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# Publication pursuant to SFDR - Details

## Xtrackers Artificial Intelligence & Big Data UCITS ETF

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

Capitalised terms used in this document shall have the same meaning ascribed to them in the latest version of the prospectus of the Company (the “Prospectus”), unless the context otherwise requires.

### No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The financial product 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, the following processes are implemented:

#### DNSH Assessment

In accordance with Article 2 (17) SFDR, any such sustainable investments must not significantly harm any environmental or social objectives and such sustainable investment issuers must follow good governance practices. Any investment that fails to meet the do no significant harm (“DNSH”) thresholds will not be considered towards the sustainable investment share of the financial product. Such DNSH thresholds will include, but not be limited to:

- Involvement in harmful business activities;
- Violation of international norms or involvement in very severe controversies; and
- Violation of certain principal adverse indicator thresholds.

#### Integration of adverse impacts on sustainability factors

As part of the DNSH assessment under article 2(17) SFDR, the sustainable investment assessment integrates certain metrics related to principle adverse indicators and the Reference Index of the financial product (as defined below) includes criteria to reduce exposure to or to exclude securities which are negatively aligned with the following principal adverse indicators:

- Exposure to companies active in the fossil fuel sector (no. 4);
- Violation of UN Global Compact principles and OECD Guidelines for multinational enterprises (no. 10); and
- Exposure to controversial weapons (no. 14).

#### Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Any securities violating the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are excluded by the financial product’s Reference Index.

### Environmental or social characteristics of the financial product

The financial product promotes environmental and social characteristics and qualifies as a financial product subject to Article 8(1) SFDR by tracking the Reference Index which includes environmental and/or social considerations. The financial product holds a portfolio of equity securities that comprises all, or a substantial number of, the securities comprised in the Reference Index. The Reference Index selects companies from the Parent Index (as defined below) that meet, among other thematic selection criteria, certain minimum Environmental, Social and Governance (“ESG”) standards, by excluding companies from the Parent Index which do not fulfil the following specific ESG criteria.

The Reference Index utilises ESG Risk Scores from Morningstar Sustainalytics (“Sustainalytics”), a leading independent ESG and corporate governance research, ratings and analytics firm. The ESG Risk scores are categorized across five risk levels: negligible (0-10), low (10-20), medium (20-30), high (30-40) and severe (40+). Further information regarding ESG Risk Scores can be found on the company website <https://www.sustainalytics.com/esg-ratings>.

Any company from the eligible universe which breaches the following criteria shall be excluded from the Reference Index:

- ESG Risk Score of at least 40;
- Non-compliance of the United Nations Global Compact Principles; and

- Involvement of certain degrees in tobacco products, thermal coal, oil sands, controversial weapons, civilian firearms, small arms and military contracting, nuclear weapons, depleted uranium, adult entertainment or gambling.

### **Investment strategy**

The investment objective of the financial product is to track the performance before fees and expenses of the “Reference Index”, which is the Nasdaq Yewno Global Artificial Intelligence and Big Data Index. The objective of the Reference Index is to represent the shares of certain companies from both developed and emerging markets which are engaged in certain sub-themes related to artificial intelligence, data processing and data security, for example: deep learning, natural language processing, image recognition, speech recognition & chatbots, cloud computing, cybersecurity, or big data. The Nasdaq Yewno Global Disruptive Technology Benchmark Index (the “Parent Index”) is used as the universe of eligible securities for the Reference Index. Companies from the eligible universe which breach certain ESG criteria are excluded from the Reference Index.

### **ESG Assessment**

The investment objective of the financial product is to track the performance before fees and expenses of the Reference Index, which incorporates the ESG characteristics outlined above.

### **Policy to assess Good Governance**

The investment objective of the financial product is to track the performance before fees and expenses of the Reference Index which excludes companies breaching certain international norms (including governance controversies) using the Sustainalytics Global Standards Screening data, and companies that have a Sustainalytics ESG Risk score (which assesses, amongst other things, how well companies manage governance risks and opportunities) above a certain threshold or for which Sustainalytics data is unavailable.

### **Proportion of investments**

This financial product invests at least 90% of its net assets in investments that are aligned with the promoted environmental and social characteristics. Within this category, at least 1% of the financial product’s assets qualify as sustainable investments in the sense of article 2(17) SFDR. Up to 10% of the investments are not aligned with these characteristics. A more detailed description of the specific asset allocation of this financial product can be found in the Prospectus.

Financial derivative instruments (“FDIs”) may be used for efficient portfolio management purposes. It is not intended to use FDIs for the attainment of the financial product’s objective but rather as ancillary investments to, for example, invest cash balances pending rebalance or investment in constituents of the Reference Index. Any exposures obtained through the use of FDIs for these ancillary purposes will be aligned with the investment objective of the financial product and would conform to ESG standards substantially similar to those of the Reference Index, or would fall within the quoted percentage of the investments that are not aligned with the promoted environmental and social characteristics.

### **Monitoring of environmental or social characteristics**

The Reference Index applies the ESG criteria outlined above. DWS performs a regular assessment of the ESG alignment of the financial product, incorporating two key elements:

- (i) That the composition of the financial product’s portfolio is closely aligned with the ESG standards of the Reference Index (although some deviations may be observable due, amongst other factors, to: efficient portfolio management, portfolio optimisation, cash balances, and/or recent rebalances); and
- (ii) That the Reference Index is correctly applying the stated ESG criteria through an independent verification of the constituents of the Reference Index against an appropriate ESG data source.

Investors should note that whilst the financial product and the Reference Index seek to ensure compliance with such criteria at each rebalance or review date, between these reviews or rebalances, securities which no longer meet these criteria may remain included in (i) the Reference Index until they are removed at the subsequent rebalance or review or, (ii) the portfolio of the financial product until it is possible and practicable to divest such positions.

### **Methodologies**

The attainment of the promoted environmental and social characteristics promoted by the financial product is measured using the following sustainability indicators:

**Exposure to Very Severe Controversies:** The percentage of the financial product’s portfolio’s market value exposed to companies facing one or more Very Severe controversies related to the environment, customers, human rights, labour rights and governance, including violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as determined by either MSCI or Sustainalytics. Details on the provider used are available upon request.

**Exposure to Worst-in-Class Issuers:** The percentage of the financial product’s portfolio’s market value exposed to companies with a rating of or equivalent to “CCC” or at least 40, as determined by either MSCI or Sustainalytics. Details on the provider used are available upon request.

**Controversial Weapons Involvement:** The percentage of the financial product’s portfolio’s market value exposed to companies with ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments, as determined by either MSCI or Sustainalytics. Details on the provider used are available upon request.

**Tobacco involvement:** The percentage of the financial product’s portfolio’s market value exposed to companies flagged for involvement in tobacco, and includes all tobacco producers as well as tobacco distributors, suppliers, and retailers with a combined revenue in these areas of more than, or equal to,

5%, as determined by either MSCI or Sustainalytics. Details on the provider used are available upon request.

### **Data sources and processing**

The Reference Index utilises ESG data from Sustainalytics by Morningstar (“Sustainalytics”). Sustainalytics, a Morningstar Company, is a company that rates the sustainability of listed companies based on their environmental, social and corporate governance performance.

### **Limitations to methodologies and data**

The Reference Index’s environmental, social and governance standards limit the number of securities eligible for inclusion in the Reference Index. As a result, the Reference Index, and as such the financial product, may be more heavily weighted in securities, industry sectors or countries that underperform the market as a whole or underperform other funds screened for environmental, social and governance standards, or which do not screen for such standards.

Investors should note that the determination that the financial product is subject to the disclosure requirements of a financial product under Article 8(1) of SFDR is made solely on the basis that the Reference Index promotes environmental and social characteristics. The Company is relying on the activities conducted by and information provided by the Index Administrator or other data providers to make this determination. Neither the Company, nor any of its service providers, makes any representation or otherwise as to the suitability of the Reference Index and the financial product in meeting an investor’s criteria on minimum ESG standards or otherwise. Investors are advised to carry out their own review as to whether the Reference Index and the financial product accords with their own ESG criteria. Information on how the Reference Index is consistent with environmental, social and governance characteristics is contained in the Prospectus of the financial product.

Investors should note that whilst the financial product and the Reference Index seek to ensure compliance with the ESG criteria at each rebalance or review date, between these reviews or rebalances, securities which no longer meet these criteria may remain included in (i) the Reference Index until they are removed at the subsequent rebalance or review or, (ii) the portfolio of the Fund until it is possible and practicable to divest such positions.

Investors should note that the Reference Index solely relies on analysis from the Index Administrator or other data providers (as applicable) in relation to sustainability considerations. Neither the Company, nor any of its service providers, makes any representation with respect to the accuracy, reliability, correctness of the sustainability related data or the way that these are implemented.

It should also be noted that analysis of companies’ ESG performance may be based on models, estimates and assumptions. This analysis should not be taken as an indication or guarantee of current or future performance.

ESG information from third-party data providers may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Index Administrator or other data providers (as applicable) may incorrectly assess a security or issuer, resulting in

the incorrect inclusion or exclusion of a security in the Reference Index and therefore the portfolio of the financial product.

### **Due diligence**

With regards to the selection of any new reference indices for Xtrackers ETFs, DWS will conduct a due diligence process that includes the assessment of sustainability risks, and endeavour to work in conjunction with benchmark providers to embed certain sustainability risks into the construction of new indexes for both new financial products and also reference indexes considered as a potential reference index in case of substitution for an existing financial product. As part of this process, minimum ESG standards will be applied.

### **Engagement policies**

Active engagement with our investee issuers to drive change for the benefit of clients is a key part of DWS Group’s approach to sustainable investment. DWS applies the following engagement policies.

#### *Engagement Policy*

The Engagement Policy establishes inter alia the engagement framework for DWS on how to engage with its investee issuers in relation to both equity as well as debt investments.

This policy sets out types and methods of engagement, escalation strategies and expectations regarding communication with inter alia DWS as an investor and DWS on behalf of its clients on a number of topics, including ESG.

#### *Corporate Governance & Proxy Voting Policy*

This policy details DWS’s engagement framework in relation to its equity investments. It contains the core governance understanding, governance values and expectations including ESG relating to investee companies in line with the framework and principles as set out in the Engagement Policy as well as proxy voting guidelines. It includes guidelines on how to vote in relation to ESG topics such as ESG-related shareholder proposals.

### **Designated reference benchmark**

The financial product has designated the Nasdaq Yewno Global Artificial Intelligence and Big Data Index as the reference benchmark.

#### **Alignment with environmental and social characteristics**

The Reference Index promotes environmental and social characteristics by excluding companies from the Parent Index which do not fulfil the specific ESG criteria outlined above, as of each Reference Index rebalance.

#### **Alignment of the methodology with the Investment Strategy**

In order to seek to achieve the investment objective, the financial product will adopt a “Direct Investment Policy” which means that the financial product will aim to replicate or track, before fees and expenses, the performance of the Reference Index by holding a portfolio of equity securities that comprises all, or a substantial number of, the securities comprised in the Reference Index.

The financial product may enter into securities lending transactions for efficient portfolio management purposes. Where

the financial product enters into securities lending transactions, the collateral received in relation to such transactions shall comply with ESG standards as determined by the relevant investment manager, sub-portfolio manager and/or securities lending agent. Equity collateral conforming to such ESG standards shall be identified by reference to an appropriate developed market ESG equity index and will incorporate as a minimum ESG screens substantially similar to those of the Reference Index.

#### **Methodology used for calculation of the designated index**

Additional information on the Reference Index, its general methodology, screens, the scoring process, the eligible sub-sectors and themes or sub-themes, composition, calculation and rules for periodical review and re-balancing can be found on [www.nasdaq.com](http://www.nasdaq.com).

### **Important Information**

Xtrackers, Xtrackers II and Xtrackers (IE) plc are undertakings for collective investment in transferable securities (UCITS) in accordance with the applicable laws and regulations and set up as open-ended investment companies with variable capital and segregated liability between their respective compartments.

Xtrackers and Xtrackers II are incorporated in the Grand Duchy of Luxembourg, are registered with the Luxembourg Trade and Companies' Register under number B-119.899 (Xtrackers) and B-124.284 (Xtrackers II) respectively and have their registered office at 49, avenue J.F. Kennedy, L-1855 Luxembourg. Xtrackers (IE) plc is incorporated in Ireland with registered number 393802 and has its registered office at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

DWS Investment S.A. acts as the management company of Xtrackers, Xtrackers II and Xtrackers (IE) plc.

The information contained in this document is provided for information purposes only. Any investment decision in relation to an Xtrackers ETF should be based solely on the latest version of the prospectus, the audited annual and, if more recent, un-audited semi-annual reports and the Key Investor Information Document (KIID), all of which are available in English upon request or on [www.Xtrackers.com](http://www.Xtrackers.com). In the case of any inconsistency with the prospectus, the latest version of the prospectus shall prevail.

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