



# DWS Corporate Governance and Proxy Voting Policy 2024

DWS Investment GmbH  
DWS Investment S.A. including SICAVs and PLCs  
DWS International GmbH

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# Proxy Voting Guidelines

This document gives a general overview of circumstances that we consider important when evaluating voting proposals. The application of the below guidelines may vary depending on the investee company's specific situation and the applicable geographic region.

The primary responsibility for engagement and the exercise of voting rights outlined in this report lies with DWS Investment GmbH (referred to as DWS in this policy). To ensure an effective, efficient and consistent process, the following DWS legal entities have delegated the voting rights of their funds (in case of DWS Investment S.A.) respectively their institutional mandates (in case of DWS Institutional GmbH) to DWS Investment GmbH:

- DWS International GmbH (applicable to mandates where the voting rights have been delegated by the institutional client)
- DWS Investment S.A

Reflecting our fiduciary duty to our clients, the exercise of our voting rights is made fully independent from any views or interests of our principal shareholder Deutsche Bank AG and other DWS legal entities.

## 1. Board

### 1.1. Appointment or Reappointment of Executive and Non-Executive Directors

DWS will generally vote AGAINST if:

- 1.1.1. There are concerns that the candidate has not adequately addressed issues pertaining to:
- Finances, conflicts of interests, abuses against minority shareholder interests
  - Climate change related matters
  - The investee company is involved in very severe ESG controversies (e.g. violations against UN Global Compact norms)
  - The investee company fails to address ESG risks and is significantly lagging its peers
  - The investee company failed to adequately respond to DWS's thematic engagement requests

DWS will vote on a CASE-BY-CASE basis if there are concerns that the candidate has not adequately addressed issues pertaining to:

- A "vote no" campaign
- The investee company is involvement in severe ESG controversies
- The investee company fails to address ESG risks and is lagging its peers

DWS will generally vote AGAINST if one of the following applies:

- 1.1.2. There is no comprehensive disclosure on the qualifications and suitability (through a competence profile and qualifications matrix) of the candidate.
- 1.1.3. The election of a candidate leads to an insufficient qualification structure of the board.
- 1.1.4. Director elections are carried out on a block basis and the qualification or suitability of at least one of the candidates is called into question.
- 1.1.5. The discharge has been called into question as per the DWS Corporate Governance and Proxy Voting policy.

- 1.1.6. The election includes a proposal that would lengthen the term of office for directors. We are generally supportive of staggered boards as the perpetual renewal of an appropriate proportion of the board members secures an active succession planning.
- 1.1.7. DWS will generally vote AGAINST the election of a candidate in the role of combined chair/CEO when there is no lead independent director, and the board/key committees are not sufficiently independent (independence as per the DWS Corporate Governance and Proxy Voting policy). DWS will vote on a CASE-BY-CASE basis when the combined role is on an interim basis or the company has committed to split the roles.
- 1.1.8. DWS will generally vote AGAINST a former executive board member (incl. the CEO) who is proposed to be elected for the first time as a supervisory board member without a reasonable cooling-off period as defined by local market best practice. DWS will vote on a CASE-BY-CASE basis for subsequent elections within the cooling-off period.
- 1.1.9. If the election causes the candidate to hold more than two (2) external non-executive mandates in case the candidate assumes any executive (3 overall maximum) role or more than five (5) mandates (incl. the nominated position) in total in case the candidate assumes non-executive roles only. An executive position of CEO and also any positions of chair of the board as well as chair of an audit committee will be counted as double seats. (We note that a director's service on multiple fund boards within related fund platforms are treated as service on a single board for this purpose.)
- 1.1.10. If a candidate for the chair of the board and the non-executive members is proposed to be elected where the board does not have a nomination, remuneration, or audit committee, although national best practices for corporate governance would require such committees.
- 1.1.11. If the election of a candidate causes the board to become insufficiently:
  - a) Independent (less than majority or less than 33% for controlled companies or emerging markets; excluding employee representatives)
  - b) Gender diverse (30% for developed markets ex. Japan (25%) and UK (33%); at least one female board member for other markets) or ethnically diverse in the US and UK (at least one director from an ethnic/racial minority)
- 1.1.12. If the independent directors do not constitute at least 50% in the key committees (ie. audit/remuneration/nomination committee), DWS will generally vote AGAINST non-independent directors serving on these committees, the chair of the board and the chair of the nomination committee.
- 1.1.13. If the investee company fails to identify financial experts DWS will generally vote AGAINST the chair of the audit committee and nomination committee and board chair.
- 1.1.14. If shareholders have not been given the ability to express their consent regarding a strategically and volume-wise significant transaction, takeover or merger, especially if this transaction was decided without allowing shareholders to give their consent at an AGM or EGM where the matter was discussed and appropriate corporate action should have been decided, DWS will generally vote AGAINST all directors involved.

#### Appointment or Reappointment of Executive Directors

DWS will generally vote AGAINST if one of the following applies:

- 1.1.15. Serious and permanent conflicts of interest exist, including any executives sitting on the key board committees.
- 1.1.16. The candidate has attended less than 75% of eligible board and committee meetings for the year under review without a satisfactory explanation.

## Appointment or Reappointment of Non-Executive Directors

Non-executive members of the board should be sufficiently and objectively independent. They should be able to exercise their judgment independently and free from external influence. Factors that deny or can at least compromise the independence of non-executive directors include:

- Employment by the company within the last 5 years (this includes also former executive directors)
- Receipt of substantial payments from the company within the last 5 years that are unrelated to his/her board activities (subject to availability of information)
- Cumulative ownership or representation of 10% or more of the equity capital or voting rights. This may be aggregated if voting power is distributed among more than one member of a defined group (e.g., family members who collectively own more than 10%)
- Board membership for more than 10 years (i.e. from year 11 onwards)
- Representation of a government, ministry, state, municipality or city that holds 10 % or more of the equity capital or voting rights
- Representation of a significant business partner and cross-directorships
- Relationships with the external auditor

DWS will generally vote AGAINST if one of the following applies:

- 1.1.17. The candidate has potential conflicts of interest that have not been sufficiently disclosed by the investee company.
- 1.1.18. The candidate does not fulfill our independence criteria and is intended to become chair of the audit or the remuneration committee.
- 1.1.19. If the last say-on-pay received less than 80% support, was not supported by DWS, and the board fails to respond to the issues raised we will generally vote AGAINST the re-election of the chair of the remuneration committee. In addition, if there are no ESG/extra-financial key performance indicators in the executive remuneration system DWS will generally vote AGAINST the re-election of the chair of the remuneration committee.
- 1.1.20. DWS will generally vote AGAINST a former executive board member (incl. the CEO) who is proposed to be elected for the first time as a supervisory board member without a reasonable cooling-off period as defined by local market best practice. DWS will take a CASE-BY-CASE decision in particular cases (eg. due to a merger) if the executive director has a proven track record. In such cases we would support the candidate to become can become a regular non-executive director (not chair of the board) if this change is in line with the national best practice for corporate governance.
- 1.1.21. A former executive director is nominated for membership on the supervisory board when two or more former executive directors already serve on the same board.
- 1.1.22. The candidate is a member of the audit, remuneration, or nomination committee, and the respective committee has made important decisions that contradict the best practice rules for corporate governance or interests of shareholders.
- 1.1.23. Nomination rights or special rights are exercised for the election proposal resulting in a disproportionate board representation of substantial shareholder, government, or founding family representatives.
- 1.1.24. The election of a candidate results in them holding more than five board mandates. The role of a chair and of an audit committee chair is counted double. For non-executive directors holding one or more mandates for affiliated companies, we may count such mandates within a group as one seat.
- 1.1.25. Director attendance at board and committee meetings is not disclosed on an individual basis in the annual report or on the investee company's website.

- 1.1.26. The director attended less than 75% of the board and committee meetings for the year under review without a satisfactory explanation for his/her absence disclosed in a clear and comprehensible form in the relevant proxy filings (e.g. health issues or emergency situations).
- 1.1.27. DWS will vote on a CASE-BY-CASE basis on the election 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.

## 1.2. Discharge From Liability of Executive and Non-Executive Directors

DWS will generally vote AGAINST if one of the following applies:

- 1.2.1. There are pending legal proceedings or investigation against a director, such as:
  - Appeal against financial statements
  - Insider trading
  - Bribery
  - Fraud
- 1.2.2. A director has been criminally convicted or is facing civil charges.
- 1.2.3. There are doubts surrounding the accuracy of the investee company's disclosure of material information.
- 1.2.4. Well-founded shareholder proposals for the dismissal of a director are on the same agenda.
- 1.2.5. There are records of abuses against minority shareholders' interests.
- 1.2.6. DWS will generally vote AGAINST if the investee company is facing very severe ESG controversies (e.g., violations against UN Global Compact norms) and/or the investee company fails to address ESG risks and is significantly lagging its peers. We will take a CASE-BY-CASE voting decision for investee companies involved in severe ESG controversies or the investee company fails to address ESG risks and is lagging its peers.
- 1.2.7. The investee company fails to adequately and timely respond to thematic engagement requests.
- 1.2.8. If the discharge of directors is carried out on a block basis and the discharge of at least one of the directors is called into question.
- 1.2.9. If a strategically and volume-wise significant transaction, takeover or merger was decided without allowing shareholders to give their consent at an AGM or EGM where the matter was discussed and appropriate corporate action should have been decided.

### Discharge from Liability of Executive Directors

DWS will generally vote AGAINST if one of the following applies:

- 1.2.10. There are serious deficiencies in the management of the investee company, such as:
  - Deficient risk control and internal auditing procedures
  - Due diligence violations or willful misconduct
  - Insufficient actions taken regarding climate change
  - The investee company is involved in very severe ESG controversies
  - The investee company fails to adequately address ESG risks and significantly lags its peers
- 1.2.11. The investee company delivers sustained poor performance relative to industry peers respectively competitors:
  - Negative company results for three consecutive years, where exceptions for early stage (up to five years) companies will be considered
  - Significant misjudgment in large-scale investments
  - Repeated failure to achieve stated company targets, also in comparison to peer group

- 1.2.12. Executive management refuses to implement a shareholder proposal that has been approved in a previous general meeting.

#### Discharge from Liability of Non-Executive Directors

DWS will generally, vote AGAINST if one of the following applies:

- 1.2.13. There are clear deficiencies in the monitoring of the investee company through neglect of the obligatory supervisory duties of management.
- 1.2.14. There are concerns that the board has not acted in the best interest of shareholders.
- 1.2.15. Following DWS's standards, the board and its key committees are either not established or not sufficiently independent and at the same time, the chairs of the audit and the remuneration committee are not considered independent.
- 1.2.16. Attendance at board and committee meetings is not disclosed on an individual basis in the annual report or on the investee company's website.
- 1.2.17. No information is made available in the annual report or on the investee company's website regarding who is responsible for ESG matters.
- 1.2.18. Executive as well as non-executive remuneration is not disclosed on an individual basis.
- 1.2.19. No reasonable age limits are set and disclosed in the annual report or the investee company's website for executive and non-executive directors.
- 1.2.20. The resume/CV of each executive and non-executive director is not permanently published on the investee company's website, is not annually updated and does not state the year the individual was first appointed, information about the qualification, the year of birth and any mandates (incl. external listed companies, internal mandates, mandates also related to other than commercially oriented organisations, i.e. NGOs). In addition to this, external mandates in listed companies should be clearly indicated.
- 1.2.21. The articles of association are not available on the investee company's website.
- 1.2.22. Additional board mandates acquired during the term that then result in a total number of mandates exceeding five.
- 1.2.23. The remuneration system for the executive management includes disproportionate/excessive special payment mechanisms, i.e. golden parachutes, golden handshakes, sign-on bonuses or is not regularly (at least every four years or in case of major changes) put to shareholder vote at the AGM.
- 1.2.24. DWS will generally vote AGAINST the discharge of the chair of the remuneration committee in case the board fails to respond to shareholder criticism, i.e. the last say-on-pay received less than 80% support and was not supported by DWS.

## 2. Management and Board Remuneration

DWS expects that our interests as shareholders are reflected in the incentivisation of the executive management of an investee company which we are invested in. We place high scrutiny on the structure, elements and appropriateness of the remuneration system. Furthermore, we expect transparent and comprehensive disclosure on remuneration paid. In case an investee company faces ESG controversies and ESG risks (as highlighted under the sections for director elections and director discharge) DWS may also vote AGAINST the remuneration report.

### 2.1. Remuneration Structure

DWS will generally vote AGAINST if one of the following applies:

- 2.1.1. The structure of the compensation scheme does not comply with internationally recognised best practice, including any non-executive director receives more than an executive without any proper justification.
- 2.1.2. No system is in place that entitles the investee company to recover any sums already paid (e.g., clawback system). Deviations are possible wherever the company provides a reasonable explanation why a clawback was not implemented.
- 2.1.3. No convincing bonus malus system is in place that entitles the investee company to withhold or reduce the payment of variable compensation or the system does not affect the respective board members for at least three years after their retirement.
- 2.1.4. The system of performance measurement and remuneration is not transparent, comprehensible and does not demonstrate how strategic objectives are factored in. There are no financial and sector-specific extra-financial key performance indicators within the short-term and/or long-term variable compensation schemes.
- 2.1.5. The remuneration policy does not include a 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.
- 2.1.6. The proposals bundle compensation for both non-executive and executive directors into a single resolution.

### 2.2. Transparency

DWS will generally vote AGAINST if one of the following applies:

- 2.2.1. The information provided to shareholders on the ratification of compensation schemes or compensation reports is neither sufficient nor comprehensible enough to allow shareholders to easily assess and evaluate the principles, structure and various components of the compensation scheme.
- 2.2.2. The individual directors' remuneration components are not disclosed in detail and by name (salary, short- and long-term bonuses, options and pension programs, other benefits including hiring bonuses or severance payments as well as payments from allied companies). The disclosures do not provide sufficient transparency on the short-term and long-term target achievement levels and remuneration paid, granted and/or vested is not individually disclosed.
- 2.2.3. The financial and sector-specific extra-financial key performance indicators that influence and are used to calculate short-term and long-term variable compensation are not included. DWS will take a CASE-BY-CASE voting decision if they are not clearly disclosed.
- 2.2.4. The report does not provide transparency regarding chosen indices, benchmarks or peer groups.



## 2.3. Alignment with Performance and Shareholders' Interests

DWS will generally vote AGAINST if one of the following applies:

- 2.3.1. Remuneration paid to management is not in line with performance, disproportionate, or incommensurate in relation to that of comparable businesses.
- 2.3.2. The fixed elements of the executive remuneration system disproportionately exceed the variable components. If there are mitigating circumstances, DWS will take a CASE-BY-CASE decision (e.g. companies with major shareholders at state level).
- 2.3.3. 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 incentive plan.
- 2.3.4. The performance criteria for reaching the exercise target of equity-linked variable performance plans are solely tied to the development of the share price (only for markets where application is feasible, eg. Germany).
- 2.3.5. Equity incentive plans result in dilution of more than 10% of the actual issued share capital.
- 2.3.6. There is no meaningful shareholding requirement for executive directors, i.e. no share ownership guidelines are in place.

## 2.4. Discretion & Excessiveness

DWS will generally vote AGAINST if one of the following applies:

- 2.4.1. The remuneration system is changed without an appropriate and notable improvement of its success-related components.
- 2.4.2. Key performance indicators or parameters that influence variable compensation can be retrospectively adjusted. If special circumstances are highlighted, DWS will vote on a CASE-BY-CASE basis.
- 2.4.3. The remuneration includes any disproportionate/excessive special payment clauses that are inappropriate compared to the executives' performance, such as golden parachutes, golden handshakes, sign-on bonuses, severance and non-compete clauses, change in control clauses.
- 2.4.4. The remuneration committee has discretion for substantially altering the compensation schemes without approval via a general shareholder meeting. Likewise, if the remuneration committee has exercised discretion and no reasonable explanation is provided.
- 2.4.5. In case 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), DWS will vote on a CASE-BY-CASE-basis.

### Non-Executive Directors

DWS will generally vote AGAINST if one of the following applies:

- 2.4.6. The remuneration is inadequate or disproportionate in relation to that of a relevant peer group.
- 2.4.7. The remuneration is not comprehensively disclosed with its constituent components.
- 2.4.8. The supplementary compensation component (for committee membership or for chair/vice chair) accounts for more than 50% of total remuneration.

- 2.4.9. Members receive any variable/additional compensation (i.e. fees for consulting services, performance-based), which is not already covered by their existing remuneration plan.

### 3. Audit-Related Agenda Items

#### 3.1. Ratification of Audit Reports

DWS will generally vote AGAINST if one of the following applies:

- 3.1.1. The investee company faces serious legal action, i.e. investigation by prosecutors or regulators regarding the correctness of the accounts or other illegal activities.
- 3.1.2. The information provided to shareholders is insufficient according to generally accepted accounting principles and international best practice for corporate governance:
  - There are material doubts concerning the quality, credibility and completeness of the available information
  - The investee company does not respond appropriately to legitimate claims for additional information on the accounts
- 3.1.3. There are substantial concerns about key audit procedures.

#### 3.2. Appointment and Remuneration of the Auditor

DWS will generally vote AGAINST if one of the following applies:

- 3.2.1. There are material doubts concerning the accuracy of the audit report (e.g., lawsuits or investigations) or concerns about the procedures applied by the auditor.
- 3.2.2. The name and the term of appointment of the audit firm and the responsible lead audit partner is not made public.
- 3.2.3. The disclosure of any advisory services performed by the auditor is insufficient to assess the auditor's independence.
- 3.2.4. External auditors have previously served the investee company in an executive capacity or can otherwise be considered affiliated.
- 3.2.5. The auditing fees have not been published separately, in particular the advisory fees and other non-audit fees.
- 3.2.6. The fees for non-audit services exceed reasonable standards for annual audit-related fees and the investee company does not provide a satisfactory reason for this case. This rule does generally not apply for services related to initial public offerings and mergers & acquisitions. Furthermore, it only applies to investee companies listed on any main country index and/or the MSCI EAFE (Europe Australasia and Far East) Index.
- 3.2.7. The same person signing the audit report as the responsible lead audit partner has been appointed for more than five years.
- 3.2.8. The audit firm that has audited the investee company for more than ten years is re-appointed without a reasonable/satisfactory explanation and transparency regarding the nominating process.
- 3.2.9. The investee company does not publish the name of its lead audit partner and the duration for which they have been in this role.
- 3.2.10. The auditors are unexpectedly changed without detailed explanation.

## 4. Financial Accounts, Use of Profits and Share Capital-Related Items

Capital measures, such as equity issuances and share repurchases, are in the interest of shareholders as long as they strengthen the long-term success of the company. To evaluate this, companies need to provide adequate information to shareholders about their financing strategies.

### 4.1. Financial Accounts, Statements and Reports, Incl. Non-Financial Reports

DWS will vote on a CASE-BY-CASE basis if one of the following applies:

- 4.1.1. The investee company fails to provide financial and non-financial accounts or reports on time, i.e. within the respective timeframe given by the regulators or stock exchange.

DWS will generally vote AGAINST if one of the following applies:

- 4.1.2. The investee company faces serious legal action regarding the accuracy of the accounts or other illegal activities.
- 4.1.3. The information provided to shareholders is insufficient according to generally accepted accounting principles and international best practice for corporate governance:
  - There are material doubts concerning the quality, credibility and completeness of the available information
  - The investee company does not respond appropriately to legitimate claims for additional information on the accounts
- 4.1.4. There are substantial concerns about key audit procedures.

### 4.2. Equity Issuances & Other Financing Instruments

Comprised in this definition are the issuance of common stock with or without subscription rights and the issuance of convertible securities or securities with warrants.

- 4.2.1. DWS will generally vote AGAINST if the investee company issues stock with multiple voting rights or other control enhancing rights.

DWS will vote on a CASE-BY-CASE basis for the following cases:

- 4.2.2. The investee company issues preferred shares without voting rights, considering:
  - a) The need for additional share capital to carry out the investee company's business has not been concluded by the non-executive board
  - b) Whether there is a clear statement on the anticipated use of the capital and how this promotes the interests of existing shareholders has been published
  - c) The preferred shareholders do not receive a meaningfully higher dividend rate (i.e. 10 %)
- 4.2.3. The investee company issues participation rights.
- 4.2.4. Requests for the issuance of preferred shares considering the investee company's history of capital increases as well as its corporate governance profile.
- 4.2.5. The equity issuance has the purpose of defending against takeover threats (e.g., poison pills).
- 4.2.6. DWS will generally vote AGAINST, if the cumulative equity issuances without subscription rights (historical and across instruments) exceed the maximum level specified in a respective country's best practices for corporate governance or 10% of the investee company's outstanding share capital.

For Germany, vote against equity issuances without subscription rights with:

- a) Cash contribution (at or near market price) that exceed 10%
- b) Contributions in kind that exceed 10% of outstanding share capital

DWS will take a CASE-BY-CASE decision if the company has disclosed a compelling rationale to issue shares without pre-emptive above 10% of the investee company's outstanding share capital.

- 4.2.7. DWS will generally vote on a CASE-BY-CASE basis if the combined authorisation for equity issuance of all equity instruments with subscription rights exceeds 40% of the outstanding share capital or the prevailing maximum threshold as stipulated by best practice rules for corporate governance in the respective country or exceeds three years.

### **4.3. Share Repurchases**

DWS will generally vote AGAINST if one of the following applies:

- 4.3.1. The share repurchase does not ensure equal treatment of all shareholders.
- 4.3.2. The investee company is in financial distress and the repurchase programme is not adequately reasoned.
- 4.3.3. The share repurchase has the purpose of defending against a takeover threat.
- 4.3.4. The maximum offer premium exceeds 10%.
- 4.3.5. The share repurchase programme exceeds 10% of the daily trading volume.

## **5. Say on Climate/Shareholder Decarbonisation Proposals**

In evaluating climate related management (Say on Climate) resolutions that seek shareholder approval, as well as shareholder proposals, DWS will generally vote on a CASE-BY-CASE basis, where we consider the following criteria:

- 5.1.1. The investee company has established formal and clear oversight for climate change risks and opportunities at management and board levels (identified and appointed an accountable director and/or the board has assigned formal oversight of climate risks to one or more standing committees).
- 5.1.2. The investee company regularly provides transparency to investors and other stakeholders by reporting on climate governance, strategy, risk management, metrics and targets in line with the TCFD recommendations.
- 5.1.3. The investee company discloses all relevant GHG emission (scopes 1, 2 and to the extent possible, material categories of scope 3) and the GHG emission data is assured by third-party (e.g. assurance report following the standard ISAE 3000).
- 5.1.4. The investee company is committed to achieve net zero by 2050 to meet the goals of the Paris Agreement to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.
- 5.1.5. The investee company has set short-, medium-, and long-term reduction GHG emission targets (scopes 1, 2 and to the extent possible, material categories of scope 3), supported by a credible science-based methodology (e.g., SBTi) and disclosed the baseline scenario used to set reduction GHG emission targets.

- 5.1.6. The investee company is committed to disclose and align capital and operational expenditure plans with their respective GHG emission reduction targets.

We consider further criteria for companies facing high carbon risks:

- 5.1.7. Fossil fuel companies (oil and gas as well as thermal coal mining companies) commit to set ambitious absolute emissions reduction targets, including scope 3 rather than only carbon intensity targets in order to be aligned with limiting warming to 1.5°C.
- 5.1.8. Mining and utility companies commit to phasing out their thermal coal activities by 2030 (for companies headquartered in the EU/OECD) and by 2040 for the rest of the world.
- 5.1.9. Climate/GHG reduction targets are integrated meaningfully as a performance metric into executive and top management remuneration.
- 5.1.10. The investee company commits to support government climate policies and align lobbying activities via memberships in industry associations with their climate strategy as well as the goals of the Paris Agreement.
- 5.1.11. There is a commitment to consult shareholders on the implementation of the climate transition strategy. In addition, any changes should be put to a shareholder vote.

## 6. Statutes & Legal Structure Agenda Items of the Investee Company

### 6.1. Amendments of the Articles

DWS will generally vote AGAINST if one of the following applies:

- 6.1.1. The amendment negatively impacts the rights and interests of shareholders.
- 6.1.2. The investee company has not provided sufficient information in order to assess the consequences of changes in the corporate bylaws with respect to the rights of shareholders.
- 6.1.3. The amendment is not in line with the long-term sustainable development of the investee company or endangers the continuity of the business.
- 6.1.4. The proposal seeks to establish multiple voting rights.
- 6.1.5. The proposal seeks to introduce package/block voting (i.e., bundled resolutions).
- 6.1.6. The amendment would lengthen the term of office for non-executive directors to more than three years or is not in line with best practice or laws of the relevant country.
- 6.1.7. The proposal seeks to set a shareholding threshold exceeding 10% in order to call a special meeting.
- 6.1.8. The proposal seeks to adjust the board size outside of a 5 - 16 member range for markets without employee representatives.

## 7. Market for Control

### 7.1. Anti-Takeover Mechanisms

DWS will generally vote AGAINST, if one of the following applies:

- 7.1.1. The anti-takeover proposal does not require shareholder approval.
- 7.1.2. The proposal strengthens the takeover defenses of the investee company. An exception can be considered, if the investee company issues a convincing explanation why the proposed measure is necessary for the continuity of the business and in line with the sustainable development of the company.
- 7.1.3. The proposal gives the government or other bodies a direct or an implicit “golden share” in the investee company.

### 7.2. Mergers & Acquisitions

DWS will generally vote AGAINST, if one of the following applies:

- 7.2.1. The investee company is an acquisition target and an appropriate takeover premium is not offered.
- 7.2.2. The annual general meeting has not been provided with sufficient information on the transaction.
- 7.2.3. The fairness opinion has neither been issued by an independent source, nor has it been presented to the annual general meeting and/or contains major concerns.
- 7.2.4. DWS will generally vote on a CASE-BY-CASE basis if the investee company is the target or targets another business for a merger or acquisition, in order to check if there are significant concerns surrounding the deal (e.g. strategy, synergies, reasoning, reputation, valuation, governance, involvement in severe ESG-controversies) or the risk-profile or business model is significantly altered.
- 7.2.5. DWS will generally vote on a CASE-BY-CASE basis if potential conflicts of interest exist, such as incumbents with access to non-public information inappropriately benefit from the transaction compared to shareholders who have no access to such information. DWS will also consider whether any special interests have influenced directors and officers to support or recommend the merger or acquisition.
- 7.2.6. DWS will generally vote AGAINST if the prevailing legislation and rules at the place of business or corporate governance of the newly combined entity significantly diminish the rights of shareholders or impacts their interests negatively (e.g. high exit-taxes, lower or infrequent reporting standards).
- 7.2.7. DWS will generally vote on a CASE-BY-CASE basis if an investee company engages in an acquisition and its management does not have a favorable track record of successfully integrating acquisitions.

## 8. Related-Party Transactions

### 8.1. Evaluation of Related-Party Transactions (RPT)

In evaluating resolutions that seek shareholder approval for related party transactions (RPTs), DWS will generally vote on a CASE-BY-CASE basis, for which we consider the following factors:

- 8.1.1. The parties on both sides of the transaction, the value of the proposed transaction and the stated rationale, including discussions of the respective timeline.
- 8.1.2. The size and the nature of the asset to be transferred or services to be provided. If the transaction relates to any loans, inter-corporate deposits or advances made or given by the listed entity or its subsidiary, check if the company is funding the transaction with a loan.
- 8.1.3. The applicable thresholds following the implementation of SRD II, i.e. 1.5% of assets.
- 8.1.4. The pricing/valuation of the transaction (and any associated professional valuation) and the views of an independent financial adviser and the auditor regarding the financial health of the involved entities.
- 8.1.5. The views/consent of the board (independent directors) and the audit committee.
- 8.1.6. The views of an independent financial adviser and the auditor regarding the financial health of the entities involved.
- 8.1.7. Whether any entities party to the transaction, (including advisers) are conflicted.

DWS will generally, AGAINST if one of the following applies:

- 8.1.8. The board does not report on the formal process of identification, mitigation, documentation and information on RPTs.
- 8.1.9. The board does not disclose an absolute cap/value on the transaction.

## 9. Shareholder Proposals

DWS is generally supportive of shareholder proposals that enhance shareholder rights (i.e. proxy access but also board-related) and increase transparency. The review of shareholder proposals are conducted on a CASE-BY-CASE basis and should be guided by, but not limited to, the following principles.

### 9.1. Board-Related Proposals

- 9.1.1. Generally supportive of proposals to separate the chair and CEO positions.
- 9.1.2. Generally not supportive of proposals to stagger the board in investee companies where an annual re-election is already in place.
- 9.1.3. Generally supportive of proposals to revoke staggered boards and elect all directors annually.
- 9.1.4. Generally supportive of proposals asking for at least a majority of the board to be independent.
- 9.1.5. Generally supportive of proposals requiring the chair of the board to be independent.
- 9.1.6. Generally supportive of proposals that require the establishment of key committees.

- 9.1.7. Generally supportive of proposals to restrict a supervisory board member from serving on more than five supervisory boards (where chair and chair of the audit committee count double).
- 9.1.8. Generally supportive of proposals that require to nominate at least one board member as expert on sustainability and/or to establish a dedicated sustainability committee.
- 9.1.9. Generally supportive of proposals that require the board to enhance its diversity to bring it in line with the DWS policy.
- 9.1.10. Generally supportive of proposals to include workforce representation at board level but subject to individual assessment.

## **9.2. Other Governance-Related Proposals**

The review of shareholder proposals are conducted on a CASE-BY-CASE basis and should be guided by, but not limited to, the following principles:

- 9.2.1. Generally supportive of shareholder proposals for proxy access, which have an appropriate ownership requirement (not more than 3% of voting power), duration (not longer than three years of continuous ownership for each of the nominating members), accumulation (very small or no restrictions on the number of shareholders allowed to create a nominating group) and cap on candidates of 25% of the board.
- 9.2.2. Generally not supportive of proposals to require a supermajority vote to amend the bylaws.
- 9.2.3. Generally supportive of proposals to amend or cancel existing supermajority requirements.
- 9.2.4. Generally supportive of proposals asking for the right to act on written consent in cases where investee companies do not provide sufficient measures for shareholders to act in such a manner, i.e. the right to call for a special meeting by shareholder requires a threshold exceeding 10%.
- 9.2.5. Generally supportive of proposals that ask for increased transparency on lobbying expenditures, political donations and comparable payments.
- 9.2.6. Generally supportive of proposals that call for a special audit when there are reasonable doubts about the accounting practices and the presentation of financial statements.
- 9.2.7. Generally supportive of proposals that enhance the exercise of shareholder rights during the meetings (AGM, EGM, etc.) incl. participation in virtual formats.

## **9.3. Environmental and Social Proposals**

DWS is generally supportive of ESG-related shareholder proposals while considering recognised standards, including but not limited to the Ceres Roadmap 2030, the Sustainability Development Goals, the UN Global Compact, and the goals of the Paris Agreement. The review of shareholder proposals is conducted on a CASE-BY-CASE basis and should be guided by, but not limited to, the following principles:

- 9.3.1. Generally supportive of proposals asking investee companies to prepare sustainability reports, including those requesting disclosure consistent with TCFD, SASB, GRI, CDP questionnaires, or other internationally recognised sets of guidelines.
- 9.3.2. Generally supportive of proposals asking investees companies to obtain reasonable assurance from an external auditor on their sustainability disclosures, incl. sustainability reports, integrated reports.
- 9.3.3. Generally supportive of proposals requesting that investee companies conduct social and/or environmental audits and/or risk assessments of their activities in general.



- 9.3.4. Generally supportive of proposals to reduce negative environmental impacts and an investee company's overall environmental footprint, including any threats to biodiversity in ecologically sensitive areas.
- 9.3.5. Generally supportive of proposals asking to establish biodiversity and environmental protection standards, policies and frameworks (following Science Based Targets Network (SBTN), Taskforce on Nature-related Financial Disclosures (TNFD), CDP questionnaires, GRI Standards (such as Biodiversity or Local Communities), Climate Disclosure Standards Board (CDSB) Framework for reporting environmental and social information (supplemented by the CDSB Framework Application guidance for biodiversity-related disclosures and the CDSB Framework Application guidance for water-related disclosures) and conduct independent review processes.
- 9.3.6. Generally supportive of proposals asking investee companies to report on their environmental and social, (e.g., human rights, product safety, data security) practices, policies and impacts, including environmental damage and health risks resulting from operations, and the impact of environmental liabilities on shareholder value.
- 9.3.7. Generally supportive of proposals asking investee companies to adopt greenhouse gas reduction targets, commit to net zero by 2050 or sooner, considering science-based targets, including information on greenhouse gas emissions (including carbon, methane, and all other recognised greenhouse gases), mitigation targets as well as the investee company's climate transition plan.
- 9.3.8. Generally supportive of proposals requesting that investee companies adopt fair labor practices consistent with recognised international human rights standards, including policies to eliminate gender-based violence and other forms of harassment from the workplace, as well as proposals asking an investee company to prepare a report on its efforts to promote a safe workplace for all employees.
- 9.3.9. Generally supportive of proposals asking an investee company to provide data according to e.g. EEO-1 requirements revealing a company's workforce race, ethnicity, and binary gender makeup and/or to adopt a diversity and inclusion policy and/or issue associated reports.
- 9.3.10. Generally supportive of proposals asking investee companies to establish robust whistleblowing systems and policies that guarantee accessibility for all employees.
- 9.3.11. Generally supportive of proposals asking investee companies to increase transparency on human rights performance indicators in line with international human rights standards.
- 9.3.12. Generally supportive of proposals asking investee companies to provide grievance mechanisms for stakeholders who may be negatively impacted by their activities.

When voting, DWS will take the investee company's existing practices into consideration and will generally vote AGAINST if one of the following applies:

- 9.3.13. The proposal undermines the investee company's corporate governance, business profile or existing practices and disclosures.
- 9.3.14. The proposal limits the investee company's business activities or capabilities.
- 9.3.15. The proposal generates significant costs with little or no benefit.

# 10 / Key regional differences

## Japan

DWS acknowledges what has been achieved in the last couple of years in the corporate governance developments in Japan and support the progress, which has been made in that regard, in particular with the introduction and review of the corporate governance and Stewardship codes. DWS aspires to be in a constructive dialogue with our investees and to act as their steering partner to drive further developments in the corporate governance area.

### **Disclosure:**

Listed investee companies should disclose and provide necessary information in their disclosure documents in English. Furthermore, we expect investee companies to comply with and report on applicable internationally accepted and established standards and frameworks i.e. GRI, IIRC, SASB, TCFD that enable investors to act responsibly. Investee companies should set ambitious targets for mitigating and managing E&S risks and opportunities. DWS encourages all investee companies to commit to net zero and set and science-based targets.

### **Independence:**

With reference to the DWS policy on board composition, DWS expects investee companies, which define the role of the board to have a supervisory function instead of an executive function, to ensure that at least 1/3 of the members are considered independent, for prime listed companies DWS expects the board to consist of at least a majority of independent directors. DWS continues to encourage also non-prime listed investee companies to establish a majority independent board to meet the international best practice requirements.

With reference to our policy of defining independence, outlined earlier in this document, in Japan as significant shareholders DWS will consider those who are in the top ten shareholders, even if their holding represents a share of less than 10%, mainly due to the market practice in Japan for business partners to own a certain percentage of each other's shares as cross shareholders.

### **Board Composition:**

With reference to the DWS policy on the separation of the CEO and chair roles and responsibilities, we strongly encourage our Japanese investees to disclose the member, who chairs the board as well as the member, who is considered to chair the company, the so-called "Kaicho", if these roles are separated. A retiring CEO should not become chair of the board as these two roles involve different responsibilities and approaches. DWS expects our investee companies to incorporate gender diversity into their composition and refreshment processes and to aim to reach at least 25%. Furthermore, DWS expect investee companies to set reasonable age limits.

DWS also expects and fosters investees companies 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

### **Capital Management and Cross-Shareholdings:**

DWS expects investee companies to foster sustainable long-term value creation by efficient capital management. Measures that support this include reduction of cross-shareholdings, conversion of excess cash-position into efficient investments. In case of repeated proof of inefficient capital management and an underperformance on return of equity (ROE), i.e. below 5 % over the last five fiscal years DWS would generally vote AGAINST the election of executive directors. DWS also generally votes AGAINST top executives that allocate a significant portion (20 % or more) of its net assets to cross-shareholdings.

## 11 / Afterword

DWS's dedicated Corporate Governance Center based at DWS Investment GmbH's Chief Investment Office for Responsible Investment continuously evaluates DWS's understanding of good governance and communicates this to investee companies. The members of the Corporate Governance Center are responsible for further developing DWS's corporate governance understanding and framework as well as to promote its application across the investment platform.

DWS seeks to build constructive long-term relationships with their investee companies as part of their stewardship responsibilities. Our on-going dialogue with the management of investee companies focuses also on ESG topics as part of the regular discussions and shares their understanding of good corporate governance and its importance for their investment objectives. DWS supports measures to enhance communication between the chair and investors without violating the equal treatment of shareholders.

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