

## **Xtrackers MDAX ESG Screened UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to Xtrackers MDAX ESG Screened 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”)), the first addendum to the Prospectus dated 1 December 2023, and must be read in conjunction with, the Prospectus.**

**Xtrackers (IE) plc**

**Dated 19 March 2024**

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**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.**

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## TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND

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### 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 the shares of medium-capitalisation companies in Germany which meet certain minimum environmental, social and governance (“**ESG**”) standards.

### Investment Policy

In order to seek to achieve the investment objective, the Fund will adopt a Direct Investment Policy and will aim to replicate or track, before fees and expenses, the performance of the MDAX ESG Screened Index (the “**Reference Index**”) by holding a portfolio of equity securities that comprises all, or a substantial number of, the securities comprised in the Reference Index (the “**Underlying Securities**”). 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*”). 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 a Full Replication Fund (as 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](http://www.Xtrackers.com).

There is no assurance that the investment objective of the Fund will actually be achieved.

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 for 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 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 main part of 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 return that the Shareholder may receive will be dependent on the performance of the Reference Index.

The Fund will have no Final Repurchase Date. However, the Board of 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 under the conditions and within the limits laid down by the Central Bank from time to time and the conditions set out in the Prospectus and this Supplement for efficient portfolio management purposes. The Fund may enter into securities lending transactions for efficient portfolio management purposes only in accordance with the conditions and limits set down by the Central Bank from time to time and as set out in the Prospectus.

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.

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 a 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.

### **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.

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

### *Concentration of the Reference Index*

The Reference Index is concentrated in securities from a single country. As a result, any country-specific political or economic changes 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.

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 the 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.

### **General Information Relating to the Fund**

<b>Base Currency</b>	EUR
<b>Cut-off Time</b>	Means 2:00 p.m. Dublin time on the relevant Transaction Day.
<b>Fund Classification (InvStG)</b>	Equity Fund, target minimum percentage of 80%.
<b>Minimum Fund Size</b>	EUR 50,000,000.

<b>Settlement Day<sup>1</sup></b>	Means up to five Settlement Days after the Transaction Day.
<b>Securities Lending</b>	Yes. Where the Fund enters into Securities Lending Transactions, the collateral received in relation to such transactions shall comply with ESG standards as determined by the relevant Investment Manager, Sub-Portfolio Manager and/or Securities Lending Agent, in accordance with and within the limits set forth in the agency securities lending and repurchase agreement and in addition to the criteria defined under the sections “Eligible Collateral in relation to Securities Lending” and “Efficient Portfolio Management” of the Prospectus. Equity collateral conforming to such ESG standards shall be identified by reference to an appropriate developed market ESG equity index, as determined from time to time by the relevant Investment Manager, Sub-Portfolio Manager and/or Securities Lending Agent and will incorporate as a minimum ESG screens substantially similar to those of the Reference Index. The securities held as collateral in respect to Securities Lending Transactions is available on the website of the Company <a href="http://www.Xtrackers.com">www.Xtrackers.com</a>
<b>Securities Lending Agent</b>	Deutsche Bank AG, acting through its Frankfurt head office and its London and New York branches.
<b>Securities Lending Fee Allocation</b>	The Securities Lending Agent shall receive a fee for the services provided in respect of any Securities Lending Transactions.
<b>Securities Lending Revenue</b>	To the extent the Fund undertakes securities lending to reduce costs, the Fund will ultimately be allocated 70% of the associated revenue generated, the Sub-Portfolio Manager will be allocated 15%, and the Securities Lending Agent will be allocated 15%. To facilitate this, the Fund will initially receive 85% of the associated revenue generated from which the Sub-Portfolio Manager will receive their allocation. The Securities Lending Agent acts as the Company's agent in relation to securities lending transactions and the Sub-Portfolio Manager provides risk monitoring services to the Company in relation to securities lending transactions. As securities lending revenue sharing does not increase the costs of running the Fund, this has been excluded from the figures set out under "Fees and Expenses" below.
<b>Transparency under SFDR</b>	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.
<b>Significant Market</b>	Means a Direct Replication Significant Market.
<b>Description of the Shares</b>	
	<b>"1D"</b>
<b>ISIN Code</b>	IE00B9MRJJ36
<b>German Security Identification Number (WKN)</b>	A1T795

<sup>1</sup> In 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](http://www.Xtrackers.com)

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<b>Currency</b>	EUR
<b>Launch Date</b>	9 January 2014
<b>Minimum Initial Investment Amount</b>	45,000 Shares
<b>Minimum Additional Investment Amount</b>	45,000 Shares
<b>Minimum Redemption Amount</b>	45,000 Shares
<b>Fees and Expenses</b>	
<b>Management Company Fee</b>	Up to 0.20% per annum
<b>Platform Fee</b>	Up to 0.20% per annum
<b>All-in Fee</b>	Up to 0.40% per annum
<b>Primary Market Transaction Costs</b>	Applicable
<b>Transaction Costs</b>	Applicable
<b>Anticipated Tracking Error</b>	Up to 1.00% per annum

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

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## GENERAL DESCRIPTION OF THE UNDERLYING ASSET

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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 based on the MDAX<sup>®</sup> Index (the "**Parent Index**"), which is administered by STOXX Ltd. (the "**Index Administrator**"). The Parent Index is designed to reflect the performance of the medium-capitalisation segment of companies traded on the Frankfurt Stock Exchange (the "**FSE**") which follow large-capitalisation companies included in the DAX<sup>®</sup> index companies with regard to market capitalisation or companies that are not eligible for inclusion in the DAX<sup>®</sup> index because they don't fulfil the DAX<sup>®</sup> profitability requirements.

Contrary to the so-called all-share indices which track an entire segment, the Parent Index is a selection index, extracting and tracking certain portions of the segment, with a fixed number of securities. To be included or to remain in the Parent Index, companies must meet certain liquidity, domicile and other criteria.

### ESG Exclusions

The Reference Index utilises ESG data provided by Institutional Shareholder Services Inc. ("**ISS ESG**"). ISS ESG provides expertise across a variety of sustainable and responsible investment issues, including climate change, sustainable development goal linked impacts, human rights, labour standards, corruption and controversial weapons.

Securities of companies included in the Parent Index that do not meet certain ESG criteria are excluded from the Reference Index, including those that are:

- Assigned an ISS ESG Rating of D- or below;
- Identified as 'Red' by ISS ESG in their Norms Based Screening. ISS ESG's Norms Based Screening assesses companies against their adherence to international norms on human rights, labour standards, environmental protection and anti-corruption established in the UN Global Compact and the OECD Guidelines;
- Identified by ISS ESG as having any involvement in controversial weapons; and
- Identified by ISS ESG as breaching certain revenue thresholds in controversial activities, including, but not limited to, tobacco, thermal coal mining, oil sands, nuclear power, civilian firearms, and military equipment.

The Reference Index also excludes companies which have missing ESG data.

### Selection and Weighting

Securities that are excluded from the Parent Index are not replaced in the Reference Index, hence the number of securities in the Reference Index will not be fixed and the Reference Index may contain fewer securities than the Parent Index.

The remaining securities, after the ESG based exclusions, are weighted based on the free float market capitalisation with the weight of each component in the Reference Index capped at 15% at each quarterly rebalance.

The Reference Index is reviewed and rebalanced on a quarterly basis and may also be rebalanced at other times in order to reflect corporate activity such as mergers and acquisitions. As from 23 September 2024, should any individual company within the Reference Index reach a weight of 20 percent intra-quarter, the Reference Index will be re-balanced intra-quarter such that the individual company will be re-weighted to 15 percent.



The Reference Index has a base date of 16 December 2016.

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.

The Reference Index is calculated in Euro on a daily basis.

### **Further Information**

Additional information on the Reference Index, its composition, calculation and rules for periodical review and re-balancing and on the general methodology can be found on [www.stoxx.com](http://www.stoxx.com).

## IMPORTANT

STOXX Ltd., Qontigo Index GmbH and their licensors (the "**Licensors**"), research partners or data providers have no relationship to the Company, other than the licensing of the MDAX ESG Screened Index (hereinafter, "**Index**") and the related trademarks for use in connection with Xtrackers MDAX ESG Screened UCITS ETF (hereinafter the "**Product**").

STOXX Ltd., Qontigo and their Licensors, research partners or data providers do not:

- Sponsor, endorse, sell or promote the Product or recommend that any person invest in the Product or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of the Product.
- Have any responsibility or liability for the administration, management or marketing of the Product.
- Consider the needs of the Product or the owners of the Product in determining, composing or calculating the Index or have any obligation to do so.

STOXX Ltd. and Qontigo Index GmbH respectively as the licensor and their Licensors, research partners or data providers give no warranty, and exclude any liability (whether in negligence or otherwise), in connection with the Product of their performance. Specifically, STOXX Ltd., Qontigo Index GmbH and their Licensors, research partners or data providers do not give any warranty, express or implied, and exclude any liability about:

- The results to be obtained by the Product, the owner of the Product or any other person in connection with the use of the Index and the data included in the Index;
- The accuracy, timelessness, and completeness of the Index and its data;
- The merchantability and the fitness for a particular purpose or use of the Index and its data;
- The performance of the Product generally;
- STOXX Ltd., Qontigo Index GmbH and their Licensors, research partners or data providers give no warranty and exclude any liability, for any errors, omissions or interruptions in the Index or its data;
- Under no circumstances will STOXX Ltd., Qontigo Index GmbH or their Licensors, research partners or data providers be liable (whether in negligence or otherwise) for any lost profits or indirect, punitive, special or consequential damages or losses, arising as a result of such errors, omissions or interruptions in the relevant index or its data or generally in relation to the Product even in circumstances where STOXX Ltd., Qontigo Index GmbH or their Licensors, research partners or data providers are aware that such loss or damage may occur.

STOXX Ltd. and Qontigo Index GmbH do not assume any contractual relationship with the purchasers of the Product or any other third parties. The licensing agreement between DWS Investments UK Limited and STOXX and the sub-licensing agreement between the Company and the respective Licensors is solely for their benefit and not for the benefit of the owners of the Product or any other third parties.

**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**

**Product name: Xtrackers MDAX ESG Screened UCITS ETF**

**Legal entity identifier: 549300UH1JXLUG5LCG03**

## 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 1% 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**

**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.



### 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 holds a portfolio of securities that comprises all, or a substantial number of, the securities comprised in the Reference Index. The Reference Index selects companies from the Parent Index (as defined below) that meet certain minimum Environmental, Social and Governance (“ESG”) standards, by excluding companies from the Parent Index which do not fulfil the following specific ESG criteria:

- Assigned an Institutional Shareholder Services Inc (“ISS ESG”) ESG Rating of D- or below;
- Identified as ‘Red’ by ISS ESG in their Norms Based Screening. ISS ESG’s Norms Based Screening assesses companies against their adherence to international norms on human

rights, labour standards, environmental protection and anti-corruption established in the UN Global Compact and the OECD Guidelines;

- Identified by ISS ESG as having any involvement in controversial weapons; and
- Identified by ISS ESG as breaching certain revenue thresholds in business activities, including, but not limited to, tobacco, thermal coal mining, oil sands, nuclear power, civilian firearms, and military equipment.

The Reference Index also excludes companies which have missing ESG data.

The Reference Index utilises ESG data provided by ISS ESG. ISS ESG provides expertise across a variety of sustainable and responsible investment issues, including climate change, sustainable development goal linked impacts, human rights, labour standards, corruption and controversial weapons.

#### 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, including violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as determined by either MSCI or ISS ESG. Details on the provider used are available upon request.
  - **Exposure to Worst-in-Class Issuers:** The percentage of the financial product's portfolio's market value exposed to companies with a rating of or equivalent to "CCC", as determined by either MSCI or ISS ESG. Details on the provider used are available upon request.
  - **Controversial Weapons Involvement:** The percentage of the financial product's portfolio's market value exposed to companies with ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments, as determined by either MSCI or ISS ESG. Details on the provider used are available upon request.
  - **Tobacco involvement:** The percentage of the financial product's portfolio's market value exposed to companies flagged for involvement in tobacco, and includes all tobacco producers as well as tobacco distributors, suppliers, and retailers with a combined revenue in these areas of more than, or equal to, 5%, as determined by either MSCI or ISS ESG. Details on the provider used are available upon request.
- ***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 1% 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.

**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;
- 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?*

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:

- Exposure to companies active in the fossil fuel sector (no. 4);
- Violation of UN Global Compact principles and OECD Guidelines 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? Details:

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):

- 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).

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 MDAX ESG Screened Index. The Reference Index is based on the MDAX® Index (the "Parent Index") which is designed to reflect the performance of the shares of medium-capitalisation segment of companies traded on the Frankfurt Stock Exchange which follow large-capitalisation companies included in the DAX® index with regard to market capitalisation or companies that are not eligible for inclusion in the DAX® index because they don't fulfil the DAX® profitability requirements. The Reference Index consists of companies from the Parent Index which meet certain minimum Environmental, Social and Governance ("ESG") standards.

- **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

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

Index which do not fulfil the following specific ESG (environmental, social and governance) criteria:

- Assigned an ISS ESG Rating of D- or below;
- Identified as 'Red' by ISS ESG in their Norms Based Screening. ISS ESG's Norms Based Screening assesses companies against their adherence to international norms on human rights, labour standards, environmental protection and anti-corruption established in the UN Global Compact and the OECD Guidelines;
- Identified by ISS ESG as having any involvement in controversial weapons; and
- Identified by ISS ESG as breaching certain revenue thresholds in business activities, including, but not limited to, tobacco, thermal coal mining, oil sands, nuclear power, civilian firearms, and military equipment.

The Reference Index also excludes companies which have missing ESG data.

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 which breach certain international norm standards (including governance controversies) using ISS-ESG data, and companies that have an ISS ESG Rating (which assesses, amongst other things, how well companies manage governance risks and opportunities) below a certain threshold or have missing ESG data.

## **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 1% 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).

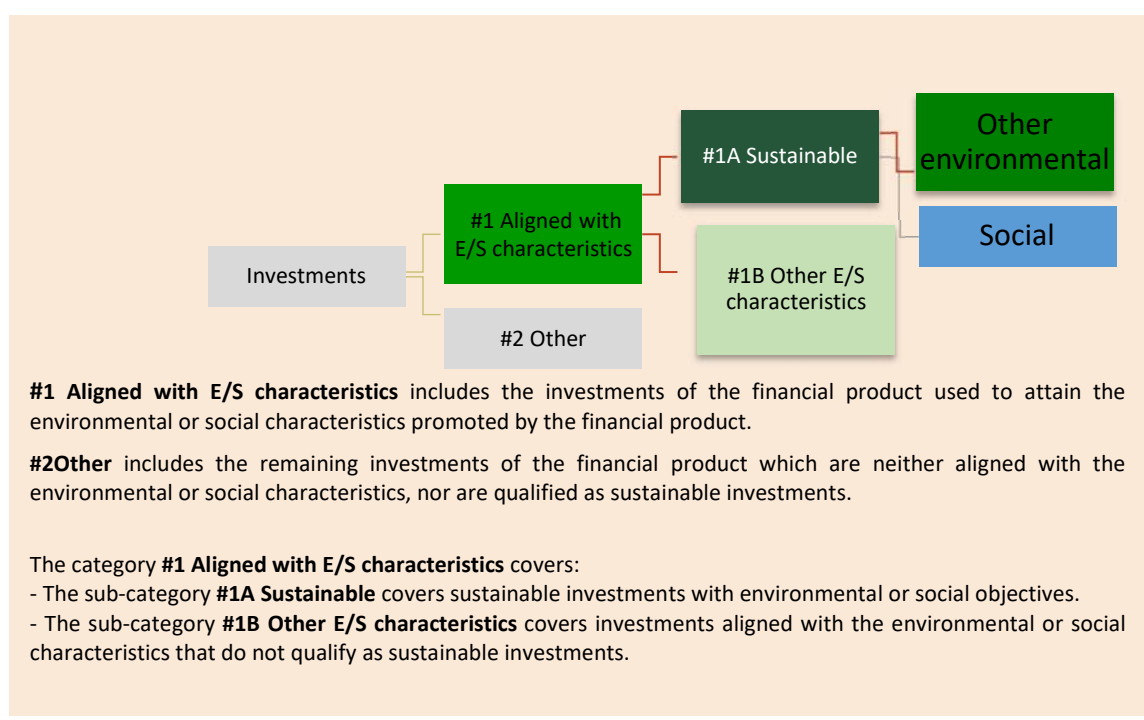
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**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.

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.

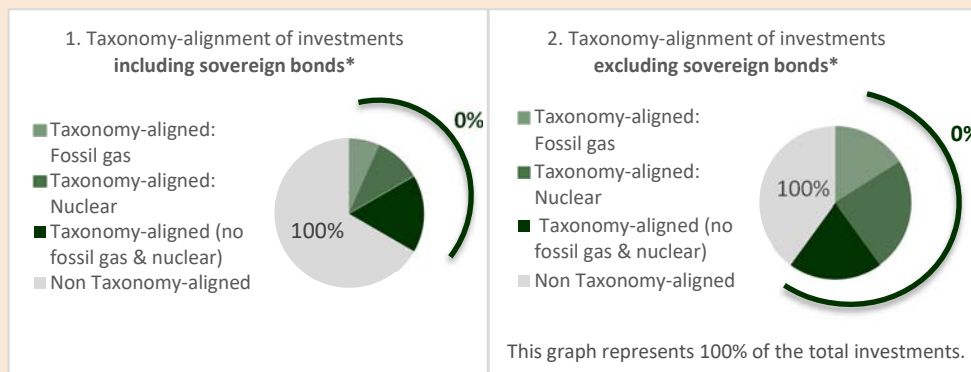
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

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.*



\* 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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic



**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 1%.



**What is the minimum share of socially sustainable investments?**

<sup>2</sup> **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.**  
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activities under the EU Taxonomy.

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 1%.



### **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 MDAX ESG Screened 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 constituents of the Reference Index.

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

- ***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 the shares of medium-capitalisation segment of companies traded on

the Frankfurt Stock Exchange which follow large-capitalisation companies included in the DAX® index with regard to market capitalisation or companies that are not eligible for inclusion in the DAX® index because they don't fulfil the DAX® profitability requirements. The Reference Index excludes companies from the Parent Index which do not fulfil the following specific ESG criteria:

- Assigned an ISS ESG Rating of D- or below;
- Identified as 'Red' by ISS ESG in their Norms Based Screening. ISS ESG's Norms Based Screening assesses companies against their adherence to international norms on human rights, labour standards, environmental protection and anti-corruption established in the UN Global Compact and the OECD Guidelines;
- Identified by ISS ESG as having any involvement in controversial weapons; and
- Identified by ISS ESG as breaching certain revenue thresholds in business activities, including, but not limited to, tobacco, thermal coal mining, oil sands, nuclear power, civilian firearms, and military equipment.

The Reference Index also excludes companies which have missing ESG data.

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

Additional information on the Reference Index, its composition, calculation and rules for periodical review and re-balancing and on the general methodology can be found on [www.stoxx.com](http://www.stoxx.com)



#### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:** [www.xtrackers.com](http://www.xtrackers.com) as well as on your local country website.