18 December 2020

Dear Sir/Madam, Dear Members of the Board of Directors,

DWS Investment GmbH is one of the largest asset managers in Europe. We signed the Principles of Responsible Investment (PRI) in 2008 and we support the Sustainable Development Goals as well as the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). As a responsible investor, it is our fiduciary duty to express our expectations towards companies regarding the risks and opportunities arising from climate change with the aim of safeguarding the best interests of our investor clients. Our commitment to sound environmental, social and corporate governance practices (ESG) among our investees is not only a crucial element of our responsibilities, but also forms an integral part of our investment process.

Our active ownership approach revolves around carefully monitoring our investees and engaging with them with the aim of building a sound understanding of their business and a constructive dialogue on their sustainable development.

Climate change is one of the greatest environmental challenges facing the world, accelerating the rise in the global mean temperature and affecting most other attributes of the climate. Corporations and investors, as owners and lenders have a key role to play towards the need for emissions to be reduced in the mutual goal of coping with the impacts of global warming. The changes so far have already had an impact in particular on the energy sector and the effects are expected to be amplified as the continued rise in greenhouse gas emissions results in further changes to the climate. Thus, we expect energy companies to accelerate their efforts in setting ambitious targets and providing enhanced transparency on their long-term strategy to tackle the crisis. Companies that face substantial climate transition risks or seriously contravene with internationally recognized ESG standards (e.g. the UN Global Compact Principles, core principles of the International Labor Organization and OECD Guidelines for Multinationals) are subject to heightened scrutiny.

We have analyzed our investees in the energy sector and have identified several common E, S and G issues, which are causing or might cause reputational risks and might have material implications if not properly addressed:

- **On the environmental side:** pollution, oil spills; emissions.
- **On the social side:** impact on local communities and their heritage; human rights violations.
- **On the governance side:** bribery, corruption issues; poor oversight.

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We are sending you this letter as we believe that your company faces material headwinds from a move onto a 2050 net zero pathway and is also facing social and governance challenges.. It is, therefore, of utmost importance that the Board ensures a proper oversight of the management of these headwinds.

Based on these concerns, we expect the Board to take transparent, effective and intentional measures to solve existing or to avoid potential ESG controversies and risks their companies are facing, whereby protecting them from becoming structural and recurring. Among our expectations are the following key governance measures, which we would like to see:

- Establishing formal responsibility/oversight for ESG risks and opportunities at Management as well as Board Level and including all material ESG aspects into your corporate strategy.
- Setting a clear climate transition roadmap with ambitious targets and milestones as well as capital expenditure plans, aligned with the goals of the Paris Agreement and the Sustainable Development Goals (SDG) set by the United Nations.
- Integrating relevant climate and/or other extra-financial metrics into executive compensation plans to ensure alignment with the business strategy.
- Applying comprehensive procedures and stakeholder engagement for the assessment and the management of the impacts of existing and planned exploration and production projects on biodiversity, the ecosystem and the local communities.
- Supporting relevant government climate policies and aligning lobbying activities via memberships in industry associations with the company’s climate strategy.
- Establishing robust controls and audit policies to prevent corruption and bribery and to avoid human rights violations.
- Providing enhanced transparency to investors and other stakeholders by using internationally recognized reporting frameworks (e.g. the SASB standards, the TCFD Recommendations).
- Ensuring material climate risks associated with the transition onto a 2050 net zero pathway are fully incorporated into the financial statements (aligning accounts with the targets of the Paris-alignment).

We expect companies, in particular in the energy sector, to go a step further and provide full transparency and comprehensibility on these matters. We would appreciate hearing more about the Board’s efforts in that regard and are looking forward to having a constructive dialogue with you on these matters.

Our Corporate Governance Center can be reached via dws.engagement@db.com.

Yours sincerely,

DWS Investment GmbH

Petra Pflaum,

CIO for Responsible Investments &
Member of the Management Board

Nicolas Huber,

Head of Corporate Governance