

# Xtrackers USA Net Zero Pathway Paris Aligned UCITS ETF

Xtrackers USA Net Zero Pathway Paris Aligned UCITS ETF promotes environmental and social characteristics with a sustainable investment objective and qualifies as a product in accordance with article 9(3) of Regulation (EU) 2019/2088.

## Summary

This document shall give investors a concise overview about the Environmental, Social and Governance (“**ESG**”) characteristics that the sub-fund is targeting, including the methodology of the Reference Index as well as its data sources and screening criteria.

## Investment Objective

The investment objective of the Xtrackers USA Net Zero Pathway Paris Aligned UCITS ETF is to track the performance before fees and expenses of the Underlying Asset, which is the Solactive ISS ESG United States Net Zero Pathway Index (the “**Reference Index**”).

## ESG Characteristics of the Reference Index

The Reference Index is based on the Solactive GBS United States Large & Mid Cap Index (the “**Parent Index**”) and aims to meet the requirements set out for EU Paris-aligned Benchmarks (“**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 PAB (the “**PAB Regulation**”). The Reference Index also seeks to implement recommendations published by the Institutional Investors Group on Climate Change on their Net Zero Investment Framework which can be found on <https://www.iigcc.org> and <https://parisalignedinvestment.org>.

Securities are first removed from the Parent Index that do not meet certain ESG criteria, utilising ESG data from Institutional Shareholder Services Inc. (“**ISS**”). This includes removing companies based on Norm-Based Research, ESG performance, Activity-Based Screening, Controversial Weapons Research and Environmental Objectives.

Securities from the Parent Index that meet these ESG criteria are then assigned an initial weight in the Reference Index based on their market capitalisation, with each constituent’s initial weight tilted based on a scoring process for each of the three pillars listed below (the “**Tilted Weights**”):

- Science-based targets relating to reducing carbon emissions;
- Climate disclosure standards; and
- Green revenue relating to sustainable development goal (“**SDG**”) 13: Climate Action

Additionally, constituent weights are further adjusted to align with the objectives of the EU PAB (including reducing the carbon intensity of the Reference Index). The carbon intensity of the Reference Index is capped at the minimum of the carbon intensity of the decarbonization trajectory on the selection day and 50% of the carbon intensity of the Parent Index on the selection day. The decarbonization trajectory is defined by an annual minimum carbon intensity reduction of 7% compared to the carbon intensity of the Reference Index on the base day in a geometric progression.

## Reference Index Screening Criteria

The Reference Index has multiple levels of screening criteria, as set out in the ESG characteristics section, and must meet all the screening rules to be eligible for inclusion in the Reference index. The thresholds are outlined below:

### Overall ESG Performance

Companies rated D- are excluded.

### Norm-Based Research

Companies with a verified failure to respect established norms as well as severe or very severe controversies in topics such as environment, human rights, corruption and labour rights are excluded.

### Controversial Weapons Research

Companies with verified or alleged ongoing involvement in chemical weapons, biological weapons, nuclear weapons, depleted uranium, nuclear weapons outside the NPT, cluster munitions and anti-personnel mines are excluded.

### Activity-Based Screening

Securities are excluded based on their revenues from certain activities. The thresholds for exclusion are outlined below:

#### Civilian Firearms

All companies classified as "Producer" of firearms and small arms ammunitions for civilian markets.

All companies deriving 5% or more revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.

#### Military Weapons

All companies deriving 10% or more revenue from military weapons, including services and the production of primary use components.

#### Fossil Fuels

All companies deriving 10% or more revenue from fossil fuel production, exploration, distribution, and services.

All companies deriving 50% or more revenue from electric power generation from fossil fuel sources.

#### Thermal Coal

All companies deriving 1% or more revenue from thermal coal-based power generation or mining.

#### Tobacco

All companies classified as a Tobacco Producer or Tobacco Cultivator.

All companies deriving 5% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products.

#### Oil Sands

All companies deriving 5% or more revenue from the production of oil sands.

### Environmental Objectives

Companies with a significant negative impact (as defined by an SDG Impact Rating of -5.1 and below) in the following SDGs are excluded:

SDG 12: Responsible Consumption and Production

SDG 13: Climate Action

SDG 14: Life Below Water

SDG 15: Life on Land

## Reference Index Data Sources

The Reference Index utilises ESG data from Institutional Shareholder Services Inc. ("ISS").

ISS provides expertise across a variety of sustainable and responsible investment issues, including climate change, SDG linked impacts, human rights, labour standards, corruption and controversial weapons.

## Engagement Policies

Active engagement with our investee companies, using proxy voting and engagement to drive change for the benefit of clients is a key part of DWS Group's approach to sustainable investment. DWS applies the following engagement policies.

### Engagement Policy

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

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

## Corporate Governance & Proxy Voting Policy

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

## Further Information

Details on the Engagement Policy, Corporate Governance & Proxy Voting Policy, as well as further details on the Sub-Fund, including the Prospectus and other legal documents can be found on [www.dws.com](http://www.dws.com)

Further details on the Reference and Parent Index including ESG data and Index methodology can be found on the on [www.solactive.com](http://www.solactive.com)

## Important Information

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

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

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

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

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