolios may be indirectly exposed to CW Corporations via Swap transactions if they are a member of the relevant index.

3.3.2 Alternatives

The Investment Principles also apply to the illiquid asset classes in Alternatives for example Infrastructure, Real Estate, Sustainable Investments, and Alternative Credit Europe (illiquid credit). The real estate business does not invest in real estate assets utilized for the manufacture of CWs. The asset class Liquid Real Assets (LRA) follows the Investment Principles described in Section 3.1.

For non-listed companies that are not covered by the DWS ESG Engine, the investment management teams will endeavour to gain the relevant information to review the status of such private companies under the definitions of this Policy on a best-efforts basis to determine if they should be restricted according to the Investment Principles. Please note Section 3.4 for regional implementation differences.

3.4 Application to DWS Entities in the United States

DWS entities domiciled in the United States and any other DWS entities advising clients and/or funds under contractual arrangements governed by the laws of a state of the United States will not apply the Investment Principles set out in this section unless the relevant clients and/or fund boards have provided express consent.

4 / Scope and applicability of the Investment Principles

Products that have implemented the Investment Principles of this Statement are those set out below.

Investments in Scope

The Investment Principles set out in Section 3 apply to the following Investments:

- direct Investments in listed and unlisted equity and debt instruments issued by CW Corporations;
- direct Investments in companies that control CW Corporations;
- direct Investments in CW Corporations, projects, or other assets; and
- (single-name) derivatives issued on the Instruments above (including certificates).

Applicability – Business Units

The Investment Principles set out in Section 3 apply to all products launched by the following business units of DWS Group:

- Active (please see specifics in the Section ‘Investment Principles’ above);
- Passive (please see specifics in the Section ‘Investment Principles’ above); and
- Alternatives (please see specifics in the Section ‘Investment Principles’ above).

5 / Terms and definitions

Term	Definition
BCW	Biological and Chemical Weapons
Client	Clients and third parties whose interests according to contractual/legal/regulatory obligations need to be taken into account, including fund boards, institutional clients and / or cooperation partners
CW or CWs	Controversial Weapons are weapons that are subject to international treaties and conventions due to their harmful impact or potential risks. As described in Section 2, CWs include cluster munitions, anti-personnel mines, biological and chemical weapons.
CW Corporation	Company with a relevant clear and direct link to the production, transfer of, and /or distribution of CWs.
Direct Investment Policy	ETFs having a direct investment policy which aims to replicate or track the underlying index by investing in (i) all, or a substantial number of, the constituents of the underlying index ('Full Replication'); or (ii) an optimised sample of the index constituents, or unrelated transferable securities or other eligible assets ('Optimised Replication').
Divisions	DWS's asset management businesses and infrastructure functions.
DWS / and or DWS Group	DWS Group GmbH & Co. KGaA and any subsidiary company of DWS Group GmbH & Co. KGaA from time to time (as such terms are defined in section 15 et seq. of the German Stock Corporation Act) but excluding US DWS entities to the extent required under Section 3.4.
ETF	Exchange Traded Fund
Fund Boards	Fund Boards oversee investment funds on behalf of investors, providing guidance, consultancy and improved governance for investors.
IGM	Investment Guideline Management
Indirect Investment Policy	ETFs employing an Indirect Investment Policy (also known as "synthetic replication") which track the performance of an underlying asset and use derivative transactions to gain exposure to the underlying asset's performance but do not invest directly in the underlying index constituents.
Investments	<ul style="list-style-type: none"> — direct Investments in listed and unlisted equity and debt instruments issued by CW Corporations; — direct Investments in companies that control CW Corporations; — direct Investments in CW Corporations, projects, or other assets; and — (single-name) derivatives issued on the Instruments above (including certificates).
Investment Principles	The principles set out in Section 3 of this document.
LRA	Liquid Real Assets, an asset class that invests primarily in exchange-traded real estate and infrastructure securities, as well as commodities securities & futures.
New Client Adoption	The process of initiating the on-boarding of potential Clients and other business relationships where DWS provides regulated financial services (e.g., distributors).
NGO PAX	Non-Government-Organization PAX.
Products	Investment solutions offered by DWS Group ¹
Reputational Risk	Reputational risk is the risk of possible damage to DWS's brand and reputation (and that of the DB Group generally), and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with the Code of Conduct.

¹ See DWS Annual Report, sub-chapter "Our Product Suite"