ANNEX

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Xtrackers MSCI Europe Small Cap ESG UCITS ETF
Legal entity identifier: 254900TFVV5PWT2P1544

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this 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 (as defined below) which includes environmental and/or social considerations. The financial product specifically promotes, the environmental characteristics of: reduction in greenhouse gas ("GHG") intensity and a reduction in fossil fuel production; and the social characteristics of: a reduction in human and labour rights controversy occurrences and a reduction in controversial weapon production.

In order to promote these characteristics, 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 is designed to reflect the performance of small-capitalisation companies across European developed markets which meet certain minimum environmental, social and governance ("ESG") criteria.

The Reference Index is based on the Parent Index (as defined below). The Reference Index excludes companies from the Parent Index which do not fulfil certain minimum ESG criteria.

ESG Exclusion Criteria

The Reference Index applies an ESG Exclusion approach, where all of the companies from the Parent Index which breach the following ESG criteria, are excluded:

- Companies which are unrated or missing relevant coverage by MSCI ESG Research;
- Companies which are assigned an MSCI ESG Rating of BB or below;
- Companies which have any involvement in controversial weapons as categorised by MSCI ESG Research;
- Companies which have an MSCI ESG Controversies score of 0, or have an insufficient MSCI ESG Controversies score related to certain environmental controversies;
- Companies which are classified by MSCI in their Business Involvement Screening Research or Climate Change Metrics as breaching certain revenue thresholds in controversial activities, including, but not limited to, civilian firearms, nuclear weapons, tobacco, adult entertainment, alcohol, conventional weapons, gambling, genetically modified organisms, nuclear power, fossil fuel reserves ownership, fossil fuel extraction, fossil fuel power generation, unconventional oil and gas extraction, oil and gas, thermal coal mining and thermal coal power; and
- Companies which fail to comply with the United Nations Global Compact principles.

Such exclusions comprise the requirements as laid out in Article 12(1)(a) to (g) of the Commission Delegated Regulation (EU) 2020/1818 ("PAB Exclusions").

The Reference Index utilises data from MSCI ESG Research to apply certain ESG criteria using the following products: MSCI ESG Ratings, MSCI ESG Controversies Score, MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics.

MSCI ESG Ratings

MSCI ESG Ratings provide research, data, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating.

MSCI ESG Controversies

MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services.

MSCI ESG Business Involvement Screening Research

MSCI ESG Business Involvement Screening Research (**BISR**) aims to enable institutional investors to manage ESG standards and restrictions. MSCI ESG BISR is utilised to identify and exclude companies involved in industries with a high potential for negative environmental, health and/or social impact based on the value-based criteria and thresholds from the MSCI SRI Indexes methodology.

MSCI Climate Change Metrics

MSCI Climate Change Metrics provides climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes.

GHG Intensity Reduction Criteria

The Reference Index also includes carbon emission reduction criteria, whereby if having applied the above exclusions, the Greenhouse Gas ("GHG") intensity of the Reference Index has been insufficiently reduced compared to the Parent Index, constituents are excluded by descending order of GHG intensity until a relevant reduction threshold is achieved as determined by MSCI Climate Change Metrics.

Security Selection and Weighting

Securities from the Parent Index which pass the ESG Exclusion Criteria outlined above will constitute the eligible universe (the “Eligible Universe”). The GHG Intensity Reduction Criteria may then be applied to exclude additional securities from the Eligible Universe until the relevant GHG intensity reduction is achieved relative to the Parent Index. After the ESG Exclusion and GHG Intensity Reduction Criteria are applied, the remaining securities are weighted in proportion of their free float-adjusted market capitalisation.

The Reference Index is a total return net index. A total return net index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested net of applicable withholding tax.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

  - **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 as determined by MSCI, including violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Typically, such exposure is expected to be 0%.
  - **Exposure to Worst-in-Class issuers**: The percentage of the financial product’s portfolio's market value exposed to companies with a rating of “CCC” as determined by MSCI. Typically, such exposure is expected to be 0%.
  - **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 MSCI. Typically, such exposure is expected to be 0%.
  - **Greenhouse Gas Intensity**: The financial product’s portfolio’s weighted average of its holding issuers' GHG Intensity ((i) Scope 1 carbon emissions, namely emissions generated from sources that are controlled by the company that issues the underlying assets, (ii) Scope 2 carbon emissions, namely emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying assets and (iii) estimated Scope 3 carbon emissions, namely all indirect emissions that are not covered by points (i) and (ii) that occur in the value chain of the reporting company, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation) GHG emissions/EUR million revenue as determined by MSCI.
  - **Exposure to Fossil Fuels**: The percentage of the financial product’s portfolio's market value exposed to companies flagged for involvement in fossil fuels as determined by MSCI, and includes companies deriving revenue from thermal coal extraction, unconventional and conventional oil and gas extraction, oil refining, as well as revenue from thermal coal based power generation, liquid fuel based power generation, or natural gas based power generation

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

  While the financial product does not have sustainable investment as its objective, it will invest a minimum proportion of its assets in sustainable investments as defined by Article 2 (17) SFDR.

  At least 5% of the financial product’s net assets will be invested in sustainable economic activities that contribute to an environmental and/or social objective, in accordance with Article 2 (17) SFDR. Sustainable economic activities are calculated as the product of an issuer’s weight within the financial product and the proportion of such issuer's economic activities which contribute to an environmental objective and/or a social objective (an activity-based approach), provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices. The sustainability investment assessment uses data from one or multiple data providers and/or public sources to determine if an activity is sustainable.

Sustainable economic activities that contribute to an environmental and/or social objective can be defined as 1) economic activities contributing to the objectives set out under the EU Taxonomy Regulation including, but not limited to, climate change mitigation and adaptation, or 2) economic activities that are not environmentally sustainable under the EU Taxonomy, but which contribute to an environmental or social objective as defined under Article 2(17) SFDR. The environmental and/or social objectives under Article 2(17) SFDR, which are not defined under the EU Taxonomy, include the United Nations Sustainable Development Goals ("UN SDGs"), of (i) Goal 1: No poverty, (ii) Goal 2: Zero hunger, (iii) Goal 3: Good health and well-being, (iv) Goal 4: Quality education, (v) Goal 5: Gender equality, (vi) Goal 6: Clean water and Sanitation, (vii) Goal 7: Affordable and clean energy, (viii) Goal 10: Reduced inequality, (ix) Goal 11: Sustainable cities and communities, (x) Goal 12: Responsible consumption, (xi) Goal 13: Climate action, (xii) Goal 14: Life below water, and (xiii) Goal 15: Life on land. Such environmentally or socially sustainable investments are identified by their activities which contribute positively to the UN SDGs as measured in terms of revenues, capital expenditure (CapEx) and/or operational expenditure (OpEx). The extent of contribution to individual UN SDGs will vary based on the actual investments in the portfolio.

For the avoidance of doubt, while this Fund may contribute to the environmental objectives of climate change mitigation and climate change adaptation, it measures such contribution in the manner outlined above and not against the technical screening criteria set down in the EU Taxonomy Regulation. As such, it does not commit a minimum proportion of sustainable investments with an environmental objective aligned with the EU Taxonomy Regulation.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

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; which harm any of the environmental and/or social objectives identified by their contribution to a UN SDG;
- Violation of international norms (such as the United Nations Global Compact principles) or involvement in very severe controversies (as assessed using MSCI ESG Controversies, amongst others). The MSCI ESG Controversies analysis provides assessments of controversies concerning the negative environmental, social and/or governance impact of company operations, products and services. Identified controversy cases include alleged company violations of existing laws and/or regulations or an alleged company action or event that violates commonly accepted international norms, including global norms and conventions, such as the International Labour Organization ("ILO") Fundamental Conventions. A case can be a single event such as a spill, accident or regulatory action, or a set of closely linked events or allegations such as health and safety fines at the same facility, multiple allegations of anticompetitive behaviour related to the

same product line, multiple community protests at the same company location or multiple individual lawsuits alleging the same type of discrimination. The categorisation of a controversy case as being very severe (MSCI ESG Controversies Score of 0) is based on a combination of the assessed severity of the controversy as well as the assessments of the company's alleged role and the status of the case remediation; and

- Violation of certain principal adverse indicator thresholds, as further detailed under the section entitled "How have the indicators for adverse impacts on sustainability factors been taken into account?" below.

How have the indicators for adverse impacts on sustainability factors been taken into account?

As part of the DNSH assessment under article 2(17) SFDR, the sustainable investment assessment integrates the following 14 mandatory principal adverse indicators on sustainability factors applicable to investments in investee companies from Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 supplementing SFDR: PAI 1 GHG emissions; PAI 2 carbon footprint; PAI 3 GHG intensity of investee companies; PAI 4 exposure to companies active in the fossil fuel sector; PAI 5 share of non-renewable energy consumption and production; PAI 6 energy consumption intensity per high impact climate sector; PAI 7 activities negatively affecting biodiversity-sensitive areas; PAI 8 emissions to water; PAI 9 hazardous waste and radioactive waste ratio; PAI 10 violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; PAI 11 lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; PAI 12 unadjusted gender pay gap; PAI 13 board gender diversity; and PAI 14 exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons). DWS has established quantitative thresholds and/or qualitative values to determine if an issuer significantly harms any of the environmental or social objectives. These values are set based upon various external and interal factors, such as data availability or market developments and may be adapted going forward. For further information on these thresholds, please refer to '5.2. Step 2: Do No Significant Harm – Assessment' of the Procedure Document on ESG Methods, Data Sources and Data Processing available via the following link: https://etf.dws.com/en-lu/AssetDownload/Index/2bf90132-87c2-40f6-91e9-e732407c4562/202403_DWS%20Procedure%20Document_Final.pdf

In addition to the integration of principal adverse indicators in the DNSH assessment, the financial product integrates certain metrics related to principle adverse indicators and the Reference Index of the financial product includes criteria to reduce exposure to or to exclude securities which are negatively aligned with the following principal adverse indicators:

- Carbon footprint (no. 2);
- GHG intensity of investee companies (no. 3);
- 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).

How are the sustainable investments aligned 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.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the financial product considers the following principle adverse impacts on sustainability factors from Annex I of the draft Commission Delegated Regulation supplementing the SFDR (C(2022) 1931 final) by tracking the Reference Index which includes relevant considerations:

- Carbon footprint (no. 2) – as considered through the exclusion of potential constituents breaching certain revenue thresholds in certain controversial activities and the GHG Intensity Reduction Criteria, whereby if having applied the ESG exclusions, the GHG intensity of the Reference Index has been insufficiently reduced compared to the Parent Index, constituents are excluded by descending order of GHG intensity until a relevant reduction threshold is achieved;
- GHG intensity of investee companies (no. 3) – as considered through the GHG Intensity Reduction Criteria, whereby if having applied the ESG exclusions, the GHG intensity of the Reference Index has been insufficiently reduced compared to the Parent Index, constituents are excluded by descending order of GHG intensity until a relevant reduction threshold is achieved;
- Exposure to companies active in the fossil fuel sector (no. 4) - as considered through the exclusion of potential constituents classified by MSCI in their Business Involvement Screening Research or Climate Change Metrics as breaching certain revenue thresholds in controversial activities, including, fossil fuel reserves ownership, fossil fuel extraction, fossil fuel power generation, unconventional oil and gas extraction, oil and gas, thermal coal mining, and thermal coal power;
- Violation of UN Global Compact principles and OECD Guidelines for multinational enterprises (no. 10) - as considered through the application of exclusions of companies that fail to comply with the United Nations Global Compact principles or have an MSCI Controversies Score of 0; and
- Exposure to controversial weapons (no. 14) **-** as considered through the exclusion of potential constituents that have any involvement in controversial weapons, as categorised by MSCI ESG Research.

  Information relating to the principal adverse impacts considered by the financial product will be made available in its annual financial statements.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment objective of the financial product is to track the performance before fees and expenses of the "Reference Index", which is the MSCI Europe Small Cap Low Carbon SRI Screened Select Index, which is designed to reflect the performance of the shares of small capitalisation companies across European developed markets, which meet certain minimum environmental, social and governance ("ESG") criteria. The Reference Index is based on the MSCI Europe Small Cap Index (the "**Parent Index**"). The Parent Index is designed to reflect the performance of small-capitalisation companies in European developed markets. The Reference Index excludes companies from the Parent Index which do not meet certain minimum ESG criteria.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The investment objective of the financial product is to track the performance before fees and expenses of the Reference Index, which excludes companies from the Parent Index which do not meet certain minimum ESG criteria.

ESG Exclusion Criteria

The Reference Index applies an ESG Exclusion approach where all of the companies from the Parent Index which breach the following ESG criteria, are excluded:

- Companies which are unrated or missing relevant coverage by MSCI ESG Research;
- Companies which are assigned an MSCI ESG Rating of BB or below;
- Companies which have any involvement in controversial weapons, as categorised by MSCI ESG Research;
- Companies which have an MSCI ESG Controversies score of 0, or have an insufficient MSCI ESG Controversies score related to certain environmental controversies;
- Companies which are classified by MSCI in their Business Involvement Screening Research or Climate Change Metrics as breaching certain revenue thresholds in controversial activities, including, but not limited to, civilian firearms, nuclear weapons, tobacco, adult entertainment, alcohol, conventional weapons, gambling, genetically modified organisms, nuclear power, fossil fuel reserves ownership, fossil fuel extraction, fossil fuel power generation, unconventional oil and gas extraction, oil and gas, thermal coal mining and thermal coal power; and
- Companies which fail to comply with the United Nations Global Compact principles.

Such exclusions comprise the requirements as laid out in Article 12(1)(a) to (g) of the Commission Delegated Regulation (EU) 2020/1818 ("PAB Exclusions").

The Reference Index utilises data from MSCI ESG Research to apply certain ESG criteria using the following products: MSCI ESG Ratings, MSCI ESG Controversies Score, MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics.

MSCI ESG Ratings

MSCI ESG Ratings provide research, data, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating.

MSCI ESG Controversies

MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services.

MSCI ESG Business Involvement Screening Research

MSCI ESG Business Involvement Screening Research (BISR) aims to enable institutional investors to manage ESG standards and restrictions. MSCI ESG BISR is utilised to identify and exclude companies involved in industries with a high potential for negative environmental, health and/or social impact based on the value-based criteria and thresholds from the MSCI SRI Indexes methodology.

MSCI Climate Change Metrics

MSCI Climate Change Metrics provides climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes.

GHG Intensity Reduction Criteria

The Reference Index also includes carbon emission reduction criteria, whereby if having applied the above exclusions, the Greenhouse Gas ("GHG") intensity of the Reference Index has been insufficiently reduced compared to the Parent Index, constituents are excluded by descending order of GHG intensity until a relevant reduction threshold is achieved as determined by MSCI Climate Change Metrics.

Security Selection and Weighting

Securities from the Parent Index which pass the ESG Exclusion Criteria outlined above will constitute the eligible universe (the "Eligible Universe"). The GHG Intensity Reduction Criteria may then be applied to exclude additional securities from the Eligible Universe until the relevant GHG intensity reduction is achieved relative to the Parent Index. After the ESG Exclusion and GHG Intensity Reduction Criteria are applied, the remaining securities are weighted in proportion of their free float-adjusted market capitalisation.

The Reference Index is reviewed and rebalanced on at least a quarterly basis and may also be rebalanced at other times in order to reflect corporate activity such as mergers and acquisitions or based on certain changes to issuers' ESG metrics.

The Reference Index is a total return net index. A total return net index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested net of applicable withholding tax.

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.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The financial product does not pursue a committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

The policy of the financial product is to assess good governance practices of investee companies using MSCI ESG Ratings and MSCI ESG Controversies data. The Management Company, Investment Manager, and/or the Sub-Portfolio Manager ("DWS") ensure during the design of the financial product and the index due diligence that minimum standards with regard to the good governance practices of investee companies are included as ESG criteria within the methodology of the Reference Index. DWS also performs a regular assessment of the ESG alignment of the financial product and Reference Index, including good governance criteria.

MSCI ESG Ratings provide research, data, analysis, and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating. The inclusion of governance criteria in the MSCI ESG Rating ensures that any securities which pass the ESG criteria implemented by the financial product, by having an MSCI ESG Rating above 'CCC', have been assessed to not breach key issues including: board composition, pay, ownership, accounting, business ethics, and tax transparency.

MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services. The financial product will utilise MSCI ESG Controversies to exclude companies with an MSCI Controversies Score of 0 which are companies which have very severe controversies, including governance controversies such as: bribery and fraud, governance structures, and controversial investments.

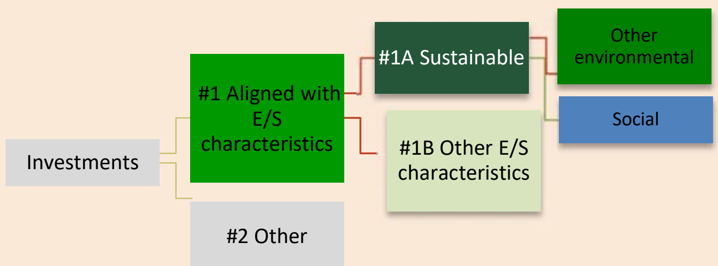
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

This financial product invests at least 90% of its net assets in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics). Within this category, at least 5% of the financial product's assets qualify as sustainable investments (#1A Sustainable).

Up to 10% of the investments are not aligned with these characteristics (#2 Other).

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

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 (#2 Other).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules**.**

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the financial product promotes environmental characteristics, it is not intended that its underlying investments take into account the EU Taxonomy Regulation criteria for the environmentally sustainable economic activities. As a result, the financial product does not intend to make investments within the scope of the EU Taxonomy Regulation.

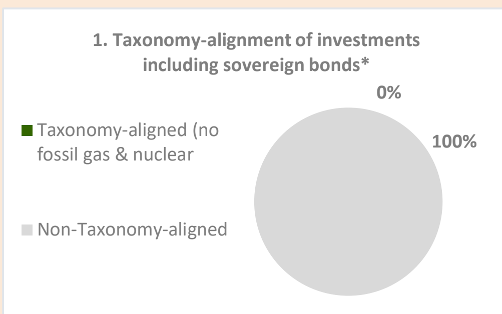
- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

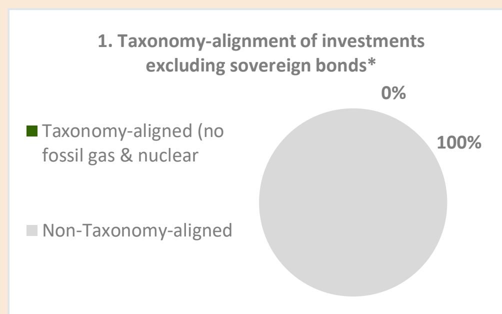
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No. However, there is a lack of reliable data in relation to fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy. On this basis, although it is considered that no relevant investments are made, it is possible the financial product may make some investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

The financial product does not have a minimum share of investments in transitional and enabling activities, as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.

[1] ***Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The financial product does not intend to make a minimum allocation to sustainable economic activities that contribute to an environmental objective. However, the share of environmentally and socially sustainable investments will in total be at least 5%.

What is the minimum share of socially sustainable investments?

The financial product does not intend to make a minimum allocation to sustainable economic activities that contribute to a social objective. However, the share of environmentally and socially sustainable investments will in total be at least 5%.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The financial product predominantly promotes asset allocation in investments that are aligned with environmental and social characteristics (#1 Aligned with E/S characteristics).

Those investments included under "#2 Other", may include ancillary liquid assets for the purpose of efficient portfolio management, which may include, secured and/or unsecured deposits and/or units or shares of other UCITS or other collective investment schemes which pursue a money market or cash strategy, or financial derivative instruments. It may also include securities which have been recently downgraded by the relevant ESG data provider but will not be removed from the Reference Index until the next Reference Index rebalance and may therefore not be removed from the portfolio until that time.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes. The financial product has designated the MSCI Europe Small Cap Low Carbon SRI Screened Select Index as the reference benchmark.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

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.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

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.

How does the designated index differ from a relevant broad market index?

The Reference Index is based on the Parent Index, which is designed to reflect the performance of small-capitalisation companies in European developed markets.

The Reference Index is based on the Parent Index and is designed to exclude companies from the

Parent Index which do not meet certain minimum ESG criteria.

ESG Exclusion Criteria

The Reference Index applies an ESG Exclusion approach, where all of the companies from the Parent Index which breach the following ESG criteria, are excluded:

- Companies which are unrated or missing relevant coverage by MSCI ESG Research;
- Companies which are assigned an MSCI ESG Rating of BB or below;
- Companies which have any involvement in controversial weapons, as categorised by MSCI ESG Research;
- Companies which have an MSCI ESG Controversies score of 0, or have an insufficient MSCI ESG Controversies score related to certain environmental controversies;
- Companies which are classified by MSCI in their Business Involvement Screening Research or Climate Change Metrics as breaching certain revenue thresholds in controversial activities, including, but not limited to, civilian firearms, nuclear weapons, tobacco, adult entertainment, alcohol, conventional weapons, gambling, genetically modified organisms, nuclear power, fossil fuel reserves ownership, fossil fuel extraction, fossil fuel power generation, unconventional oil and gas extraction, oil and gas, thermal coal mining and thermal coal power; and
- Companies which fail to comply with the United Nations Global Compact principles.

Such exclusions comprise the requirements as laid out in Article 12(1)(a) to (g) of the Commission Delegated Regulation (EU) 2020/1818 ("PAB Exclusions").

The Reference Index utilises data from MSCI ESG Research to apply certain ESG criteria using the following products: MSCI ESG Ratings, MSCI ESG Controversies Score, MSCI ESG Business Involvement Screening Research and MSCI Climate Change Metrics.

MSCI ESG Ratings

MSCI ESG Ratings provide research, data, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating.

MSCI ESG Controversies

MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services.

MSCI ESG Business Involvement Screening Research

MSCI ESG Business Involvement Screening Research (BISR) aims to enable institutional investors to manage ESG standards and restrictions. MSCI ESG BISR is utilised to identify and exclude companies involved in industries with a high potential for negative environmental, health and/or social impact based on the value-based criteria and thresholds from the MSCI SRI Indexes methodology.

MSCI Climate Change Metrics

MSCI Climate Change Metrics provides climate data & tools to support institutional investors seeking to integrate climate risk & opportunities into their investment strategy and processes.

GHG Intensity Reduction Criteria

The Reference Index also includes carbon emission reduction criteria, whereby if having applied the above exclusions, the Greenhouse Gas ("GHG") intensity of the Reference Index has been insufficiently reduced compared to the Parent Index, constituents are excluded by descending order of GHG intensity until a relevant reduction threshold is achieved as determined by MSCI Climate Change Metrics.

Security Selection and Weighting

Securities from the Parent Index which pass the ESG Exclusion Criteria outlined above will constitute the eligible universe (the “Eligible Universe”). The GHG Intensity Reduction Criteria may then be applied to exclude additional securities from the Eligible Universe until the relevant GHG intensity reduction is achieved relative to the Parent Index. After the ESG Exclusion and GHG Intensity Reduction Criteria are applied, the remaining securities are weighted in proportion of their free float-adjusted market capitalisation.

The Reference Index is reviewed and rebalanced on at least a quarterly basis and may also be rebalanced at other times in order to reflect corporate activity such as mergers and acquisitions or based on certain changes to issuers’ ESG metrics.

The Reference Index is a total return net index. A total return net index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested net of applicable withholding tax.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Additional information on the Reference Index, its composition, ESG criteria, calculation and rules for periodical review and re-balancing and on the general methodology behind the MSCI indices can be found on http://www.msci.com.

Where can I find more product specific information online?

More product-specific information can be found on the website: www.xtrackers.com by searching for the name of the financial product and accessing the downloads section as well as on your local country website.