

24 February 2020

Corporate Governance & Proxy Voting Policy 2020

Dear Sir or Madam,

We hope you have had a successful start to the new year.

At DWS Investment GmbH, we take pride in fulfilling our fiduciary duties to our clients. As in previous years, we would like to share our updated Corporate Governance & Proxy Voting Policy ('Policy') for 2020 with you.

Macro developments:

The EU Action Plan on Sustainable Finance outlines the ambitious objectives for a transformation into a carbon-neutral economy by 2050 within the European Union. A total of EUR 180bn per year is needed alone to achieve the 2030 EU climate and energy targets. As public funding cannot close this gap, the focus lies now on legislative actions on the capital market and its participants.

Together with the "Green Deal" of the European Union as announced the responsibilities of institutional investors have increased further and at DWS we are embracing them wholeheartedly.

The second EU Shareholders' Rights Directive (SRD II), which was finally implemented into national legislation, focuses on increased transparency by asset managers and institutional investors regarding their stewardship activities, including meaningful engagement, voting policies and voting behavior.

The UK Stewardship Code underwent a major review in 2019 and its revised version raises the bar still further in terms of fulfilling fiduciary duties. From our standpoint, the majority of this regulation is already part of our DNA as a fiduciary, but the reporting requirements, for example, impose a much higher degree of information and transparency as compared to today. Our ambition is clear to remain a Tier 1 signatory to the Code.

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The review of the German Corporate Governance Code has been completed and its new version includes substantial feedback alongside our own. We believe that sound corporate governance requires ambitious and robust Codes – but it rests with individual companies to implement these practices and to live up to them. For us, as a German-based but globally-acting asset manager, we aim to reflect country-specific best-practice as defined, for example, by a Code but also internationally established standards. For this reason, our expectations may exceed national best-practices.

For 2020, the four core values of our understanding of Corporate Governance remain:

- composition of the board, including a holistic diversity, meaningful independent oversight and qualified candidates;
- transparent and demanding remuneration systems for executive board members;
- transparency regarding auditors and auditor-fees; and
- appropriate treatment of shareholder rights and shareholder proposals, with a particular focus on environmental and social issues.

Policy changes:

1. Management and Supervisory Boards:

For 2020, we will increase our scrutiny on the accountability of management and board and include norm violations, that is violations against internationally accepted Environmental, Social and Governance (ESG) standards, such as UN Global Compact, SDG, PRI, failure to provide adequate transparency on physical and transition climate risks according to disclosure standards such as SASB, TCFD or CDP into our evaluation of discharge and (re-)election of members of the board. We underline our expectation for Board-candidates to ensure that they have sufficient time available to fulfill their directors' duties and represent our expectations towards Management.

2. Executive Remuneration:

Our expectation is that shareholders are given a regular say on executive remuneration at least every four years. In 2020, we expect our companies that had been due for a say-on-pay already in 2019, to present shareholders with an executive remuneration system. In case they fail to do so, we expect Boards to pro-actively engage with us prior to the AGM and provide information about the status of their discussions in this area. We will then consider on a case-by-case-decision, holding the members of the supervisory boards accountable.

For the variable components, we expect comprehensive and ambitious targets, including quantitative and qualitative KPIs that also refer to the extra-financial performance of the company.

The Long-Term Incentive (LTI) should include at least one component geared towards share performance, such as a relative total shareholder return (rTSR) against a meaningful index or benchmark.

3. Shareholder Rights:

We will continue to promote strengthening the rights of shareholders wherever possible and necessary. We will place even more attention and scrutiny on the evaluation of shareholder proposals, such as related to transparency on sustainability matters and benchmarked against relevant international standards, for example CERES frameworks, SDGs or the UN Global Compact. We expect higher transparency from our companies with regard to their lobbying activities and political contributions and will generally support shareholder proposals related to enhanced disclosure.

Our transparency:

As responsible investors, we strive to make our active ownership activities very transparent both for our clients and our portfolio companies. We publicly report to the PRI on our responsible investment activities each year. Additionally, we also publish an engagement report on a yearly basis on our website. The expectations towards asset owners and asset managers are growing and we welcome the recent developments around enhanced disclosure requirements.

We are only able to achieve that and build on our existing reporting practices if we can rely on a comprehensive and enhanced disclosure from our portfolio companies. Thus, we will strengthen our engagement activities with you in this direction with the aim of fostering a constructive dialogue.

We are at your disposal for further discussions concerning governance topics particularly if you have any further questions related to our policies. Our Corporate Governance Center can be reached via dws.engagement@db.com.

Yours sincerely,

DWS Investment GmbH

A handwritten signature in blue ink, appearing to read "P. Pflaum".

Petra Pflaum
EMEA Co-Head of Equities
CIO for Responsible Investments

A handwritten signature in blue ink, appearing to read "Nicolas Huber".

Nicolas Huber
Head of Corporate Governance