

# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS - SUMMARY

**DWS Grundbesitz GmbH**



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# A / Summary

DWS Grundbesitz GmbH (LEI code 529900YDIT4SCCP1SY38), a member of DWS Group<sup>1</sup> ("DWS"), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Grundbesitz.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022 ("Reference Period"). Sustainability factors as defined in the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (Disclosure Regulation) mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impacts mean negative effects of investments on those sustainability factors.

On 1 January 2023, the regulatory technical standards (RTS) of the Disclosure Regulation entered into force in the form of the Delegated Regulation (EU) 2022/1288 of 6 April 2022. The RTS set forth a table of mandatory indicators the respective financial market participant (the latter as defined in the Disclosure Regulation (FMP)) must use to measure and disclose principal adverse impacts of investment decisions. The RTS differentiate between indicators for investments in (i) investee companies, (ii) sovereigns and supranationals, and (iii) real estate assets. In addition, the FMP must select and disclose information on at least two additional principal adverse impacts indicators which it deems relevant in the context of its business.

The financial products of DWS Grundbesitz GmbH in scope of the SFDR (alternative investment funds (AIFs<sup>2</sup>)) covered by this statement include the following asset classes:

- Illiquid assets, including real estate equity and infrastructure equity, and
- Liquid assets, including fixed income, and fixed-term investments.

DWS Grundbesitz GmbH makes investments in real estate assets, companies and sovereigns. It thus discloses information on its impact, and – where available – its targets and measures regarding

- 14 mandatory principal adverse impact (PAI) indicators applicable to investments in investee companies
- 2 mandatory principal adverse impact indicators (PAIs) applicable to investments in sovereigns and supranationals
- 2 mandatory principal adverse impact indicators applicable to investments in real estate assets
- 1 additional principal adverse impact indicator applicable to investments in investee companies, namely 'Number of identified cases of severe human rights issues and incidents'
- 1 additional principal adverse impact indicator applicable to investments in real estate assets, namely 'Greenhouse gas emissions'

Based on the aforementioned indicators, DWS Grundbesitz GmbH identifies principal adverse impacts of investment decisions across its financial products. DWS Grundbesitz GmbH selected the additional PAIs for disclosure in accordance with the group-wide sustainability strategy. This strategy is reflected in DWS Group's commitments, e.g., with regard to

<sup>1</sup> DWS Group means DWS Group GmbH & Co. KGaA and its subsidiaries consisting of any companies of which DWS Group GmbH & Co. KGaA is the direct or indirect parent company with majority participations (equity or voting capital share of more than 50%), including branches and representative offices.

<sup>2</sup> Alternative investment funds according to the Directive 2011/61/EU on Alternative Investment Fund Managers as amended from time to time.

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net zero, as well as in its Responsible Investment (RI) Framework, e.g., with regards to human rights. These are operationalised in further policies and activities to identify and mitigate principal adverse impacts.

DWS Grundbesitz GmbH takes identified adverse impacts into account when making investments in real estate assets, companies and sovereigns where data is available to do so. DWS Grundbesitz GmbH's approach to mitigating adverse impacts of its real estate assets comprises, among others, energy audits to analyse the energy consumption profile and identify potential savings in the real estate properties as well as energy certifications, certifications of the buildings to determine their energy efficiency, the conclusion of so-called "green" leases with a framework for landlords and tenants for the sustainable use and management of real estate property, as well as various measures to improve energy efficiency. In addition, DWS Grundbesitz GmbH applies exclusions to all its investments, for example with regard to controversial weapons and fossil fuels. With regard to its liquidity investments, in particular equities and bonds, DWS Grundbesitz GmbH also takes principal adverse impacts on sustainability factors into account. To this end, it applies the guidelines of DWS Group's management companies<sup>3</sup> managing the security funds (hereinafter referred to as "DWS"). Measures to mitigate principal adverse impacts of DWS Grundbesitz GmbH's liquidity investments include, but are not limited to, exclusions related to controversial weapons and fossil fuels.

The consideration of principal adverse impacts in the investment process requires the availability of data on adverse impacts attributed to existing and planned investments. For real estate assets, data sources depend on the individual principal adverse impacts indicator and include energy performance certificates, utility bills and information provided by property managers. To determine the principal adverse impacts of its investments in listed corporate issuers as well as in sovereigns and supranationals, DWS Grundbesitz GmbH uses data from external commercial ESG data providers as well as DWS proprietary research. Limitations regarding the availability and quality of data as provided by each of the external vendors are aimed to be mitigated through utilisation of multiple vendors.

As fiduciary, it is of the utmost importance for DWS Grundbesitz GmbH to make all investment decisions in the best interest of its clients, considering all relevant financial and non-financial risk factors. Principal adverse impacts will thus not automatically outweigh other relevant factors.

<sup>3</sup> DWS Investment GmbH und DWS Investment S.A.