

Xtrackers EUR High Yield Corporate Bond SRI PAB UCITS ETF

Supplement to the Prospectus

This Supplement contains information in relation to Xtrackers EUR High Yield Corporate Bond SRI PAB UCITS ETF (the “**Fund**”), a sub-fund of Xtrackers (IE) plc (the “**Company**”) an umbrella type open-ended investment company with segregated liability between sub-funds and with variable capital governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “**Central Bank**”).

This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of the prospectus of the Company dated 15 June 2023 (the “Prospectus”), and the first addendum to the Prospectus dated 1 December 2023 (the “Addendum”)) and must be read in conjunction with, the Prospectus and the Addendum.

Xtrackers (IE) plc

Dated 2 December 2024

IMPORTANT INFORMATION

The Fund is an ETF. The Shares of this Fund are fully transferable to investors and will be listed for trading on one or more stock exchanges.

TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

Investment Objective

The investment objective of the Fund is to track the performance before fees and expenses of an index which is designed to reflect the performance of high yield, Euro denominated corporate bonds that meet specific maturity, credit quality, liquidity, and environmental, social and governance (“**ESG**”) criteria.

Investment Policy

In order to seek to achieve the investment objective, the Fund will adopt a Direct Investment Policy. There is no assurance that the investment objective of the Fund will actually be achieved.

The Fund will aim to replicate or track, before fees and expenses, the performance of the Bloomberg MSCI Euro High Yield Sustainable and SRI PAB Index (the “**Reference Index**”), by holding a portfolio of fixed income securities that comprises all or a representation of the securities comprised in the Reference Index or unrelated transferable securities (the “**Underlying Securities**”). Further information on the Reference Index is contained under "General Description of the Underlying Asset".

The Fund is managed according to a passive approach and is an Optimised Replication Fund (as described in the Prospectus under the heading "*Direct Investment Funds following a passive approach*"). The optimised sample of securities determined will be selected with the aim of providing the most representative sample of the Reference Index based on its evaluation of the Underlying Securities against factors including, but not limited to, the correlation of the Underlying Securities to the Reference Index and the exposure, liquidity and risk of the Underlying Securities. Any unrelated transferable securities held by the Fund will typically be similar to the securities comprised in the Reference Index. The Investment Manager reserves the right to exclude from the portfolio of the Fund any securities from the Reference Index that do not comply with the Investment Manager's policies or standards (examples of which are described in the Prospectus under the heading "*Direct Investment Funds following a passive approach*"). Full disclosure on the composition of the Fund's portfolio will be available on a daily basis at www.Xtrackers.com.

The Underlying Securities are listed or traded on markets and exchanges which are set out at Appendix I of the Prospectus, with the Underlying Securities being bought by the Fund from any broker or counterparty who trades on the markets and exchanges listed at Appendix I of the Prospectus.

As further described in the "Efficient Portfolio Management and Financial Derivative Instruments" section below and in the Prospectus, the Fund may also invest in securities which are not constituents of the Reference Index and/or financial derivative instruments (**FDIs**) related to a constituent or constituents of the Reference Index, for efficient portfolio management purposes, where such securities and/or FDIs would achieve a risk and return profile similar to that of the Reference Index, a constituent of the Reference Index or a sub-set of constituents of the Reference Index.

The Fund may invest in ancillary liquid assets which will include secured and/or unsecured deposits, and/or units or shares of other UCITS or other collective investment schemes which pursue a money market/cash strategy or which are related to the Reference Index or constituents of the Reference Index.

The investments and liquid assets that the Fund may hold on an ancillary basis will, together with any fees and expenses, be valued by the Administrator on each Valuation Day in order to determine the Net Asset Value of the Fund in accordance with the rules set out in the Prospectus.

The value of the Fund's Shares is linked to the Reference Index, the performance of which may rise or fall. Hence, investors should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment.

The Fund will have no Final Repurchase Date. However, the Directors may decide to terminate the Fund in accordance with the terms set out in the Prospectus and/or the Articles of Association.

Efficient Portfolio Management and Financial Derivative Instruments

The Fund may employ techniques and instruments relating to transferable securities from time to time under the conditions and within the limits laid down by the Central Bank and the conditions set out in the Prospectus and this Supplement for efficient portfolio management purposes.

The Fund may also invest in FDIs subject to the conditions and limits laid down by the Central Bank for efficient portfolio management purposes and as described in the Prospectus. For details of any FDIs the Fund may use, please refer to the section entitled "**Use of Derivatives by Direct Investment Funds**" set out in the Prospectus.

The Company employs a risk management process which enables it to accurately measure, monitor and manage at any time the risks attached to the Fund's FDI positions and their contribution to the overall risk profile of the portfolio of assets of the Fund. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments in respect of the relevant Fund.

Calculation of Global Exposure

The Fund will employ the commitment approach to assess the Fund's global exposure and to ensure that the Fund's use of derivative instruments is within the limits specified by the Central Bank. Global exposure will be calculated daily. While the Fund may be leveraged through the use of the FDIs, any such leverage will not be in excess of 100% of the Fund's Net Asset Value.

Investment Restrictions

The general investment restrictions set out under "Investment Restrictions" in the Prospectus apply to the Fund.

Further, the Fund will not invest more than 10% of its assets in units or shares of other UCITS or other collective investment schemes in order to be eligible for investment by UCITS governed by the UCITS Directive.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interests of Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are located. Such investment restrictions will be included in an updated Supplement.

Borrowing

The Company may only borrow, for the account of the Fund, up to 10% of the Net Asset Value of the Fund provided that such borrowing is for temporary purposes. The assets of the Fund may be charged as security for any such borrowings.

Specific Risk Warning

Investors should note that the Fund is not capital protected or guaranteed and that the capital invested is not protected or guaranteed and investors in this Fund should be prepared and able to sustain losses up to the total capital invested.

Sub-Investment Grade (High Yield) Bonds

The Fund is exposed to the performance of bonds that are rated sub-investment grade, which may be more volatile than higher-rated bonds of similar maturity. High yield bonds may also be subject to greater levels of credit or default risk than higher rated bonds. The value of high yield bonds can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield bonds may be less liquid and more difficult to value or sell at an advantageous time or price than higher rated bonds. In particular, high yield bonds are often issued by smaller, less creditworthy companies or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal. Potential investors in the Fund should consider the relative risks of investing in the Fund carefully and understand that high yield bonds are generally not meant for short-term investing. Prices for high yield bonds may be affected by a sudden lack of market liquidity, legislative and/or regulatory developments which could adversely affect the performance of the Fund.

Concentration of the Reference Index

The market which the Reference Index seeks to represent has a high concentration to one or more sectors. Therefore, investors should be aware that changes in the conditions affecting the concentrated sector or sectors may have an adverse impact on the performance of the Reference Index and the portfolio of transferable securities and eligible assets held by the Fund.

Environmental, Social and Governance Standards

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 Fund, 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 Fund 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 (as further described under the heading "General Description of the Underlying Asset", where applicable) 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 Fund 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 Fund accords with their own ESG criteria. Information on how the Reference Index is consistent with environmental, social and governance characteristics is contained under "General Description of the Underlying Asset".

Investors should note that whilst the Fund and the Reference Index seek to ensure compliance with the criteria outlined under "General Description of the Underlying Asset" 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.

Sustainability Data Risks

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 Fund.

*EU Paris Aligned Benchmarks ("**EU PAB**") Compliance*

The Reference Index has been designed by the Index Administrator to meet the requirements set out for EU PAB in the Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 of the European Parliament and European Council with regards to the minimum standards for EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks (the "**PAB Regulation**") in order to be designated as an EU PAB. Amongst other things, the PAB Regulation requires an EU PAB to reduce its greenhouse gas emissions by at least 7% year-on-year, and reduce greenhouse gas emissions by at least 50% against the Bloomberg Euro High Yield 250mn Index. However, investors should note that whilst the Reference Index seeks to ensure alignment with all relevant PAB Regulation requirements at each rebalance date, between these rebalances limits may be breached and relevant targets may not be reached. Neither the Company, nor any of its service providers, makes any representation with respect to the accuracy, reliability, correctness of the way that any EU PAB standards are interpreted or implemented by the Index Administrator.

Investors will also bear some other risks as described under the section "Risk Factors" in the Prospectus.

Profile of a Typical Investor

Prospective investors in the Fund should ensure that they understand fully the nature of the Fund, as well as the extent of their exposure to risks associated with an investment in the Fund and should consider the suitability of an investment in the Fund.

Investment in the Fund may be appropriate for investors who have knowledge of, and investment experience in this type of financial product and understand and can evaluate the strategy and characteristics in order to make an informed investment decision. Further, they may have free and available cash for investment purposes and are looking to gain exposure to the securities making up the Reference Index. As the Net Asset Value per Share of the Fund will fluctuate and may fall in value, investment in the Fund should be viewed as suitable for investors who seek a return over the medium to long term. However, prospective investors should be prepared and able to sustain losses up to the total amount of capital invested.

The Prospectus sets out statements on taxation regarding the law and practice in force in the relevant jurisdiction at the date of the Prospectus. The statements are by way of a general guide to potential investors and Shareholders only and do not constitute legal or tax advice to Shareholders or potential investors. Shareholders and potential investors are therefore advised to consult their professional advisers concerning any investment in the Fund particularly as the tax position of an investor and the rates of tax may change over time.

Dividend Policy

Dividends may be declared and paid on the "1D" Shares up to four times per annum. The Fund does not intend to make dividend payments on the "1C" Shares.

General Information Relating to the Fund

Base Currency	EUR
Cut-off Time	Means 2.30 p.m. Dublin time on the relevant Transaction Day.
Initial Offer Period	The Initial Offer Period in respect of the "1D" Shares shall be from 9:00am on 3 December 2024 to 2.30 p.m. (Dublin time) on 30 May 2025 or such earlier or later date as the Directors may determine and notify periodically to the Central Bank.
Minimum Fund Size	EUR 50,000,000
Settlement Day	Means up to nine Settlement Days following the Transaction Day ¹ .
Transparency under SFDR	The Fund promotes, among other characteristics, environmental and social characteristics and is subject to the disclosure requirements of a financial product under Article 8(1) of SFDR. Information on how the Reference Index is consistent with environmental, social and governance characteristics is contained under "General Description of the Reference Index". Please also refer to "Environmental, Social and Governance Standards" under "Specific Risk Warning" above, to the section entitled "Sustainability-related disclosures under SFDR and EU Taxonomy Regulation" set out in the Prospectus and the annex to this Supplement.
Securities Lending	No
Significant Market	Means a Direct Replication Significant Market.

¹In the case that a Significant Market is closed for trading or settlement on any Settlement Day during the period between the relevant Transaction Day and the expected settlement date (inclusive), and/or settlement in the base currency of the Fund is not available on the expected settlement date, there may be corresponding delays to the settlement times indicated in this Supplement subject to the regulatory limit on settlement periods of 10 Business Days from the Cut-off Time. Earlier or later times may be determined by the Management Company at its discretion, whereby notice will be given on www.Xtrackers.com.¹

Description of the Shares

	1D	1C
ISIN Code	IE000WZGRD34	IE0006GNB732
German Security Identification Number (WKN)	DBX0SB	DBX0SG
Currency	EUR	EUR
Initial Issue Price	The Initial Issue Price will be calculated as corresponding to an appropriate fraction of the closing level of the Reference Index on the Launch Date. The Launch Date shall be the final day of the Initial Offer Period. The Initial Issue Price is available from the Administrator.	N/A
Launch Date	To be determined by the Board of Directors. The Launch Date will be available from the Administrator and via the website: www.Xtrackers.com	22 June 2022
Minimum Initial Investment Amount	EUR 50,000	EUR 50,000
Minimum Additional Investment Amount	EUR 50,000	EUR 50,000
Minimum Redemption Amount	EUR 50,000	EUR 50,000
Currency Hedged Share Class	No	No

Fees and Expenses

	1D	1C
Management Company Fee	Up to 0.15% per annum	Up to 0.15% per annum
Platform Fee	Up to 0.10% per annum	Up to 0.10% per annum
All-in Fee	Up to 0.25% per annum	Up to 0.25% per annum
Primary Market Transaction Costs	Applicable	Applicable
Transaction Costs	Applicable	Applicable
Anticipated Level of Tracking Error	Up to 1%	Up to 1%

This section headed "Fees and Expenses" should be read in conjunction with the section headed "Fees and Expenses" in the Prospectus.

GENERAL DESCRIPTION OF THE UNDERLYING ASSET

This section is a brief overview of the Reference Index. It contains a summary of the principal features of the Reference Index and is not a complete description of the Reference Index. In case of inconsistency between the summary of the Reference Index in this section and the complete description of the Reference Index, the complete description of the Reference Index prevails. Information on the Reference Index appears on the website identified below in "Further Information". Such information may change from time to time and details of the changes will appear on that website.

General Description of the Reference Index

The Reference Index is administered by Bloomberg Index Services Limited (the "**Index Administrator**", which expression shall include any successor in such capacity). The Reference Index is designed to reflect the performance of Euro-denominated, high yield, fixed-rate corporate bonds. The Reference Index includes securities issued by industrial, utility and financial institutions that meet specific currency, sector, amount outstanding, credit quality, maturity, coupon, seniority of debt, market of issue, and security type criteria.

Specifically, for bonds to be eligible for inclusion in the Reference Index they must be rated high yield (Ba1/BB+/BB+ or below) using the middle rating of Moody's, Standard & Poor's, and Fitch. When a rating from only two agencies is available, the lower rating shall be used. When a rating from only one agency is available, that rating shall be used to determine eligibility for the Reference Index.

The Reference Index applies the minimum standards laid out for EU PAB in the PAB Regulation. The Reference Index will set an initial 50% decarbonisation of absolute greenhouse gas ("**GHG**") emissions relative to the Bloomberg Euro High Yield 250mn Index, (the "**Parent Index**") followed by an annual 7% decarbonisation trajectory of absolute GHG emissions. In addition, the Reference Index will exclude bonds which do not fulfil specific ESG criteria, including those laid out in Article 12(1)(a) to (g) of the PAB Regulation ("**PAB Exclusions**").

In particular, bonds will be excluded from the Reference Index due to the following ESG considerations:

- Issuers where MSCI does not have reported or estimated absolute GHG emissions data.
- Bonds issued by issuers rated BB or below or that do not have a MSCI ESG rating by MSCI ESG Research LLC. MSCI ESG Ratings are designed to help identify the ESG risks and opportunities of investments. Companies are rated on a 7-point 'AAA' to 'CCC' scale according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.
- Issuers with a "red" MSCI ESG Controversies score or issuers which breach a MSCI Environmental Controversy score. MSCI ESG Controversies measure a company's involvement in notable ESG controversies related to the company's operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, and performance with respect to these norms and principles. Each ESG Controversy is attributed a 0-10 score and a flag colour depending on the severity of its ESG impact.
- Issuers that are classified by MSCI in their MSCI ESG Business Involvement Screening Research ("**BISR**") as having any involvement (as determined by MSCI ESG Research LLC) in controversial weapons or with any fossil fuel reserves, as well as issuers breaching certain revenue thresholds in controversial activities, including, but not limited to, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, civilian firearms, oil & gas, nuclear power and weapons, and thermal coal. BISR aims to enable institutional investors to manage ESG standards and restrictions.

The MSCI ESG Ratings, MSCI ESG Controversies scores and BISR are sourced from MSCI ESG Research LLC.

If having applied the above ESG exclusion criteria, less than 20% of the total number of issuers in the universe of eligible bonds (the "**Relevant Threshold**") are excluded, the remaining issuers are ranked according to MSCI ESG Ratings score and MSCI ESG Controversies score and those with the lowest ranking will be excluded from the Reference Index, until the number of excluded issuers is higher than the Relevant Threshold.

The composition of the Reference Index is rebalanced on a monthly basis, on the last business day of the month. The bonds included in the Reference Index are weighted on each rebalancing date according to the relative market value of each issuance, i.e., the product of bond price plus accrued interest and par amount outstanding

of the respective debt security. The weighting of each issuer is limited to 3% in the Reference Index. The excess weighting of any such issuer based on its relative market value over the 3% cap will be redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 3% cap. The process is repeated until no issuer exceeds the 3% limit.

The Reference Index is calculated by the Index Administrator on a daily basis. Bonds in the Reference Index are priced at bid price. New corporate issuances entering the Reference Index are priced on the offer side and are then priced at bid after the first month.

The Reference Index is calculated on a total return basis which means that the payments from coupons are reinvested in the Reference Index. Payments from coupons and scheduled partial and unscheduled full redemptions are held as cash until the next rebalancing, when the cash is reinvested in the Reference Index.

The Reference Index was created in February 2021 and the historical levels have been calculated from May 2019 (the Base Date).

Further Information

Additional information on the Reference Index can be found on the relevant Bloomberg website (<https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/index/136085EU>). Bloomberg Index Services Limited has been granted authorisation by the UK FCA as a UK administrator for this index under the UK Benchmark Regulation. Bloomberg Index Services Limited is listed on the FCA's register for administrators.

IMPORTANT

“Bloomberg®” and the Bloomberg MSCI Euro High Yield Sustainable and SRI PAB Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“**BISL**”), the administrator of the index (collectively, “**Bloomberg**”), and have been licensed for use for certain purposes by the Company as the issuer of the Fund.

The Fund is not sponsored, endorsed, sold or promoted by Bloomberg. Bloomberg does not make any representation or warranty, express or implied, to the owners of or counterparties to the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly. The only relationship of Bloomberg to the Company is the licensing of certain trademarks, trade names and service marks and of the Bloomberg MSCI Euro High Yield Sustainable and SRI PAB Index, which is determined, composed and calculated by BISL without regard to the Company or the Fund. Bloomberg has no obligation to take the needs of the Company or the owners of the Fund into consideration in determining, composing or calculating the Bloomberg MSCI Euro High Yield Sustainable and SRI PAB Index. Bloomberg is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Fund to be issued. Bloomberg shall not have any obligation or liability, including, without limitation, to the Fund's customers, in connection with the administration, marketing or trading of the Fund.

BLOOMBERG DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE BLOOMBERG MSCI EURO HIGH YIELD SUSTAINABLE AND SRI PAB INDEX OR ANY DATA RELATED THERETO AND SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. BLOOMBERG DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, OWNERS OF THE FUND OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BLOOMBERG MSCI EURO HIGH YIELD SUSTAINABLE AND SRI PAB INDEX OR ANY DATA RELATED THERETO. BLOOMBERG DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BLOOMBERG MSCI EURO HIGH YIELD SUSTAINABLE AND SRI PAB INDEX OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS LICENSORS, AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS, AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES—WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE FUND OR THE BLOOMBERG MSCI EURO HIGH YIELD SUSTAINABLE AND SRI PAB INDEX OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Xtrackers EUR High Yield Corporate Bond SRI PAB UCITS ETF
Legal entity identifier: 254900JCYVIMXES6K908

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 will make a minimum of **sustainable investments with a social objective:** ___%

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 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: a reduction in GHG emissions, a reduction in fossil fuel extraction; and the social characteristics of: a reduction in human and labour rights controversy occurrences.

In order to promote these characteristics, the financial product holds a portfolio of securities that comprises all or a representation of the securities comprised in the Reference Index or unrelated transferable securities. The Reference Index is designed to reflect the performance of high yield, Euro

denominated corporate bonds that meet specific maturity, credit quality, liquidity, and environmental, social and governance (“ESG”) criteria.

The Reference Index applies the minimum standards laid out for EU PAB in the PAB Regulation. The Reference Index will set an initial 50% decarbonisation of absolute greenhouse gas (“GHG”) emissions relative to the Parent Index (as defined below), followed by an annual 7% decarbonisation trajectory of absolute GHG emissions. In addition, the Reference Index will exclude bonds which do not fulfil specific ESG criteria, including those laid out in Article 12(1)(a) to (g) of the PAB regulation (“PAB Exclusions”).

In particular, the following bonds will be excluded from the Reference Index due to the following ESG considerations:

- Issuers where MSCI does not have reported or estimated absolute GHG emissions data.
- Bonds issued by issuers rated BB or below or that do not have a MSCI ESG rating by MSCI ESG Research LLC. MSCI ESG Ratings are designed to help identify the ESG risks and opportunities of investments. Companies are rated on a 7-point ‘AAA’ to ‘CCC’ scale according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.
- Issuers with a “red” MSCI ESG Controversies score or issuers which breach a MSCI Environmental Controversy score. MSCI ESG Controversies measure a company’s involvement in notable ESG controversies related to the company’s operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, and performance with respect to these norms and principles. Each ESG Controversy is attributed a 0-10 score and a flag colour depending on the severity of its ESG impact.
- Issuers that are classified by MSCI in their MSCI ESG Business Involvement Screening Research (“BISR”) as having any involvement (as determined by MSCI ESG Research LLC) in controversial weapons or with any fossil fuel reserves, as well as issuers breaching certain revenue thresholds in controversial activities, including, but not limited to, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, civilian firearms, oil & gas, nuclear power and weapons, and thermal coal. BISR aims to enable institutional investors to manage ESG standards and restrictions.

The MSCI ESG Ratings, MSCI ESG Controversies scores and BISR are sourced from MSCI ESG Research LLC.

If having applied the above ESG exclusion criteria, less than 20% of the total number of issuers in the universe of eligible bonds (the “Relevant Threshold”) are excluded, the remaining issuers are ranked according to MSCI ESG Ratings score and MSCI ESG Controversies score and those with the lowest ranking will be excluded from the Reference Index, until the number of excluded issuers is higher than the Relevant Threshold.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***
 - **Total GHG Emissions:** The financial product’s portfolio’s weighted average of its issuers' total GHG emissions (Scopes 1, 2 and 3) 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

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

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.

- **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
- **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.

● ***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 refer to the proportion of an issuer's economic activities that contribute to an environmental objective and/or a social objective, 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. The environmental and/or social objectives are identified by activities that contribute positively to the United Nations Sustainable Development Goals ("UN SDGs"), which may include, but is not limited to, (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, are 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.

● ***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;
- Violation of international norms or involvement in very severe controversies; and
- Violation of certain principal adverse indicator thresholds.

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

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.

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 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 emissions (Scope 1, 2, 3 and total) (no. 3)
- Exposure to companies active in the fossil fuel sector (no. 4);
- Share of non-renewable energy consumption and production (no. 5);
- 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 no 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):

- Carbon footprint (no. 2);
- GHG emissions (Scope 1, 2, 3 and total) (no. 3)
- Exposure to companies active in the fossil fuel sector (no. 4);
- Share of non-renewable energy consumption and production (no. 5);
- Violation of UN Global Compact principles and OECD Guidelines for multinational enterprises (no. 10); and
- Exposure to controversial weapons (no. 14).

No

What investment strategy does this financial product follow?

The investment objective of the financial product is to track the performance before fees and expenses of the “Reference Index”, which is the Bloomberg MSCI Euro High Yield Sustainable and SRI PAB Index, which is designed to reflect the performance of high yield, Euro denominated corporate bonds that meet specific maturity, credit quality, liquidity, and environmental, social and governance (“ESG”) criteria.

The Reference Index applies the minimum standards laid out for EU PAB in the PAB Regulation. The Reference Index will set an initial 50% decarbonisation of absolute greenhouse gas (“GHG”) emissions relative to the Bloomberg Euro High Yield 250mn Index (the “Parent Index”), followed by an annual 7% decarbonisation trajectory of absolute GHG emissions. In addition, the Reference Index will exclude bonds which do not fulfil specific ESG (environmental, social, and governance) 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.

The Reference Index will set an initial 50% decarbonisation of absolute greenhouse gas (“GHG”) emissions relative to the Parent Index, followed by an annual 7% decarbonisation trajectory of absolute GHG emissions. In addition, the Reference Index will exclude bonds which do not fulfil specific ESG criteria, including those laid out in Article 12(1)(a) to (g) of the PAB Regulation (“**PAB Exclusions**”).

In particular, the following bonds will be excluded from the Reference Index due to the following ESG considerations:

- Issuers where MSCI does not have reported or estimated absolute GHG emissions data.
- Bonds issued by issuers rated BB or below or that do not have a MSCI ESG rating by MSCI ESG Research LLC. MSCI ESG Ratings are designed to help identify the ESG risks and opportunities of investments. Companies are rated on a 7-point ‘AAA’ to ‘CCC’ scale according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.
- Issuers with a “red” MSCI ESG Controversies score or issuers which breach a MSCI Environmental Controversy score. MSCI ESG Controversies measure a company’s involvement in notable ESG controversies related to the company’s operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, and performance with respect to these norms and principles. Each ESG Controversy is attributed a 0-10 score and a flag colour depending on the severity of its ESG impact.
- Issuers that are classified by MSCI in their MSCI ESG Business Involvement Screening Research (“BISR”) as having any involvement (as determined by MSCI ESG Research LLC) in controversial weapons or with any fossil fuel reserves, as well as issuers breaching certain revenue thresholds in controversial activities, including, but not limited to, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms ,



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

civilian firearms, oil & gas, nuclear power and weapons, and thermal coal. BISR aims to enable institutional investors to manage ESG standards and restrictions.

The MSCI ESG Ratings, MSCI ESG Controversies scores and BISR are sourced from MSCI ESG Research LLC.

If having applied the above ESG exclusion criteria, less than 20% of the total number of issuers in the universe of eligible bonds (the “Relevant Threshold”) are excluded, the remaining issuers are ranked according to MSCI ESG Ratings score and MSCI ESG Controversies score and those with the lowest ranking will be excluded from the Reference Index, until the number of excluded issuers is higher than the Relevant Threshold.

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.

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

The investment objective of the financial product is to track the performance before fees and expenses of the Reference Index which excludes companies with very severe controversies (including governance controversies) using MSCI ESG Controversies data, and companies that have an MSCI ESG Rating (which assesses, amongst other things, how well companies manage governance risks and opportunities) below a certain threshold or do not have an MSCI ESG Rating.

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



What is the asset allocation planned for this financial product?

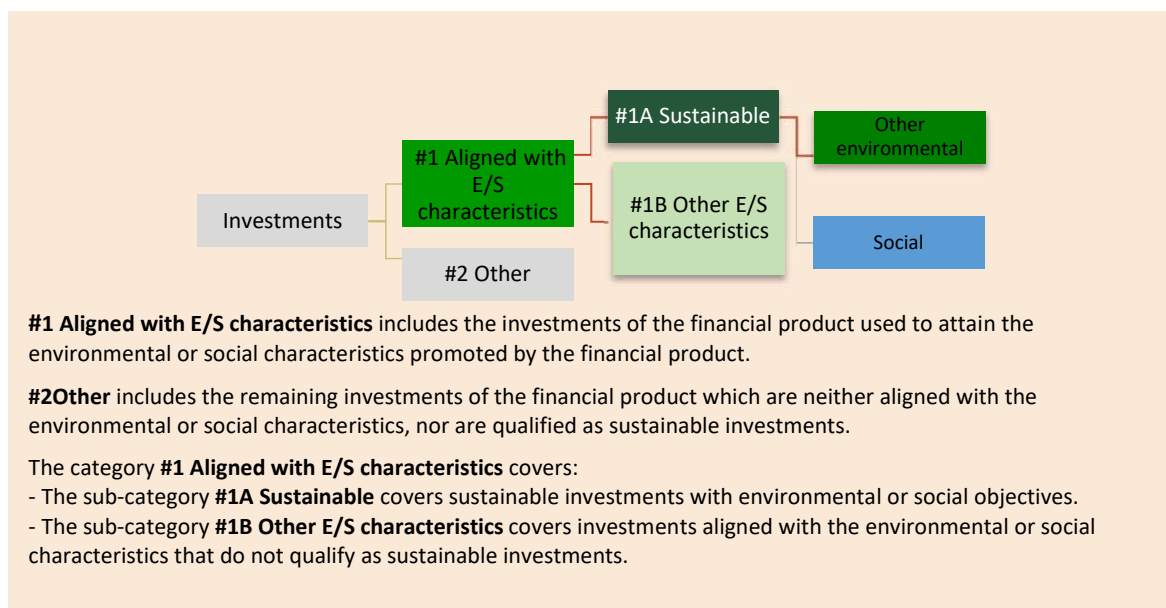
This financial product invests at least 90% of its net assets in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics). Within this category, at least 5% of the financial product’s assets qualify as sustainable investments (#1A Sustainable).

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

Asset allocation describes the share of investments in specific assets.

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.



● **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 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 of climate change mitigation and/or climate change adaptation (the only two of the six environmental objectives under the EU Taxonomy Regulation for which technical screening criteria have been defined through delegated acts). 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 Taxonomy²?**

Yes:

In fossil gas In nuclear energy

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

² 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.

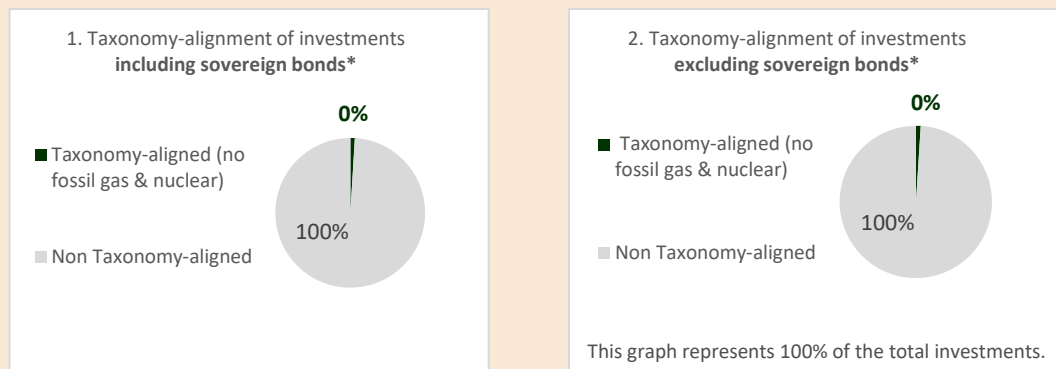
comprehensive safety and waste management rules.

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.

- ✘ 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.*



* 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.



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



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

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 Bloomberg MSCI Euro High Yield Sustainable and SRI PAB Index as the reference benchmark.

- ***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 applying the minimum standards laid out for EU PAB in the PAB Regulation. The Reference Index will set an initial 50% decarbonisation of absolute greenhouse gas (“GHG”) emissions relative to the Parent Index, followed by an annual 7% decarbonisation trajectory of absolute GHG emissions. In addition, the Reference Index will exclude bonds which do not fulfil specific ESG (environmental, social, and governance) criteria.

- ***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 fixed income securities that comprises all or a representation of the securities comprised in the Reference Index or unrelated transferable securities. Any unrelated transferable securities held by the financial product will typically be similar to the securities comprised in the Reference Index.

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

The Reference Index will set an initial 50% decarbonisation of absolute greenhouse gas (“GHG”) emissions relative to the Parent Index, which is the relevant broad market index, followed by an annual 7% decarbonisation trajectory of absolute GHG emissions. In addition, the Reference Index will exclude bonds which do not fulfil specific ESG (environmental, social, and governance) criteria, including those laid out in Article 12(1)(a) to (g) of the PAB Regulation (“**PAB Exclusions**”).

In particular, the following bonds will be excluded from the Reference Index due to the following ESG considerations:

- Issuers where MSCI does not have reported or estimated absolute GHG emissions data.
- Bonds issued by issuers rated BB or below or that do not have a MSCI ESG rating by MSCI ESG Research LLC. MSCI ESG Ratings are designed to help identify the ESG risks and opportunities of investments. Companies are rated on a 7-point ‘AAA’ to ‘CCC’ scale according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.
- Issuers with a “red” MSCI ESG Controversies score or issuers which breach a MSCI Environmental Controversy score. MSCI ESG Controversies measure a company’s

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

involvement in notable ESG controversies related to the company's operations and/or products, possible breaches of international norms and principles such as the UN Global Compact, and performance with respect to these norms and principles. Each ESG Controversy is attributed a 0-10 score and a flag colour depending on the severity of its ESG impact.

- Issuers that are classified by MSCI in their MSCI ESG Business Involvement Screening Research ("BISR") as having any involvement (as determined by MSCI ESG Research LLC) in controversial weapons or with any fossil fuel reserves, as well as issuers breaching certain revenue thresholds in controversial activities, including, but not limited to, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, civilian firearms, oil & gas, nuclear power and weapons, and thermal coal. BISR aims to enable institutional investors to manage ESG standards and restrictions.

The MSCI ESG Ratings, MSCI ESG Controversies scores and BISR are sourced from MSCI ESG Research LLC.

If having applied the above ESG exclusion criteria, less than 20% of the total number of issuers in the universe of eligible bonds (the "Relevant Threshold") are excluded, the remaining issuers are ranked according to MSCI ESG Ratings score and MSCI ESG Controversies score and those with the lowest ranking will be excluded from the Reference Index, until the number of excluded issuers is higher than the Relevant Threshold.

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

Full information on the Reference Index can be found on the relevant Bloomberg website (<https://www.bloombergindices.com>).



Where can I find more product specific information online?

More product-specific information can be found on the website: www.xtrackers.com as well as on your local country website.