

## **Principles of DJE Investment S.A. for the execution of voting rights**

### **A) General information**

The DJE Investment S.A. has extensive fiduciary duties regarding its managed funds. It owes special care and loyalty to its investors. DJE Investment S.A. is aware of its responsibility regarding the execution of shareholders' rights of shares held by its funds. If the DJE Investment S.A. holds a number of shares or voting rights in a height where the execution of which can be assumed to influence the business policy and strategy DJE Investment S.A. will vote in respect of the agenda items of a general meeting.

In principle a possible influence is assumed as soon as the DJE Investment S.A. holds more than 0.3% of the capital of a company through its managed funds. In individual cases it can also be assumed that the company will have an influence in the event of a lower shareholding.

DJE Investment S.A. will always carry out a cost-benefit analysis when exercising voting rights. If, for example, the exercise of voting rights is associated with disproportionately high expenditure or disproportionately high costs the DJE Investment S.A. will refrain from exercising voting rights.

DJE Investment S.A. will exercise shareholders' rights independently of the interests of third parties such as investors in other funds, DJE Kapital AG (parent company of DJE Investment S.A.), managing directors, members of the board of directors, brokers, fund service providers commissioned by DJE Investment S.A., etc. exclusively in the interest of investors.

A conflict of interest may arise if the interests of DJE Investment S.A. do not match with the interests of the fund investors. DJE Investment S.A. will endeavour to resolve any conflicts of interest in the interests of the investors. In particular the following conflicts of interest have been identified in connection with the exercise of voting rights:

- o exercise of voting rights of a company that is also a client of DJE Investment S.A.
- o exercise of voting rights of a company that is also a supplier of important products and services to exercise of voting rights on behalf of a company that is significantly involved in the distribution of DJE Investment S.A. products.
- o exercise of voting rights for a company that also acts as an important broker/trader for DJE Investment S.A.
- o exercise of voting rights for a company with which employees of DJE Investment S.A. have a personal relationship.
- o exercise of voting rights for companies in which members of the management of DJE Investment S.A. have a management, supervisory or advisory function.

DJE Investment S.A. has appointed a Compliance Officer to manage conflicts of interest. In detail the following measures are taken to avoid conflicts of interest:

- o preparation and maintenance of a register of listed companies that have a client relationship with DJE Investment S.A.
- o creation and maintenance of a register of listed companies that are important suppliers of products and services of DJE Investment S.A.

- o preparation and maintenance of a register of listed companies which are significantly involved (10 largest companies on the basis of the sales commission paid) in the sale of investment products of DJE Investment S.A.
- o Preparation and maintenance of a register of the largest securities brokers and counterparties (10 largest counterparties on the basis of brokerage commissions).
- o Notification by board members, managing directors and employees prior to assuming supervisory or advisory functions in listed companies.
- o Definition of a participation policy regarding the exercise of voting rights at shareholders' meetings of companies in which UCIs managed by DJE Investment S.A. have invested (participation policy available at [www.dje.lu](http://www.dje.lu))

DJE Investment S.A. commissions the company IVOX GLASS LEWIS GMBH to prepare independent analyses and to issue recommendations for the exercise of voting rights in accordance with BVI guidelines for German companies and to take the proxy paper guidelines of Glass Lewis & Co into account for the following countries: Europe (without Germany), United States of America, Hong Kong and Switzerland.

Due to time, organisational and logistical reasons and the high costs involved, employees of DJE Investment S.A. will normally not attend general meetings in person. DJE Investment S.A. will vote on the platform and grant IVOX GLASS LEWIS GMBH the right of proxy voting. Only in individual cases proxy voting instructions will be issued for a proxy who will vote in the name and on the instructions of the Management Company.

DJE Investment S.A. will use its voting behaviour to influence shareholders' meetings, corporate governance and business policy of the companies. DJE Investment S.A. will agree to the measures on the agenda if in the opinion of DJE Investment S.A., they increase the value of a company in a long-term and sustainable manner. DJE Investment S.A. will vote against agenda items that conflict with the aforementioned objectives. Thus, measures will be voted against which are directed towards short-term profit making and which burden a long-term positive and sustainable economic development as well as improvement of competitiveness.

DJE Investment S.A. has defined voting principles that determine voting behaviour. Both industry standards (BVI Analysis Guidelines for Annual General Meetings 2021) and components of various international corporate governance codes were used to draw up the catalogue of criteria.

DJE Investment S.A. is supported by IVOX GLASS LEWIS GMBH in the analysis of agenda items and the submission of voting recommendations. The basic requirement for this is that the analysis and submission of recommendations by IVOX GLASS LEWIS GMBH takes into account the criteria listed below. DJE Investment S.A. may also make use of the services of other third parties to fulfil its documentation obligations and to obtain information in connection with general meetings.

The Board of Management and the Compliance Officer will carry out an annual assessment and, if necessary, revise the guidelines. The aforementioned group will also conduct an annual review and evaluation of the services provided by a third party assignee.

The voting recommendations are recorded in writing and contain the following points:

- (a) voting procedure and manner ("for"/"against"/"abstain")
- (b) reasons for the decision

DJE Investment S.A. will ensure that the following voting documents are kept for a period of 5 years:

- o documents that led to the voting decision in the relevant vote
- o storage of IVOX GLASS LEWIS GMBH analyses
- o copies of conflict notifications

The annual notice on the implementation of the participation requirement, including a general description of their voting behavior, an explanation of the main votes and their use of the services of voting rights advisers, shall be made through the annual reports of the funds it manages. Although it is generally assumed that DJE Investment S.A. may exert influence if the funds it manages hold more than 0.3% of the capital of a company (in individual cases, it can also be assumed that DJE Investment S.A. exerts influence in the event of a lower participation), the fact that the participation in the respective companies is rather insignificant means that it does not publish the same votes as DJE Investment S.A. has cast in general meetings of companies in which the funds it manages hold shares. At the request of an investor, more detailed information on voting behavior will be made available to the investor. At the request of an investor this more detailed information on voting behaviour will be made available.

## **B) Voting principles in detail**

### **1. Management board / supervisory board / administrative board**

A responsible management and control of the company directed to long-term value creation is in the interest of its shareholders. The composition, activities and remuneration of the executive bodies should reflect this; this will be noticed by the shareholders because of appropriate transparency and open communication.

#### **1.1 Election**

Critical factors in the election of members of the Executive Board, Supervisory Board and Board of Directors are to be considered (insofar as they are the responsibility of the Annual General Meeting):

- lack of comprehensive description of the qualifications of the candidates based on detailed curricula vitae and a competence matrix with in particular career, incl. current main professional activity
- age
- nationality
- date of first election to the board
- duration and end of the current appointment
- and other mandates, stating any stock exchange listing or group affiliation of the companies concerned

The information is to be published permanently and updated in the Internet. The agenda shall contain a corresponding reference

- Poor diversity, especially considering gender, age or qualification;
- Failure to meet self-imposed corporate diversity goals;
- more than
- three mandates in total for one executive member

- five mandates in total for a non-executive member who does not hold an executive function in any company or more than three mandates in total as a member of the Supervisory Board who holds an executive function in any company.

Activities as Chairman count double, the position in which the candidate is to be appointed is counted, further executive activities in companies outside the group are excluded, but several mandates within a group count as one mandate only if they are clearly marked: Foreign mandates must be taken into account; similar activities are also considered mandates, e.g. board of directors or non-voluntary advisory board; mandates not specified in more detail are automatically counted as full mandates; another full-time activity is counted.

o for companies with a monistic organisational structure: personal union between Chief Executive and Chairperson.

o Less than half of the shareholder representatives on the supervisory board/bodies are independent, e.g. a member is not to be regarded as independent in the following cases:

- who has been active in this function for more than ten years
- is the representative of a shareholder who holds more than 10 percent of the voting rights
- who was a member of the company's Management Board
- which has an additional relationship with the Management Board, the Supervisory Board or the company.

o Change from the Executive Board to the Chair of the Supervisory Board, even after a cooling-off period: a long-serving member of the Executive Board may become an ordinary member of the Supervisory Board after a cooling-off period of two years or upon proposal by shareholders with more than 25 percent of the voting rights.

o insufficiently qualified members of the committees with majority of independent members, in particular the chair at least of the audit committee and the remuneration committee

o no independent member of the Supervisory Board has expertise in the fields of accounting or auditing of financial statements

o special or delegation rights for certain shareholders

o block elections

o in the event of re-election:

- lack of control over remuneration, especially in the case of increasing remuneration of executive members in the event of poorer company results.
- no individualized disclosure of attendance at meetings of the Supervisory Board, the full Supervisory Board or committees or attendance at less than 75 percent of meetings without sufficient justification.
- if the maximum period of membership of the Supervisory Board set by the Company is exceeded, or if it exceeds 15 years.
- the Chairman of the Supervisory Board is also Chairman of the Audit Committee.

## 1.2 Relief

Critical factors for the discharge of members of the Executive Board, the Supervisory Board or the Board of Directors are to be considered:

o No adequate measures to identify, prevent, manage and disclose conflicts of interest

o Less than half of the shareholder representatives on the Supervisory Board/ full Supervisory Board and the main committees are independent

o Inadequate risk controlling and auditing procedures

- Non-compliance with legal provisions, corporate or group guidelines (compliance)

- incorrect declarations of compliance
- pending proceedings, e.g., challenges to the balance sheet, insider dealing, corruption or antitrust violations
- Clear and sustained violations of generally recognized Social Responsible Investment (SRI) or Environmental Social Governance (ESG) guidelines, including the lack of an executive member appointed as responsible for ESG issues.
- failure to vote on the remuneration system for the Management Board and the Supervisory Board at least every four years
  - o demonstrable impairment of minority shareholders' interests
  - o more than
    - three mandates in total for one executive member
    - five mandates in total for a non-executive member who does not hold an executive function in any company, or more than three mandates in total as a member of the Supervisory Board who holds an executive function in any company.

Activities as Chairman count double; the position in which the candidate is to be appointed must be counted; further executive activities in companies outside the Group are excluded; several mandates within a group count as one mandate, but only if they are clearly marked: Foreign mandates must be taken into account; similar activities, e.g. board of directors or non-volunteer advisory board, are also considered mandates; unspecified mandates are automatically counted as full mandates; another full-time activity is counted.

- o for companies with a monistic organizational structure: personal union between Chief Executive and Chairperson
- o A regular age limit for members of the Management Board and Supervisory Board is not specified and published in the Articles of Association
- o a membership limit set by the company is exceeded
- o no improvement or statement in the case of resolutions passed during the Annual General Meeting with less than 75 approval percent of the voting rights represented at the Annual General Meeting held previous year, in particular in the case of remuneration (system and report), discharge and elections.
- o The lack of disclosure of the rules of procedure of the relevant council.
- for executive members:
  - o lasting worse results compared to the industry
  - o non-compliance with essential transparency standards (e.g. non-publication of CVs of executive members)
- for a non-executive member:
  - o lack of exercise of supervision of executive members
  - o non-compliance with essential transparency standards, e.g. non-publication of CVs of non-executive members permanently and up to date on the website with the criteria for the presentation of qualifications in elections, articles of association, and names of committees.
  - o no comprehensive individualized reporting on the presence of Supervisory Board members at Supervisory Board and committee meetings.
  - o An appropriate deductible has not been agreed for a pecuniary loss liability insurance policy for the members of the Supervisory Board and is not explained in the annual report

### 1.3 Remuneration

Critical factors for the remuneration system and the remuneration report for the election or discharge of members of the Executive Board, Supervisory Board or Board of Directors are to be considered:

- o no maximum amounts for total compensation including variable compensation components
- o consist of variable remuneration components that are not directed to the long-term success of the company and are linked to published long-term success factors.
- o the share of fixed compensation exceeds the intended share of short- and long-term variable compensation
- o the performance parameters used to determine the variable compensation are:
  - exclusively linked to the share price
  - do not take into account ESG factors in target achievement
- o retrospective adjustment of performance parameters that facilitate the achievement of the specified targets
- o variable compensation component in equity-based components is linked to dividends, except in the case of a relative TSR component
- o lack of clearly defined and traceable bonus or malus components
- o lack of claw-back mechanism for compensation components paid out ("claw-back")
- o granting of special bonuses
- o Incentive bonuses that go beyond the compensation of assumed compensation obligations
- o Absence of obligation to make own investment (Share Ownership Guidelines)
- o Voting on the compensation systems or reports of both boards in one agenda item
  
- o lack of transparency e.g:
  - Executive Board and Supervisory Board remuneration is not reported on an individual basis
  - insufficient disclosure of objective and extra-financial performance parameters of the remuneration
  - use of discretion granted by a committee not comprehensible to third parties.
- o no rectification or statement if the remuneration system or report for the Management Board is approved with less than 75 percent of the voting rights represented at the Annual General Meeting in the previous year.
- o Stock option plans are set up jointly for members of the Board of Management and employees
- o Lack of disclosure of stock option programs
- o for executive members
  - o increasing or inadequately reduced remuneration of members of the Board of Managing Directors in conjunction with poorer company results:
  - o remuneration that is not performance-related or disproportionate or severance pay of any kind; lack of bonus/malus compensation
  - o A disclosure in the form of the attached sample charts according to the German Corporate Governance Code as amended on 7 February 2017
  
- non-executive members
  - o Remuneration is not appropriate relative to comparable companies and is not predominantly fixed
  - o The variable remuneration component is linked to the dividend or comparable parameters
  - o Lack of a deductible and/or failure to disclose if one exists.

## 2. Capital measures and share buyback

Capital measures and share buybacks are in the interests of shareholders if they increase the company's long-term prospects of success. Judgement of the shareholders is only



possible if companies explain their financing strategy. The legitimate interest in the protection of business secrets must be taken into account.

## **2.1 Capital increase**

Critical factors for resolutions of all capital increases (including authorized and conditional capital increases) are to be considered:

- o issuance of preference shares
- o initial issue of preference shares
- o non-marketable subscription rights
- o lack of justification and information on the long-term strategy of the company with regard to capital measures
- o ordinary capital increases do not serve to clearly increase the company's earnings opportunities in the long term.
- o the amount of the total remaining reserve capital and its percentage share of the share capital are not stated in the documents relating to the Annual General Meeting.

Critical factors for advanced resolutions (approved and conditional capital increases) are to be considered:

- o The proposed capital increase exceeds 20 percent of the share capital.
- o The total stock resolutions cumulatively exceed 40 percent of the capital stock
- o The proposed capital increase exceeds 10 percent of the share capital and subscription rights are excluded. All exclusions of subscription rights - with the exception of the settlement of fractional amounts - apply. Exclusions of subscription rights are to be considered cumulatively; stock option resolutions already provided for in the Articles of Association are to be included.
- o Limitation of subscription right exchanges are only regulated by a voluntary commitment, which is not included in the Articles of Association.

## **2.2 Buyback of shares**

The following are to be regarded as critical factors when buying back shares

- o The applicant company is in economic difficulties
- o Applications for share buyback without justification and information on the long-term strategy of the company with regard to capital measures.
- o The repurchase of shares is not regulated in the same way for all investors. There are advantages for individual shareholders.
- o The price at which shares are to be repurchased exceeds the respective market price by 10%.
- o Repurchase volume of more than 10% (advance resolution).
- o A period of approval of more than 2 years.
- o Approval to issue repurchased preference shares.

## **3. Appropriation of Profits**

The dividend policy should be in line with the long-term corporate strategy and appropriate. Critical factors in the appropriation of profits are to be considered:

- o The dividend is not appropriate compared to the industry average and does not correspond to the company's financial result.
- o Dividends are paid out of the company's assets (except in justified exceptional cases).
- o No option to pay cash dividends when authorized to use scrip dividends

## 4. Auditor

The annual financial statements are intended to give a true and fair view of the net assets, financial position and results of operations of the company. The basic requirement for this is the independence and impartiality of the auditor and the auditing company with regard to remuneration.

Critical factors in the appointment of the auditor are to be considered:

### 4.1 Auditor

- o Doubts as to the accuracy of the audit of the financial statements
- o Pending proceedings against the audit firm or the responsible auditor

### 4.2 Independence

- o The independence of the auditing company or the responsible auditor in the preparation and presentation of the annual financial statements is not guaranteed in the long term. Consulting activities are not sufficiently proven (if necessary also by negative declaration) to determine independence.
- o The auditor responsible is not explicitly named in the annual report. Indirect mention via the auditor's report is not sufficient.
- o The responsible auditor has been appointed for more than 5 years. Information on the duration of the appointment of the auditing company and the responsible auditor shall be disclosed in the annual report or permanently on the website in advance, particularly after a term of five years.

### 4.3 Remuneration

- o The remuneration is not shown and/or is not appropriate.
- o The remuneration for the audit of the annual financial statements is not disclosed separately from the other fees, in particular consulting fees ("non audit fees").
- o The consulting fees repeatedly or disproportionately exceed the examination fees without adequate justification.

## 5. Mergers and Acquisitions

Mergers and acquisitions are in the interests of shareholders if they are in line with the company's long-term strategy. Shareholders can only judge this if companies provide background information. The legitimate interest in the protection of business secrets must be taken into account.

Critical factors are to be considered:

- o The purchase price offered does not correspond to the sustainable enterprise value and there is no demanding corporate governance.
- o For transactions that exceed 30 percent of the respective stock market value of the acquiring company, the approval of the shareholders is not obtained by a general meeting. The surcharge is based on a three-month average price.
- o Measures to prevent takeovers (e.g. poison pills)



## 6. Interests of Shareholders

The rights of shareholders shall be protected in compliance with the principle of equal treatment. Special rights and measures that impair shareholders' rights are not in the interests of shareholders.

Critical factors are to be considered:

- o lack of compliance with the "One Share - One Vote" principle
- o multiple voting rights, voting rights restrictions (voting caps) and special rights (e.g. delegation rights, loyalty dividends or loyalty shares for long-term shareholders)
- o Amendments to the Articles of Association that change the rights of shareholders.
- o Failure to provide or incomplete provision of all documents on the Company's website from the time of convening the meeting.
- o Absence of an archive of at least five years containing all documents relating to the Annual General Meeting, i.e. no removal of documents after the Annual General Meeting
- o No on-time publication of the specimen-voting card on the website with publication of the agenda.

## 7. Corporate Governance Code and Best Practice

Responsible corporate management in compliance with nationally and internationally recognized corporate governance standards is in the interests of shareholders.

The following standards apply:

- o The benchmark for the analysis of critical points in shareholder meeting proposals is always the country-specific code. In the case of companies listed on a German stock exchange, these are the requirements of the German Corporate Governance Code. In addition, the essential elements of recognized principles (e.g. OECD, ICGN) have to be taken into account when reviewing critical points.
- o Reasons must be given for proposed amendments to the Articles of Association
- o Applications that are submitted after the deadline and consequently cannot be analyzed in depth (ad-hoc applications) are viewed critically.
- o Corporate governance issues not explicitly mentioned in the previous sections should also be reviewed against market best practice. This may also include other requests, e.g. for special audits.
- o The development of best practices for responsible management of SRI/ESG issues should be encouraged. Non-financial reporting should also be based on the EU guidelines for reports on climate-relevant information.
- o The company's diversity policy should be formulated and published. The progress of implementation should be reported on regularly.

## 8. Reports and Proposals

### 8.1 Approval of reports

Critical factors to be considered are:

- o pending proceedings (contestation of the balance sheet, other illegal activities)
- o lack of publication

- o the company does not report according to internationally recognized standards (in particular GRI, TCFD, SASB) or does not publish important information in an internationally recognized manner (website, annual report)
- o there are concerns about the audit methods
- o audit opinion is not unqualified

## **8.2 Request for supplementary information and special audit**

Critical factors to be considered are:

- o Disproportionality between costs and benefits
- o Restriction of shareholder rights or disadvantage of shareholders, especially minority shareholders
- o Proposal leads to deterioration of corporate governance
- o Lack or incorrect statement of reasons.