To the CEOs and Boards of Directors
of our Investee Companies

14 March 2022

DWS Corporate Governance & Proxy Voting Policy 2022

Dear Sir or Madam,

The past two years of the Covid-19 pandemic have not only shown the vulnerabilities of global supply chains, deeply integrated business models and infrastructure but also how fragile and sensitive parts of societies around the world have become. Companies are therefore, more than ever, obliged to act responsibly, promote the reduction of inequalities and to lead by example as a good corporate citizen.

Entering the third year of the global Covid-19 pandemic, we at DWS Investment GmbH remain fully committed to fulfill our duties as a fiduciary and to protect the assets entrusted to us by our clients. We therefore continue to promote sound and robust governance standards and responsible transformations of business models. As a fiduciary global firm, we have the responsibility to address challenges in the market in addition to sharing in the responsibility of the moment. Therefore, we carefully assess the current situation in the Ukraine and the full implications. For further information please visit "www.DWS.com".

We are conscious of our role as a responsible asset manager to enable change and facilitate an efficient allocation of capital. DWS joined the Net Zero Asset Managers initiative to further promote the development of transition paths, accelerate change and embrace sustainability as a chance to re-think business models and more than 200 companies received our engagement letter on this topic in 2021.

Sustainability has many dimensions and it remains our strong conviction that the "G" in ESG is decisive and key to unlocking a company's potential in terms of environmental and social impact. Sound corporate governance practices among our investee companies are both precondition and catalyst to achieving meaningful progress and create long-term sustainable value.

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

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- Adequate transparency on auditors
- Appropriate treatment of shareholder and stakeholder rights, in compliance with internationally recognized E, S or G standards

Going forward, we will increase our scrutiny on ESG risks and any violations of internationally established norms and standards. We expect the boards of our investee companies to monitor and assess any controversies and to promote meaningful solutions of them. We will continue to hold boards and directors accountable through votes on discharge, re-election or remuneration packages.

Our focus areas and key changes for 2022:

1. Management and Supervisory Boards:

For 2022, board refreshment processes will be of particular focus for us. Their composition as determined by level of independence, holistic diversity and balance will continue to form the basis for our assessments. We regard regular board refreshment and transparently communicated succession planning processes as imperative to ensure a successful transition.

As before, we expect our investee companies to incorporate gender diversity into their composition and refreshment processes, which we regard as critical to effective corporate governance. Although we understand that board refreshment processes may also stretch over a period of more than one year, we still identify the need for progress and more ambitious targets as an ongoing priority for boards. As of 2022, for boards lacking at least one female director, or those that are insufficiently diverse with regards to national best practice guidelines, we will vote not only against any incumbent candidate that causes this imbalance, but also against the members of the nomination committee as well as the chairperson of the board.

Furthermore, we expect key committees (i.e. the Audit Committee, Remuneration Committee, Risk Committee, Nomination Committee) to be composed of at least 50% independent directors. If this requirement is not met, we will also vote against the re-election of the incumbent non-independent directors and the chairperson of the board as well as the chairperson of the nomination committee. Our expectations regarding the identification of financial experts and the independence of audit committee chairs remains intact.

The increasing importance of sustainability needs to be adequately reflected also on board level and we will vote increasingly against the discharge and/or re-election of directors in case the company is involved in severe ESG controversies, faces material ESG risks or fails to respond to engagement requests from our side.We expect boards to be transparent about which director is identified and qualified as an ESG expert or – in case this responsibility is shared – which committee is overseeing ESG matters.

2. Executive Remuneration:

Starting in 2021, we voted against remuneration policies and reports that do not incorporate non-financial KPIs into variable performance plans. In 2022, we expect companies whose executive remuneration system was not supported by us in 2021 to reflect our criticism accordingly and begin a meaningful dialogue in good time. Our expectation on structure, long-term orientation, incorporation of extra-financial targets as well as equity-links and alignment of shareholders' and management's interest remain without material change. However, we will extend our voting behaviour in relation to remuneration systems on this further by also voting against the discharge and/or re-election of the chair of the remuneration committee in case of missing extra-financial KPIs.

As the transparency of remuneration reports is decisive in order to assess the functionality of remuneration systems, we expect companies to provide comprehensive disclosures especially on the performance assessment by the board.

We also expect companies to disclose any information that could not be disclosed at the time of the original say-on-pay on an ex-post basis. This includes, but is not limited to, targets, KPIs, performance assessments, benchmarks and any special bonuses or discretion the board may have had.

3. Shareholder and Stakeholder Rights:

The adequate treatment and respect of shareholder rights are vital to us and our role as long-term partners of our portfolio companies. Shareholder rights suffered during the past 24 months and so-called ‘virtual’ AGMs have largely proven to be insufficient in facilitating important discussions. However, this is elementary for us to fulfill our role prudently. We therefore expect companies to either meaningfully increase the possibilities of interaction and involvement in AGMs through digital means or to return to physical formats, incl. hybrid formats .

Throughout the past two years, we have engaged constructively in cross-industry discussions at various levels mostly to find a reluctance of company representatives to embrace the current circumstances as chance for innovative digital solutions despite them being available.

Consequently, we will continue to hold boards accountable in case these rights are diminished, obstructed or otherwise impeded. We also expect boards to demonstrate how they are including relevant stakeholder views in their discussions and decisions.

Our support for proposals by shareholders is determined by a thorough assessment and evaluation of the proposal, its nature and benefits for the company and shareholders. We will therefore continue to support meaningful shareholder proposals that (1) strengthen shareholder rights, (2) encourage transparency on topics such as diversity, remuneration, tax, lobbying and political donations, climate change, biodiversity, water, deforestation, GHG emissions, human rights and labor practices, (3) call for special audits on well reasoned grounds.

We have not developed a general rule on so-called “say-on-climate” proposals but when evaluating these we will take into account (1) the commitment to turn operations carbon neutral (net-zero), (2) the scope of targets (i.e. scope 1, 2 and 3 emissions), (3) the time horizon and base years, (4) the level of ambition, also compared to peers, (5) validation of targets through the Science Based Targets initiative (SBTi) and (6) counter proposals made by shareholders.

We expect sustainability to become also more important in M&A transactions as it might materially influence the risk profiles. We continue to expect shareholders to be given a vote during an AGM or EGM, any lack of such will continue to result in a vote against directors involved in this decision.

4. Auditors:

Among several jurisdictions, the role and responsibilities of auditors have been further strengthened as we expect objectivity and criticality not to be impeded by either long tenure or inadequate consulting fees. We leap our expectation that companies rotate their auditors after ten years. Ratifications of auditors will be objected in case the same audit-firm is proposed after this period without a meaningful explanation and transparency about the selection-process. We will object a ratification of re-appointment of auditors also in case name and term of the lead audit partner is not disclosed or the term exceeds five years.

5. Capital Measures:

Asset managers are asked to closely monitor their portfolio companies and their financing strategies, thus we decided last year to restrict the maximum limit for equity issuances to three years for markets in which the limit is exceeding three years. For 2022, we are also lowering the threshold for the exclusion of subscription rights from 20% to 10%.

6. Japan:

Beginning 2022 we are raising our expectations for the Japanese market with relation to board independence. In line with developments to the local corporate governance code, we will now expect an absolute minimum of 33% board independence and will vote against non-independent directors when this is not met. In addition, we will be more vigilant on the topic of committee independence by extending our 50% independence threshold also to boards with statutory auditors. Finally, we will begin to vote against top executive directors that allocate a significant portion of their net assets to cross-shareholdings (20% or more).

Our Transparency:

Setting out our expectations of you is paired with a refined stewardship reporting over the course of time, as presented in our Active Ownership and Engagement Report or in other reporting formats of other DWS legal entities. As such in 2021, DWS Investments UK Limited successfully filed the report against the UK Stewardship Code and was ranked as Tier 1 signatory. We aim to maintain this level of transparency and to provide our clients with meaningful disclosures on relevant activities.

To provide this transparency we also rely on you and your disclosures and hope that you will assist us in meeting this continuously growing demand by clients, regulators and additional stakeholders.

To conclude, we would like to take this opportunity and invite you to continue our constructive dialogue or to initiate an engagement on any of the mentioned topics as well as any others that are relevant to your company.

We are at your disposal for further discussions especially on governance topics or any further questions related to our policy. Our Corporate Governance Center can be reached via dws.engagement@db.com.

Yours sincerely,

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