AMX/DWS Global Low Carbon Stewardship Fund

Climate Aware Engagement Policy 2024

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DISCLAIMER

The AMX UCITS CCF – DWS - Global Low Carbon Stewardship Fund seeks to provide investors with features that generally support informed stewardship. This includes, but is not limited to, providing an ESG-oriented asset allocation based on the composition of the Index; the ability of the investor(s) to select a voting policy as an "Expression of Wish" of voting and a specialised and targeted engagement strategy aligned with the investment strategy of the financial product. The services of Minerva Analytics (the "Stewardship Service Provider") (https://www.minerva.info) have been procured in order for the Stewardship Service Provider to act as an agent of the financial product. Voting policies are applied on a "reasonable efforts" basis and deemed an Expression of Wish on the part of the investor.

This document sets out the engagement process and approach for the product. This Policy complements and supplements the information set out in the Fund's Proxy Voting Guidelines.

Minerva does not provide investment advice and so is not regulated by the Financial Conduct or other competent financial authority. Information in this document should therefore not be considered "investment advice".

This document has been developed specifically for investors subscribing to the Fund only. It is based on Minerva' experience with shareholder stewardship, proxy voting and corporate governance issues, and engagement with clients, regulators, academic or other relevant studies. However, no representations or warranties express or implied, are made as to the accuracy or completeness of any information included herein. Minerva shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use, reliance on, or inability to use any such information.

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SUSTAINABLE STEWARDSHIP PRINCIPLES

INTRODUCTION

The Asset Management Exchange ('AMX') and asset manager DWS Group ('DWS'), working in partnership with Solactive, Minerva Analytics ('Minerva') and Engagement International ('EI') have developed an investment solution that combines the following main elements to promote and enhance long-term value of assets:

- **A low emission climate fund** compliant with EU Paris-Aligned Benchmark Regulation ("EU PAB"), including an initial reduction in the index-level carbon intensity by half (50 pct.) relative to the Parent Index (Solactive GBS Global Markets Large & Mid Cap USD Index) and an annual reduction of the index-level carbon intensity of 7 percent. In addition, proxy voting and engagement with selected investee companies will support the climate transition of these companies, following the Net Zero Investment Framework.

- **A facility of "Expression of Wish Voting"** and a flexible, specialised, and targeted engagement strategy that gives investors the ability to select a voting and engagement policy aligned with their investment strategy.

- **A "joining of dots" between proxy voting and engagement** to escalate stewardship efforts when initial approaches have been unsuccessful at achieving objectives over a given period of time.

- **Stewardship efforts regarding principle adverse impacts on sustainability factors** according to the EU SFRD, including carbon footprints, biodiversity, controversial weapons, OECD Guidelines for multinational enterprises and violations of UN Global Compact principles etc.

The investment objective of the Fund is to deliver a return as close as reasonably possible to the total return of the Parent Index.

As the proxy voting policy and efforts are described in other documents, this policy document will focus on describing the engagement efforts, including priorities, methodology, milestones, process, reporting and the joining of dots between engagement and proxy voting.

STEWARDSHIP

Stewardship can be defined as the use of influence by institutional investors to maximise overall long-term value, including the value of common economic, social, and environmental assets, on which returns, and client and beneficiary interests depend. (PRI Stewardship for Sustainability: Evaluation Tool, 2023)

Tools and activities for investee stewardship differ by asset class and can include many different efforts. However, the two main approaches for listed equities are:

- **Proxy Voting** - defined as the exercise of voting rights on management and/or shareholder resolutions to formally express approval, or disapproval, on relevant matters. This includes being responsible for how votes are cast on topics that management raises and voting on resolutions submitted by shareholders on environmental, social and governance issues. (PRI Stewardship for Sustainability: Evaluation Tool, 2023)

- **Engagement** - defined as interactions and dialogue conducted between an investor, or its service provider, and a current or potential investee (e.g. company), or a non-issuer stakeholder (e.g. an external investment manager or policy maker) to improve practice on an ESG factor, make progress on sustainability outcomes, or improve public disclosure. (PRI Stewardship for Sustainability: Evaluation Tool, 2023)

The Fund will exercise voting rights and engage with investee companies to promote sound and sustainable corporate governance in investee companies. The Fund has appointed Minerva Analytics (working in partnership with Engagement International) to provide information, highlight controversial items, and manage a platform to execute informed shareholder voting with a fully integrated stewardship program.

Institutional investors in pooled funds have historically relied on the investment manager to execute a voting policy for the pooled fund. However, when investor preferences have diverged from the manager's policy, they have been forced to accept the votes placed by the manager.

The new Sustainable Stewardship Service enables investors to align their investment and stewardship preferences and execute votes in alignment with their "Expression of Wish". Hence, with the new Sustainable Stewardship Service, global companies will now receive proxy votes from the Fund aligned with investor preferences where possible on key topics such as climate change, executive compensation, and board diversity.

EI's engagement solutions are designed to flexibly meet the needs of institutional investors of all sizes and backgrounds, helping them to implement their responsible investment policy.

The Fund has developed the Engagement Policy to set out its engagement approach and processes followed when engaging with investee companies. This policy complements and supplements the information set out in the Proxy Voting Guidelines and is intended to be read in conjunction.

The targeted climate engagement strategy described in this policy is aligned with the investment strategy of the financial product to promote environmental characteristics and alignment with the EU PAB standards and the Net Zero Investment Framework, developed by The Institutional Investor Group on Climate Change (NZIF Version 2.0, 2024).

When it comes to the other ESG issues, the engagement strategy is aligned with the Ten Principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises.

The engagement strategy is also designed to comply with the UK Stewardship Code, the provisions of the European Shareholder Rights Directive (SRDII), as well as the expectations set by the Principles for Responsible Investment (PRI) and Pensions UK.

ENGAGEMENT POLICY

GOVERNANCE

The Engagement Policy is overseen by the Stewardship Teams of Minerva and EI, with EI being employed as specialist engagement service provider.

The Engagement Policy is reviewed and updated on an annual basis, or more frequently as required.

STEWARDSHIP PRACTICES

Engagement Priorities

In order to enhance the long-term value of assets, Minerva and EI undertake outcomes-based engagement oriented to achieve real-world impacts through supporting sound governance practices, effective sustainability risks management, and acceleration of Net Zero transition.

The engagement framework covers all listed equities in the Fund and prioritises the following approaches:

- **Proactive climate 'Net Zero' engagement** focusing on engagement with investee companies that contribute the highest absolute amount of Scope 1 and 2 greenhouse gas ('GHG') emissions, and in total at least 70 percent of the aggregated GHG emissions from investee companies in the Fund, in high impact sectors.

- **Reactive climate 'Net Zero' engagement** focusing on investee companies that recommended shareholders oppose a shareholder-proposed resolution to improve their Net Zero climate strategy and more than 20 percent of its shareholders supported the proposal and/or where the Fund cast a vote against a management-proposed routine resolution due to climate governance and disclosure concerns.

- **General ESG engagement** focusing on other material Environmental, Social and Governance ('ESG') issues as demanded by investors and expressed through their split voting preferences. This approach is initially linked to the proxy voting activity and is not a part of the first round of engagements.

Climate Engagement Methodology

The engagement strategy for the Fund will primarily focus on engagement with investee companies that contribute the highest absolute amount of Scope 1 and 2 GHG emissions and in total at least 70 percent of the aggregated GHG emissions from all investee companies in the Fund in high impact sectors.

In this approach, companies are identified for engagement based on consideration of their GHG footprint and the Net Zero Alignment criteria. Companies with the highest emissions in the portfolio which are lagging behind peers in implementing effective climate strategies may pose the biggest risk to the Fund and society and thereby have the highest engagement potential.

The 11 high impact sectors have been identified with reference to sector classifications and climate-related guidance developed by the Task Force on Climate-Related Financial Disclosures (TCFD), Transition Pathway Initiative (TPI) and The Institutional Investors Group on Climate Change (IIGCC). These sectors are:

1) Oil & Gas
2) Metals & Mining (incl. coal)
3) Agriculture
4) Food & Drinks
5) Forest, Plastic and Paper Products
6) Chemicals
7) Steel
8) Construction Materials (incl. cement)
9) Industrials
10) Transportation, and
11) Utilities.

Typically, GHG emissions are concentrated in a relatively small share of investee companies especially in these high impact sectors. In the 24H1 baseline due diligence screening of the Fund's constituents, 50 companies out of more than 1,200 invested securities, are responsible for more than 70 percent of the total Scope 1 and 2 GHG emissions from investee companies in high impact sectors.

The 'Top 50' Scope 1 and 2 GHG emissions companies meeting the criteria are further assessed according to EI's Net Zero Alignment Model against a set of climate milestones. Companies considered not aligned with a Net Zero pathway in terms of Net Zero ambition, GHG emissions reduction targets, disclosures, strategies, capital allocation and performance, and not certified by the Science Based Targets Initiative (SBTi), are selected for engagement.

As a basis for engagement, EI performs due diligence screening of the Fund's portfolio to identify potential engagement cases for the proactive climate Net Zero engagement. Due diligence in this context is understood as investment portfolio screening and flagging.

In addition, reactive climate Net Zero engagement will be conducted as a follow-up and/or escalation, building on Minerva's voting recommendations and investors' voting decisions regarding e.g. Say on Climate, climate-related resolutions, climate governance, and other relevant concerns.

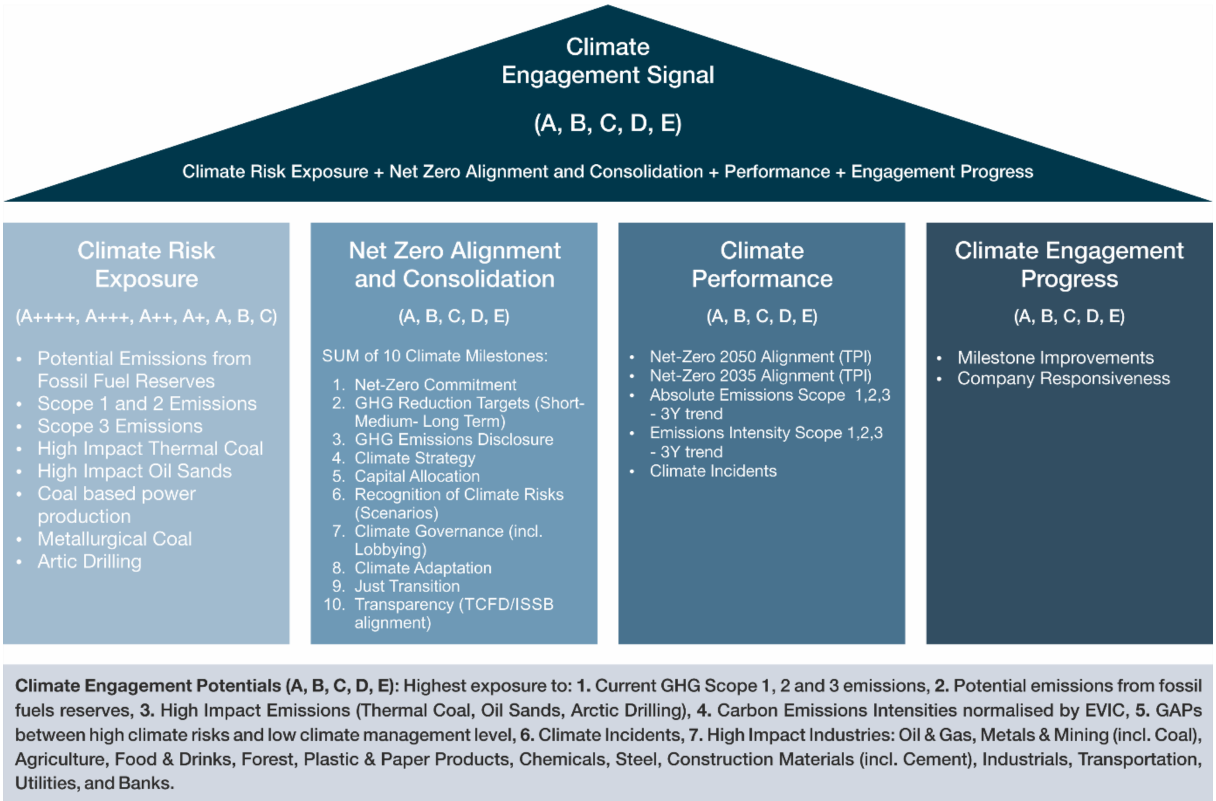
The engagement universe is revised twice a year to capture important developments and progress in climate change mitigation, GHG emissions reduction, ESG management, and voting outcomes.

As part of the systematic engagement process, each engaged company is assessed against a number of key performance indicators based on EI's Rating System. The purpose of the Rating is to provide investors with an overview of the current status of the company's climate management as well as changes observed throughout engagement.

In general, the Rating System covers the following aspects which build into the broader climate engagement framework as shown in Figure 1:

- Risk & Opportunity Exposure
- Management Level
- Net Zero Alignment
- Engagement Potential
- Engagement Progress
- Engagement Signal

Figure 1. EI General Climate Rating System



Ongoing engagements are monitored using EI's structured Milestone System, which allows for the assessment of a company's approach to handling an ESG issue and guides the engagement process.

Prior to engagements, the initial company assessment is conducted against issue-specific milestones and a subset of detailed indicators. This allows for determination of focal points for company dialogues and tracking progress over time. The milestone rating shows the degree to which milestones have been reached and is based on the five-level scale decreasing from 'A' to 'E', with 'A' indicating a very high management level of a milestone aspect and 'E' a very low management level.

The climate milestone assessment framework consists of 10 milestones including Core Alignment Milestones and Additional Consolidation Milestones. EI's Net Zero Climate Milestones concept is based on the Net Zero alignment criteria outlined in the IIGCC Net Zero Investment Framework (Version 2.0).

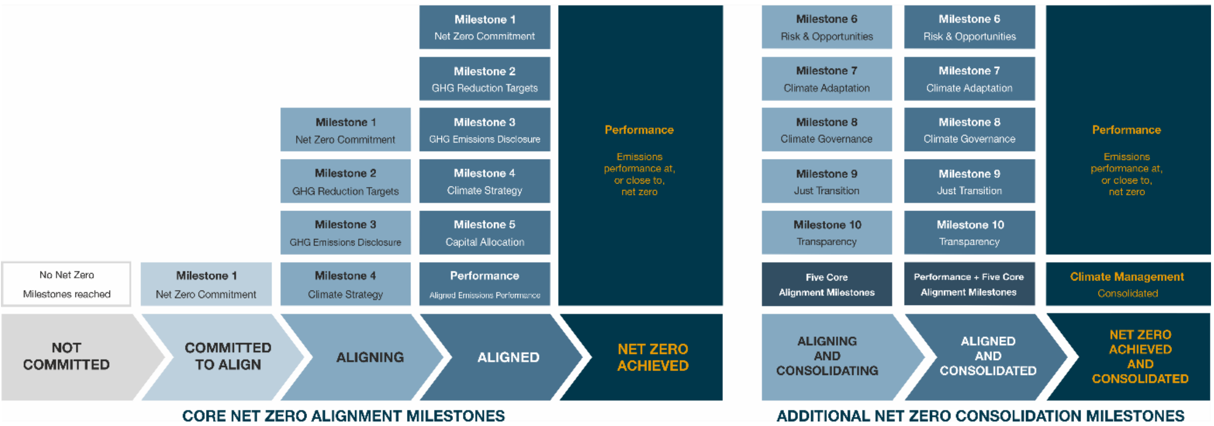
According to the Net Zero Investment Framework, a company can be assessed as aligned with the Net Zero objective of the Paris Agreement if it demonstrates appropriate Net Zero Ambition, GHG Emissions Reduction Targets, Emissions Disclosures, Climate Strategy, Capital Allocation, and a positive Performance when it comes to annual reductions of GHG intensity. The expectation is that these will lead to achieving Net Zero emissions by 2050 or sooner.

To further strengthen the possibility that the company will actually reach the Net Zero goal in due time and not scale back its climate ambition, the company should additionally be aligned with the consolidating milestones, including: Climate Risks and Opportunities (incl. scenarios), Climate Governance (including lobbying), Climate Adaptation, Just Transition, and Transparency.

Figure 2. EI Net Zero Climate Milestones Overview

Within the EI Net Zero Climate Model companies are assessed against each milestone aspect and categorised into one of seven categories reflecting the quality and effectiveness of their low-carbon transition plans and alignment with the goals of the Paris Agreement as shown in Figure 3.

Figure 3. EI Net Zero Alignment & Consolidation Model



The impact of engagement is monitored and measured by EI's proprietary indicators: Engagement Progress and Engagement Signal. Both indicators are grounded in the milestone-based assessment approach.

The Engagement Progress rating is applied to track the results of the engagement process and change in a company's practices, performance and disclosures over time. It reflects the company's responsiveness towards engagement dialogues and progress documented during the engagement process. Engagement Progress is expressed on a five-point scale, going from Very Negative to Very Positive.

Moreover, each company receives an Engagement Signal. The Engagement Signal rating serves as an overall indicator communicating the degree of alignment between an engaged company and engaged investors' expectations. The rating is determined by the risk, management, performance, and engagement progress, and is classified into Very Positive, Positive, Moderate, Negative or Very Negative.

ESG Engagement Methodology

The general ESG engagement can be conducted on other material sustainability themes like board gender diversity, impacts on biodiversity, responsible tax practices, potential violations of international norms etc. This engagement will be prioritised based on the end client needs expressed through the split voting preferences in the next phases of the project.

Overall, material ESG issues are identified by Minerva and EI using a comprehensive multi-factor evaluation of a range of ESG issues to inform both voting and engagement:

- Audit & Reporting
- Board Composition & Effectiveness
- Capital Governance
- Climate Risk Management, including GHG Footprint and Net Zero Alignment KPIs
- Executive Remuneration
- Shareholder Rights
- Sustainability Governance.

In order to monitor ESG engagements and progress, the general EI Rating and Milestones System is applied based on the key elements as described in the Climate Engagement Methodology section.

Engagement Process

The overall goal of the engagement process is to encourage investee companies to properly manage their environmental, social and corporate governance negative impacts, risks and opportunities.

The focus of climate engagement is to influence the engaged companies to commit to Net Zero by 2050 or sooner and take appropriate actions to become part of the transition to a low-carbon economy consistent with the Paris Agreement and its goal of '…holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'.

Specific engagement objectives are further defined by the set of climate milestones. It is expected that investee companies will transform their business models to align with a Net Zero pathway by announcing a credible Net Zero ambition, setting GHG reduction targets covering all material emission scopes, formulating a decarbonisation strategy supported by adequate capital allocation to deliver emission reductions, and increasing revenues from low carbon solutions.

In addition, companies should demonstrate recognition of climate-related risks and opportunities, a strong governance set-up, acknowledgement of the 'Just Transition' principles, and transparent reporting following the TCFD recommendations.

The engagement process is based on a bi-annual cycle. It starts with portfolio due diligence screening conducted in Q1 and Q3, aiming to flag potential engagement cases.

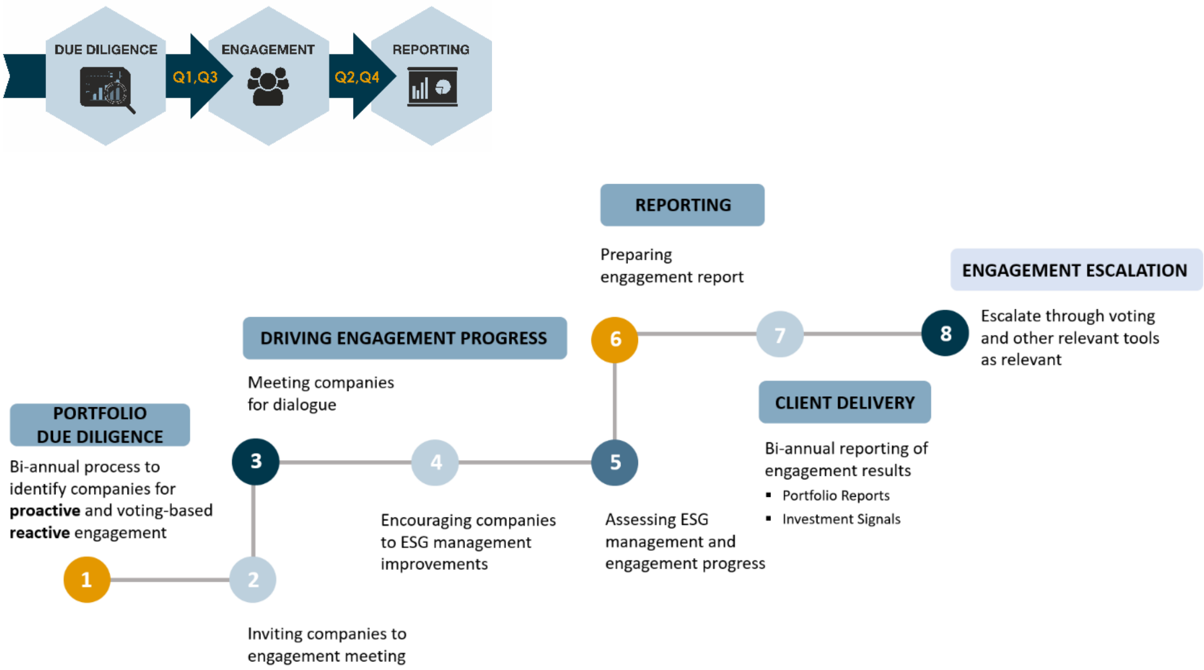
As a next step, the most appropriate levels of engagement (from Level 1 to Level 5) are determined depending on the ESG/Climate focus area, management level and client needs. The main differences between the engagement levels are related to the engagement scope, milestones, and reporting format.

Figure 4. EI Engagement Levels

Engagement Level	Engagement Scope	Engagement Dialogue	Engagement Milestones	Engagement Reporting
Engagement Level 1 (Basic)	Engagement and reporting on one specific ESG/SDG issue, like climate, responsible tax etc.	Engagement through semi-annual written dialogue.	Engagement results measured by 1–3 milestones.	Excel-based KPI reporting with minor text.
Engagement Level 2 (Developing)	Engagement and reporting on one specific ESG/SDG issue, like climate, responsible tax etc.	Engagement through semi-annual written dialogue, face-to-face meetings or conference calls.	Engagement results measured by 5–10 milestones.	Excel-based KPI reporting with minor text.
Engagement Level 3 (Standard)	Engagement and reporting on one specific ESG/SDG issue, like climate, responsible tax etc.	Engagement through semi-annual face-to-face meetings or conference calls.	Engagement results measured by 5–10 milestones.	Corporate Engagement Report (PDF), Portfolio Report (PDF), Flagging Report (Excel).
Engagement Level 4 (Holistic)	Holistic Engagement and reporting on a company's 10 most material ESG/SDG issues, including incidents (Violation of UN Global Compact).	Engagement through semi-annual face-to-face meetings or conference calls.	Engagement results measured by 10+ milestones.	Corporate Engagement Report (PDF), Portfolio Report (PDF), Flagging Report (Excel).
Engagement Level 5 (Premium)	Premium, tailormade and holistic engagement and reporting on a company's 10 most material ESG/SDG issues, including incidents (Violation of UN Global Compact).	Premium, tailormade and holistic engagement through several face-to-face meetings or conference calls.	Engagement results measured by 10+ milestones.	Corporate Engagement Report (PDF), Portfolio Report (PDF), Flagging Report (Excel).

Once the engagement candidates are identified and the engagement level confirmed, the engagement begins. The engagement dialogues are structured around bi-annual video calls, face-to-face meetings, or written correspondence. Progress of the process for each company is tracked on a weekly basis. EI delivers engagement results and company dialogue updates to Minerva typically in Q2 and Q4 to support ongoing stewardship oversight and reporting.

Figure 5. Illustrative engagement timeline and process



The length of an engagement process is not pre-specified but rather determined by the assessment of engagement progress, achievement of engagement goals and milestones, and ultimately the bi-annual Engagement signal rating. The engagement may be concluded if engagement goals and milestones are met at least to a high extent.

Typically, rejection to engagement dialogues and/or Negative/Very Negative Engagement Progress rating for a certain time period would lead to a Negative/Very Negative Engagement Signal. The signal flags that positive development regarding the concerned ESG issues is not expected in the near future.

If a company repeatedly displays no response or poor engagement progress, escalation through voting against management at the AGM will be considered. Furthermore, if deemed necessary, additional escalation steps can be applied, such as requesting an engagement dialogue with C-suite member(s) or sending a formal letter to the Board Chairman/CEO.

ESCALATION: JOINING THE DOTS BETWEEN VOTING AND ENGAGEMENT

Voting and engagement are integral pillars of stewardship and empower investors to influence corporate behaviour, promote responsible practices, and contribute to sustainable value creation. A specific feature of the Fund setup is to join the dots between voting and engagement to escalate stewardship efforts towards investee companies that are not responsive to investor expectations.

A broadly accepted definition of escalation is "the approach an investor takes if initial stewardship approaches are unsuccessful at achieving its objectives over a given time period. Escalation differs by asset class and investor type, but generally involves the use of increasingly assertive stewardship tools and activities" (PRI Stewardship for Sustainability: Evaluation Tool, 2023).

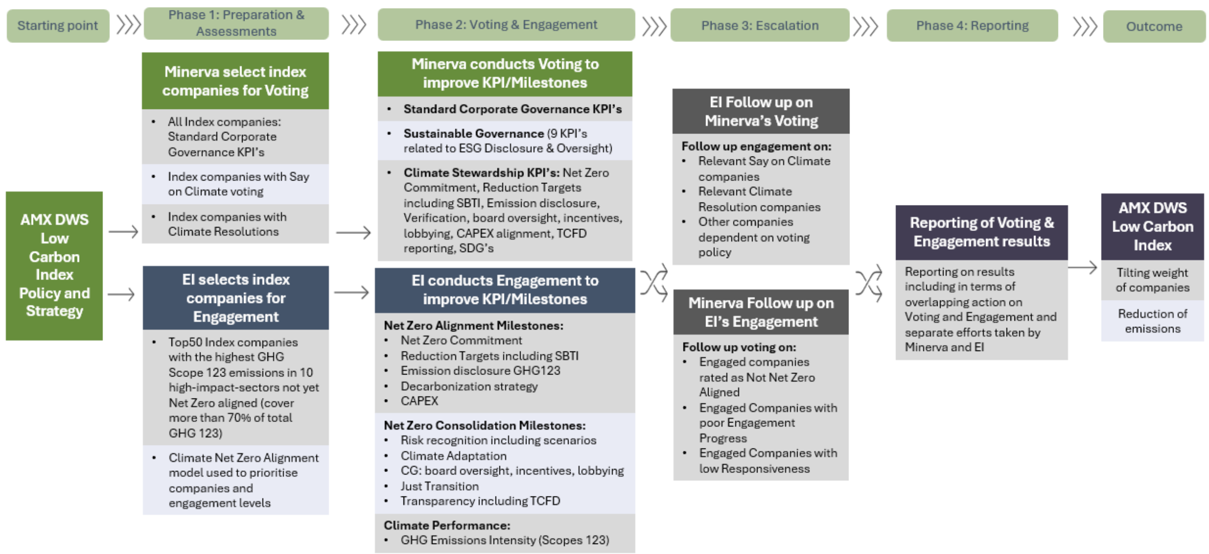
Constructive engagement results can provide a positive signal for voting and thereby strengthening investors' support for investee companies' boards and management. However, it is recognised that engagement and seeking dialogue with management may not always yield the objectives aimed for and in these circumstances, escalation of stewardship activities will be considered on a case-by-case basis.

If the engagement strategy does not deliver sufficient improvements in ESG standards, the use of voting rights as an escalation strategy may be applied. This can include holding directors to account for issues by voting against the re-election of directors deemed most responsible for overseeing the issue, or by voting in opposition to management on a resolution such as through support for a shareholder proposal.

In addition, where voting against management on a resolution has not resulted in meaningful change to address concerns, engagement may be initiated as an escalation to voting activity.

The two ways of joining the dots between voting and engagement to escalate the influence on investee companies are illustrated in Figure 6.

Figure 6. Joining the Dots between Voting and Engagement



TRANSPARENCY AND REPORTING

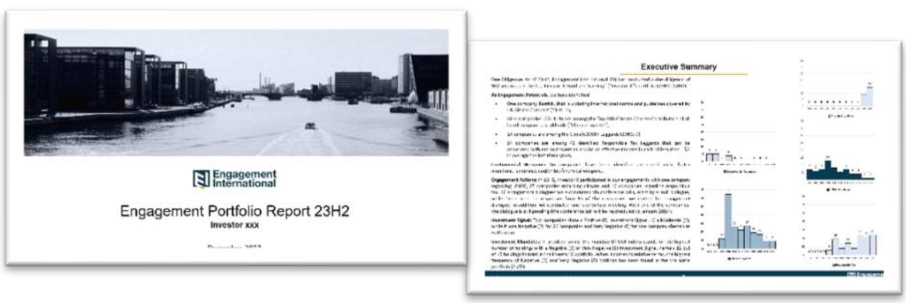
Transparency is critical to good governance, and this includes communicating stewardship activities. Engagements are logged, categorised, tracked and monitored to inform proxy voting decisions and future engagements.

The engagement reporting is aimed to provide:

- An overview of engagements undertaken during the reporting period, including ESG issues covered, engagement actions, engagement levels, engagement-related ratings;
- A summary of companies engaged during the reporting period, including the status and progress of engagement; and
- A promotion of case studies of selected company engagement activity, outcomes, and next steps.

A comprehensive voting and engagement report is produced on an annual basis, providing an overview of stewardship activities undertaken during the reporting period, including voting activity, engagement outcomes and progress against stewardship objectives. In addition, more frequent reporting may be provided where required, including updates on significant stewardship activities, engagement developments, voting outcomes, or at the request of investors.

Figure 7. Example Portfolio Report



CONFLICT OF INTERESTS

Conflicts of interest may occur in the discharge of our stewardship responsibilities when voting and engaging on behalf of clients' shares. Efforts are made to identify any potential, real or perceived conflict of interest that could occur during the engagement process and management policies are in place to mitigate these should they arise. These policies are owned and signed off by Minerva's Executive Team. The policies are based on six principles to minimise any potential or actual harm and so protect service integrity:

1. **Definition**: Definition of what constitutes a conflict of interest and examples of situations where conflicts of interest may arise.
2. **Identification**: Identification of potential conflicts of interest, including regular risk assessments and reviews of potential conflicts of interest.
3. **Mitigation**: Development of firewalls to avoid conflicts of interest, such as disclosure and consent procedures, separation of functions, or limitations on activities.
4. **Monitoring and reporting**: Team leaders send out regular emails reporting to senior management and the board of directors' potential or actual conflicts of interest issues and how they were managed.
5. **Training and education**: Provision of training and education to employees on identifying and managing conflicts of interest.
6. **Review and update**: Regularly review and update the policy to ensure that it remains relevant and effective in managing conflicts of interest.

Last but not least, to avoid potential conflict of interest in terms of engagement activities, EI does not conduct any investment activities connected to the listed companies they engage with.

EI's management and engagement staff are not allowed to make direct private investments in companies they are engaging with. However, the management and staff may hold such investments through pension schemes where they have no influence on individual investments.

Finally, EI does not receive any kind of payment from engaged companies.

About Minerva

Minerva helps investors and other stakeholders to overcome data disclosure complexity with robust, objective research and voting policy tools. Users can quickly and easily identify departures from good practice based on their own individual preferences, local market requirements or apply a universal good practice standard across all markets.

For more information, please email hello@minerva.info or call + 44 (0)1376 503500

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