Environmental, Social and Governance Directives for Portfolio Management
## Table of Contents

1. Main Ideas ........................................... 3  
2. Approach ............................................ 4  
3. Applicable Principles ................................. 5  
4. Scope ............................................... 6  
5. Appendix ............................................ 7
1. Main Ideas

DWS takes very seriously its fiduciary responsibilities to its investors. DWS believes that management quality has a long-term positive correlation to capital market performance. Consequently, one of the main concerns in making investment decisions is sustainable company success. DWS is committed to securing shareholder value and acting in the best interests of its clients. The main consideration that DWS takes into account is maximizing shareholder value. There are different material issues that contribute to the maximization of shareholder value and are important to its respective clients, business and markets in achieving the goal of long-term value. One of such material issues includes the application of recognized ecological, social standards and good corporate governance (“ESG”). ESG considerations are increasingly important aspects of reaching the goal of sustainable company success and are to be taken into account by DWS in achieving its ultimate goal of maximizing shareholder value and serving its clients. As a result, although DWS corporate analysis considers key financial data and economic merit as the main criteria in making investment decisions, DWS also takes into account ethical and non-financial aspects, both for risk assessment and contribution to performance where the interests of the clients may be simultaneously served. One of the ways in which DWS, as part of Deutsche Asset Management (“DeAM”), has formalized this priority is by becoming a signatory to the United Nations Principles for Responsible Investment (UN PRI) in February 2008.
2. Approach

DWS invests in a large number of financial instruments based on comprehensive analyses, which consist of not only financial data but also internationally acceptable ethical principles. Companies or states that seriously contravene such internationally accepted principles will be subject to heightened scrutiny. The ESG framework is made up of ethical principles of certain countries and regions (e.g., German and European), global ethical norms and also the pertinent environmental and social standards UN Global Compact, OECD Guidelines for Multinational Enterprises, the UN Convention on Cluster Munitions etc. Although the primary factor that DWS takes into account is maximizing shareholder value, an important consideration as to whether an international treaty and ethical principle will be taken into account in any analysis is whether it has been ratified in a particular country (e.g., Germany). Notwithstanding, all investment decisions will be assessed on a case-by-case basis as such determinations are complex and the application and consideration of ESG matters may differ greatly based on the region, type and preferences of a particular client or account.

If DWS identifies a grave contravention of these ethical norms by a company in which an investment fund or account currently invests, it may consider opening a constructive dialog with this party, with the objective of achieving sustainable improvement in the social, environmental or governance conditions. The DWS Proxy Voting Policy will be followed in cases where DWS exercises voting rights with respect to such company. The manner and scope of such dialog would depend on the degree of the contravention and the stage of consultations: verbally or in writing with the decision-maker of the company, or publicly (if permissible), possibly at shareholders’ meetings and to the press. In certain circumstances, a joint approach with third parties is also possible taking into account any legal constraints. In addition, DWS may also consider the circumstances of states whose governments systematically contravene their citizens’ human rights. DWS cooperates with external and independent specialists in preparing and analyzing such information. To the extent that a state is involved in the contravention of these norms, then DWS may consider opening a dialog with the relevant contact in such state subject to the receipt of prior local and/or regional compliance approval which determination will be made in accordance with the laws of the relevant jurisdiction. In connection with such analyses and dialog, DWS may consider as a last resort excluding a company or state from its investment universe, however, in all cases, such decision remains subject to whether DWS determines in its capacity as a fiduciary that such action is in the best interest of its clients. Such determination is made by the heads of equity and/or bond fund management of DWS.

With respect to ESG procedures for DWS, the relevant chief investment officers and/or business heads may implement such controls regarding ESG matters as may be deemed appropriate with the ultimate investment decision being placed with the relevant portfolio manager, with approval as necessary by the relevant chief investment officer and/or chief operating officer.

Although the primary consideration that a portfolio manager will use in considering whether to invest in a company or state is a purely financial one, such portfolio manager will also consider whether the ESG-related aspects are also compelling in serving the best interests of the client. DWS may also take into account possible reputational risk impact and concerns for a prospective client with respect to ESG matters. Notwithstanding, DWS may not consider reputational impact to DWS, DeAM or Deutsche Bank AG for existing mandates or clients.

DWS may inform ESG-relevant companies and request that DWS should be kept apprised of significant changes in their company’s strategic orientation. Decisions regarding ESG-relevant companies are reviewed on a regular basis.

Furthermore, certain accounts currently exist and may be established in the future in which the investment strategy of the portfolios specifically target investment in companies in which ESG governance is integral. With respect to those accounts, the relevant portfolio manager has no discretion to invest in a company or state which gravely contravenes the ESG norms and is flagged as ESG relevant.

All materials made available to the public or communications to the press/media must be approved in accordance with DWS Policies and Procedures.

DWS is also supported on fundamental ESG issues by the external ESG Advisory Panel. Its members are international ESG experts in the scientific and sustainable investment fields.
3. Applicable Principles

Relevant principles for DWS include the United Nations Global Compact Principles and – as far as applicable – the OECD Guidelines for Multinational Enterprises (refer to both in appendix), but also the UN Convention on Cluster Munitions.

The UN Global Compact Principles calls on companies to shape the global economic system along social and ecological lines. With more than 8,000 companies signed up to the UN Global Compact Principles in more than 135 countries, it is the world’s largest and best-known initiative. Its ten-point program calls on companies to champion the fundamental principles of human rights, working conditions, the environment and eradication of corruption. DWS takes an active stance with companies to encourage corporate responsibility, to recognize and to fulfill UN Global Compact Principles while maintaining its fiduciary responsibilities and acting in the best interests of its clients.

The OECD Guidelines for Multinational Enterprises also formalize the code of conduct for foreign investment and relationships with foreign suppliers. Since 2007, G8 countries have been focusing on the promotion of these principles for corporate management. DWS also promotes adherence to these standards as part of good corporate management.

The international Convention on Cluster Munitions was entered into international law on August 1, 2010 and prohibits the use, manufacture and distribution of cluster munitions. To date, a total of 111 states have joined the Convention as States Parties or signatories.

In considering ESG matters of potential investments, DWS pays particular attention to the following aspects of the principles set out in the appendix:

**Social**
- General human rights
- Prohibition of child labor and forced labor
- Imperative Non-discrimination
- Freedom of association and trade unionism
- Workplace health and safety
- Fair workplace and appropriate remuneration

**Ecology**
- Conservation of flora & fauna
- Protection of natural resources, atmosphere and inshore waters
- Limitation of land degradation and climate change
- Avoidance of encroachment on ecosystems and loss of biodiversity

In this context, DWS assesses the following entrepreneurial activities: mining and chemical industries, extraction and utilization of fossil fuels, agriculture and forestry, fishing, livestock management and animal experimentation as well as construction of dams.

**Governance**

DWS has produced its own principles for good corporate governance, which reflect international applicable standards such as the ICGN Corporate Governance Principles, in addition to including the Global Compact Anti-Corruption Principle. These are stipulated in the DWS Proxy Voting Policy.

**Cluster Munitions/Prohibited Landmines**

DWS will attempt to identify companies which manufacture prohibited products such as cluster munitions and landmines (see Point 2 above). Such companies will generally be excluded from the investment universe if there is no other compelling justification for making such an investment. Should any investment be planned which deviates from the aforementioned principle, this transaction will require approval in advance from the heads of equity and/or bond fund management of DWS.
4. Scope

This directive applies to DWS investment funds and accounts, including such DWS funds and accounts which are subject to internal delegation. With respect to accounts whereby investment discretion lies with an external sub-adviser, then such sub-adviser may be notified of DWS’s policy on ESG matters. In due course, DWS will approach sub-advisors with the aim of adding possible applicable exclusion criteria to the sub-advisor contract. Generally, the sub-adviser, however, retains sole discretion whether to consider ESG issues with respect to the accounts which it manages.
5. Appendix

The UN Global Compact Principles:

Human Rights
> Principle 1: Companies should support and comply with protection of international human rights within their sphere of influence,
> Principle 2: Ensure that they are not complicit in human rights abuses.

Labor
> Principle 3: Companies should uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as in addition
> Principle 4: The elimination of all forms of forced labor,
> Principle 5: The abolition of child labor,
> Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment
> Principle 7: Companies should support a precautionary approach to environmental challenges,
> Principle 8: Undertake initiatives to promote greater environmental responsibility,
> Principle 9: Encourage the development and dissemination of environmentally friendly technologies.

Anti-Corruption
> Principle 10: Companies should work against corruption in all its forms, including extortion and bribery.

OECD Guidelines for Multinational Enterprises – General Policies:

Companies should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard, enterprises should:

1. Contribute to economic, social and environmental progress with a view to achieving sustainable development;

2. Respect the human rights of those affected by their activities consistent with the host government’s international obligations and commitments;

3. Encourage local capacity building through close cooperation with the local community, including business interests, as well as developing the enterprise’s activities in domestic and foreign markets, consistent with the need for sound commercial practice;

4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees;

5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labor, taxation, financial incentives, or other issues;

6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices;

7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.
8. Promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programs;

9. Refrain from discriminatory or disciplinary action against employees who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise’s policies;

10. Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines;

11. Abstain from any improper involvement in local political activities.

UN Convention on Cluster Munitions
http://www.clusterconvention.org