To the CEOs and Boards of Directors of our Investee Companies

14 March 2023

DWS Corporate Governance & Proxy Voting Policy 2023

Dear Sir or Madam,

We at DWS Investment GmbH (DWS) remain fully committed to fulfill our duties as a fiduciary and we aim to protect the assets entrusted to us by our clients. Therefore, we continue to promote sound, robust governance standards and responsible transformations of business models. As a global fiduciary, we regard it as our responsibility to address challenges in the market. DWS hence joined the Net Zero Asset Managers initiative in 2020 to further promote the development of transition paths, accelerate change and embrace sustainability as a chance to re-think business models. Following our initial outreach to Investee Companies in 2021, more than 50 additional companies received our Net Zero engagement letter in 2022.

Among the different dimensions of sustainability, we continue to regard the "G" in ESG as an important element to unlocking a company's potential environmental and social impact. Sound corporate governance practices are preconditions and catalysts to achieving meaningful progress on creating long-term sustainable value for stakeholders and shareholders.

As in previous years, we have conducted a very thorough and holistic review of our Corporate Governance & Proxy Voting Policy centered around our core values:

- Adequate board composition with sufficient levels of independence, diversity as well as designated environmental, social and governance (ESG) oversight,
- Transparent, comprehensible and ambitious executive remuneration,
- Adequate transparency on auditors as well as their independence, and
- Appropriate treatment of shareholder and stakeholder rights, in compliance with internationally recognized E, S or G standards.

Please find the most important changes on our Corporate Governance & Proxy Voting Policy also in the **Annex** of this letter.

<u>Our Focus Areas and Key Changes for 2023:</u>

1. Management and (Supervisory) Boards:

Having a majority of independent members, i.e. >50%, serving on boards and committees, as well as respective independent chairs is crucial to us. This establishes an appropriate culture ensuring objective-driven decision-making and challenging discussions. In cases where the board and its key committees are not majority independent and the chairs of the audit and remuneration committees are not considered independent, we will vote against the discharge of non-executive directors. Employee- and union representatives are excluded from our independence calculation.

In exceptional cases, we accept a less than majority independent board (33%), i.e. if there is a controlling shareholder or due to regional best practices in emerging/developing markets. Nonetheless, we would still encourage a higher proportion of independent candidates. With regard to Japan, we expect the

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boards of prime listed Investee Companies to consist of at least a majority of independent directors. We encourage non-prime listed Investee Companies to establish a majority independent board to meet the international best practice requirements.

Due to the growing importance of audit committees, we will start voting against the audit, and nomination committee board chairs if there is a failure to identify a financial expert.

As before, we expect our Investee Companies to incorporate gender diversity into their composition and refreshment processes, which we regard as critical for effective corporate governance. Although the board refreshment processes may stretch for more than one year, we still identify the need for progress and ambitious targets as an ongoing priority for boards. We generally require boards to have at least one female member and achieve adequate levels of gender diversity according to national legislative requirements or best practice. For developed markets (i.e. Germany), we establish that 30% diversity as an adequate level. In this regard, we endorse the European directive on gender balance on corporate boards. We encourage Investee Companies to meet the best market practices (e.g., US or UK) on gender and board diversity, where relevant.

As of 2023, we expect Japanese Investee Companies to incorporate gender diversity into their composition and refreshment processes with an aim of reaching at least 25% diversity.

The increasing importance of sustainability needs to be reflected on the board level as well. Therefore, we will vote against the discharge and/or re-election of directors in case the Investee Company fails to adequately and timely respond to our thematic engagements. In the past this has included our Net Zero letters, our Human Rights Letters to Investee Companies operating in Myanmar and Belarus as well as our Blue Economy questionnaires. We may extend the scope of such thematic engagements going forward.

2. Executive Remuneration:

In addition to board composition, executive remuneration remains another key element of proper corporate governance. A rigorous remuneration system should align the interests of shareholders and management. Therefore, we expect a vote on the remuneration report annually. The report should provide sufficient transparency that allows investors to assess how the targets were in alignment with the strategic goals of an Investee Company, how the targets were met, how the board and the respective committee conducted their performance assessments and how awards have been paid out.

We also expect annual bonus targets to be disclosed. Furthermore, a meaningful portion of the variable short and long-term components should reflect ESG-related company-specific targets.

We regard relevant and adequate bonus-malus mechanisms (including clawbacks) and reasonable deferral periods for executives as key elements of a sustainable, long-term compensation structure. A robust clawback mechanism sets out the scope of and defines the conditions under which parts of the remuneration are to be reclaimed by the board. This should include cash and equity-based elements and should cover not only restatements, compliance breaches or misconduct but also performance-related restatements that may also extend to sustainability aspects.

Starting in 2023, we will vote against the remuneration system and report in cases where the same performance metrics are used for the annual bonus and long-term incentive plans. Until now we voted against the remuneration system and report if there is no cap on the maximum amount of remuneration

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set by the board. We will start applying this rule to cases where there is no cap for the annual bonus and long-term incentive plan.

In addition, we will vote against such systems and reports that allow an increase of fixed pay by more than 10% in a year without a convincing rationale (e.g., benchmarking/inflation adjustment that is out of line with the rest of the workforce).

3. Shareholder and Stakeholder Rights:

We aim to further strengthen the rights of shareholders wherever possible and necessary. Starting in 2023, we will vote against proposed amendments to the articles of association if the board proposes the introduction of virtual Annual General Meetings (AGMs) and the term exceeds or is not limited to two years. The same applies if the company does not provide additional information on how the rights of shareholders are fully reflected in the virtual AGM.

In addition, we will vote against proposed amendments to the articles of association that provide shareholders the ability to call a special meeting that exceeds a 10% ownership threshold. In cases where 10% could easily be achieved by a concentrated number of shareholders, we would apply a 15% threshold.

Finally, we will vote against proposed amendments seeking to adjust the board size outside of a 5 - 16 member range for markets without employee representatives.

4. Net Zero/Say-on-Climate:

As of 2023, we will vote case-by-case on discharging the chair of the board where either the board fails to respond to shareholder criticism or a management say-on-climate proposal that received less than 80% approval and was not supported by DWS. In evaluating management say-on-climate proposals and shareholder climate-related proposals, DWS considers specific minimum standards. These minimum standards include a commitment to net zero by 2050 or sooner as well as setting clear and ambitious GHG reduction targets (covering Scope 1, 2 and material categories of Scope 3 emissions). These targets shall be in line with the goals of the Paris Agreement and supported by a reliable science-based methodology (Science Based Targets/SBTi).

We will set additional requirements for companies facing high carbon risks. This includes consulting shareholders on implementation of a climate transition strategy, aligning capital and operational expenditures as well as lobbying activities related to climate and decarbonisation targets. Investee Companies in the fossil fuel sector (i.e. oil, gas and coal mining companies) should commit to ambitious absolute emissions reduction targets which include Scope 3 (rather than carbon intensity targets) in order to limit global warming to 1.5°C. Finally, for utility companies we expect electricity and heat production from thermal coal to be phased out by 2040.

We welcome any questions on governance topics or further inquiries related to our Corporate Governance & Proxy Voting Policy. Our Corporate Governance Center can be reached via dws.engagement@db.com.

Yours sincerely,

DWS Investment GmbH

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Annex: Most important changes (overview)

Votes against the appointment and reappointment of directors:

The election of a candidate causes the board to become insufficiently 1.1.11. a) independent (>50%) (excluding employee representatives and taking into consideration the respective country's best practice rules on corporate governance)

1.1.13. Failure to identify financial experts we would vote against the chair of the audit committee and nomination committee and board chair.

1.1.16. Serious and permanent conflicts of interest exist, including any executives sitting on the key board committees (i.e. audit/remuneration/nomination committee).

1.1.19. The candidate does not fulfill our independence criteria (sec. 4., p. 8 in our Corporate Governance & Proxy Voting Policy) and is intended to become chair of the audit or the remuneration committee.

Votes against the discharge of directors:

1.2.7. The Investee Company fails to adequately and timely respond to thematic engagement requests

1.2.16 Following DWS' standards, the board and its key committees are not majority independent and at the same time, the committee chairs of the audit and remuneration committee are not considered independent.

1.2.26 We will vote on a CASE-BY-CASE basis on the discharge of the chair of the board in case the board fails to respond to shareholder criticism; the say-on-climate received less than 80% support and was not supported by DWS.

Votes against the remuneration system/policy:

2.1.4. The structure of the compensation scheme does not comply with internationally recognized best practice, including any non-executive director receives more than an executive without any proper justification.

2.1.7. The fixed elements of the executive remuneration system disproportionately exceed the variable components (excluding companies with major shareholders at state level). In addition, the fixed pay can be increased by more than 10% in a year without a reasonable excuse (e.g., Benchmarking/inflation adjustment that is out of line with the rest of the workforce).

2.1.9. Variable compensation is not geared to the long-term success of the company. Long-term variable awards are measured over a period of less than three years and/or the annual bonus is larger than the long-term plan.

2.1.11. The remuneration committee is entitled to any discretionary adjustments ex-post the performance period that would increase or decrease bonus payments by more than 20 per cent. Whenever such discretion is given to the remuneration committee, we expect transparent and comprehensible disclosure about the mechanisms, amounts and procedures ex-ante.

2.1.17. The same performance metrics are used for both the annual bonus and long-term incentive plan.

2.1.21 There is no cap on the maximum amount of remuneration set by the board, or there is no cap for the annual bonus and long-term incentive plan.

Votes against the remuneration report:

2.2.9. The same performance metrics are used for both the annual bonus and long-term incentive plan.

2.2.12. The fixed pay has been increased by more than 10% in a year without a convincing rationale (e.g., Benchmarking/inflation adjustment that is out of line with the rest of the workforce).

Votes against proposed amendments of the articles:

6.1.2. The board proposes the introduction of virtual AGMs, and the proposal is not limited to two years or the company does not provide additional information on the means and ways how the rights of the shareholders are fully reflected.

Special rules for Japanese Investee Companies:

Independence: We expect Investee Companies to ensure that at least 1/3 of the members are considered independent, for prime listed companies we expect the board to consist of at least a majority of independent directors.

Board Composition: We expect our Investee Companies to incorporate gender diversity into their composition and refreshment processes and to aim to reach at least 25%. Furthermore, we expect and foster our investees in Japan to establish the relevant formal committees — nomination, remuneration and audit — which are at least majority independent, incl. statutory auditors and to identifying a board committee responsible for ESG-oversight.

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