



Industrivarden AB  
ANNUAL MEETING OF SHAREHOLDERS  
11<sup>TH</sup> APRIL 2024  
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mrs Helena Stjernholm,  
Dear Mr Fredrik Lundberg,  
Dear Members of the Board,

DWS Investment GmbH, also acting on behalf of funds of DWS Investment S.A. (incl. SICAVs and PLCs) and certain institutional mandates of DWS International GmbH, all according to delegation agreements (hereafter DWS), is one of the largest asset managers in Europe. As a responsible investor in Industrivarden AB, it is part of our fiduciary duty to express our expectations in the best interest of our clients. Our commitment to environmental, social and governance practices (ESG) is a crucial element of our responsibilities and forms an integral part of our investment process.

Ahead of your 2024 annual general meeting of shareholders (AGM), we would like to share our questions with you. We would greatly appreciate your answers in written form. Please note that we will also share our questions on our website ([www.dws.com](http://www.dws.com)) on the day of your AGM. Thank you for your consideration.

#### **Independence and Composition of the Board and Committees**

Qualified, experienced and independent directors are essential for competent and efficient decision-making processes at board and committee level. Having a majority of independent members serving on the board as well as an independent chairperson is important for us to ensure challenging board discussions.

We appreciate the work of Mr. Christian Caspar, however, as his tenure with the company has exceeded 10 years as on the ensuing AGM, it contradicts our Corporate Governance and Proxy Voting Policy with respect to director independence. As a result, the Board's independence percentage would fall to 33%. Additionally, the chairman of the Board is also a non-independent director.

Our Corporate Governance and Proxy Voting Policy requires that boards and key committees must have a majority of independent directors.

**QUESTION 1: Will you consider appointing additional independent directors in near future to ensure majority of independent directors on the Board?**

**QUESTION 2: Will you consider appointing a lead independent director to counterbalance the role of a non-independent chair?**

Our expectation on independence also extends to the board's committees. Having at least 50% independent members serving on the board's committees is important for us to ensure challenging discussions and decision making.

We observe that independence of the audit committee has reduced to 0%, due to the tenure of Mr. Christian Caspar, as explained above. Additionally, the independence of the compensation committee currently stands at only 33%.

Further, both these committees have non-independent chairpersons, and the audit committee lacks a financial expert. Our Corporate Governance and Proxy Voting Policy requires an independent chairperson on key

committees as well as at least one financial expert in the audit committee.

**QUESTION 3: Do you have any plans to reconstitute the audit and the compensation committees to ensure majority independence with an independent chair on both committees in the near future?**

**QUESTION 4: Would you consider appointing a financial expert as part of the audit committee before the next AGM?**

### **Overboarding**

Directors should not hold excessive number of mandates. Directors must ensure that they have sufficient time and capacity to fulfil their board commitments. DWS considers directors overboarded in case they hold more than five external non-executive mandates. For directors who hold executive positions on any board, our limit is two additional non-executive mandates. Further, due to their extended responsibilities, DWS attributes an additional mandate to members assuming the role of CEO, chair position of the board or the chair position of the audit committee.

In this regard, we note that Mrs. Helena Stjernholm, Mr. Fredrik Lundberg and Mr. Par Boman are currently overboarded according to our Corporate Governance and Proxy Voting Policy.

**QUESTION 5: Are there any plans for any of these directors to reduce their mandates by the next AGM?**

### **Low Board Attendance**

Directors must endeavour to attend all board and committee meetings. DWS expects directors to attend at least 75% of their meetings convened during the financial year.

As per your Annual Report, Mr. Bengt Kjell, attended only 70% (7 out of 10) of board meetings in FY 2023. Further, no explanation was provided for his low attendance.

**QUESTION 6: Could you please share with us the reasons for Mr. Bengt Kjell's low attendance?**

### **Executive Remuneration**

Executive pay is one of the most important aspects of good corporate governance as it is one of the signals for a well-operated and supervised business. Our expectation is that the board ensures full transparency, clear and plausible key performance indicators for investors, the structure of the incentives encourages the achievement of corporate financial, social and environmental objectives and the amount ultimately granted is in line with performance.

As per the company's remuneration policy, no meaningful shareholding requirement for executive directors, i.e., no share ownership guidelines are in place.

**QUESTION 7: Would you consider incorporating executive shareholding requirements into the remuneration policy?**

With regard to sustainability, DWS expects investee companies to not only integrate material ESG/ non-financial factors into their daily business and strategy, rather also to establish and disclose a clear link between their stated ESG/non-financial targets and their remuneration systems. The variable pay components should reflect ESG-related targets which are meaningful, ideally quantifiable and reflect a material ESG priority for the company.

In this regard, we still see room for improvement because the remuneration report does not disclose objective performance targets, achievement and outcome under the annual bonus. In addition, the remuneration of non-executive directors is not disclosed on an individual basis.

**QUESTION 8: Can we expect enhanced disclosure on the annual bonus with regard to targets, their weights, and achievements against them?**

**QUESTION 9: Would you consider disclosing the annual remuneration received by non-executive directors on an individual basis in the next remuneration report?**

The remuneration report does not provide any detail regarding clawback clauses for long term incentives. We regard relevant and adequate bonus-malus mechanisms (including clawbacks) and reasonable deferral periods for executives as key elements of a sustainable, long-term oriented 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.

**QUESTION 10: Would you consider incorporating clawback provisions as part of your long-term incentive plan in the near future?**

**Net Zero**

Corporations and investors play a vital role in addressing the impacts of global warming by reducing emissions. In this regard, we support the Climate Action 100+ and the Net Zero Asset Managers initiatives enhancing governance of climate change risk, opportunities, curbing emissions and strengthening climate-related financial disclosures.

As investors, DWS expects companies to establish a clear and comprehensible long-term energy transition plan. The company should set emission reduction targets aligned with the Paris Agreement as well as reduce capital expenditures for activities associated with high GHG emissions, increase low-carbon activities and link these targets to executive remuneration.

Industrivarden AB has established a roadmap to reduce its scope 1, 2 and 3 carbon emissions (excluding emissions from portfolio companies) by 50% by 2030 compared with 2017.

**QUESTION 11: When can we expect the company develop a roadmap to achieve its own emission reduction targets and set long term targets beyond 2030?**

To conclude, we would like to thank all members of the Board and all the employees of Industrivarden AB on their commitment and dedication.

Thank you in advance for your answers.