

DJE Kapital AG (hereinafter referred to as DJE) has been active in the capital market as an independent asset manager for over 45 years. DJE currently manages around 17.2 billion euros (as of March 31, 2022) with approximately 170 employees in the areas of individual asset management, institutional asset management and mutual funds. The core of the investment process is the FMM method (fundamental, monetary, market), which is based on in-house, independent research. When selecting financial instruments, DJE takes sustainability criteria into account and is a signatory of the UN Principles for Responsible Investments.

DJE is an asset manager in the sense of § 134 a para. 1 no. 2a AktG (German Stock Corporation Act) and describes its participation in the portfolio companies in accordance with § 134 b AktG due to the related responsibility. § Section 134 b AktG. Portfolio companies within the meaning of this participation policy are companies in which DJE invests.

This Participation Policy describes

- the exercise of shareholder rights by DJE
- the monitoring of important matters of the portfolio companies
- the exchange of opinions with the corporate bodies and stakeholders
- the cooperation with other shareholders
- the handling of conflicts of interest and
- the reporting obligations of DJE

1. Exercise of shareholder rights by DJE

Within the framework of asset management or fund management, DJE is instructed to subscribe to, buy, sell or exchange financial instruments within the framework of the agreed investment strategy, to exercise subscription rights or otherwise dispose of them or to exercise rights arising from these financial instruments or to carry out all other measures that appear expedient in connection with the management. The exercise of voting rights at general meetings is not undertaken by DJE, but as a rule by DJE's clients.

DJE does not monitor how its clients exercise voting rights at the general meeting. Although DJE itself does not exercise voting rights at general meetings, in the case of group-affiliated funds, voting rights are exercised by its wholly-owned subsidiary, DJE Investment S.A., under its policy on the exercise of voting rights.

As a matter of principle, DJE will not make any statements to its clients regarding the exercise of voting rights within the scope of asset management or portfolio management. In exceptional cases, the only exception is if a statement is required to resolve possible conflicts of interest.

2. Monitoring important matters of the portfolio companies.

As an active investment manager, DJE engages in the capital market in particular by making sound investment decisions. Important matters of the portfolio companies are continuously monitored by the analyst team.

Through well-founded analyses DJE is able to assess concrete market opportunities as well as potential risks. As a rule, DJE's investment process, which is based on both qualitative and quantitative factors, filters out portfolio companies that have strong balance sheets, are solid and retain their value. The FMM method developed by DJE takes into account the three perspectives on stock market events – fundamental, monetary and market-related. Further details on the FMM method can be found in the brochure "FMM Method", which is available on the website www.dje.de. Once the portfolio companies have been qualified by selection criteria, specific investment decisions are made on individual portfolio companies.

Consistent risk management is carried out at all stages of the investment process. In order to meet due diligence requirements, DJE's investment and risk processes are designed to make investments with an appropriate risk/reward profile. DJE's top priority in this regard is to avoid losses before maximizing profits. This means that DJE tries to anticipate risks before evaluating possible opportunities.

The FMM method uses a scoring model that takes into account aspects such as liquidity & security, valuation, momentum, company discussion, individual analyst assessment and sustainability criteria of the portfolio company.

DJE is a signatory to the United Nations Principles for Responsible Investing (UNPRI) and is committed to integrating environmental, social and governance (ESG) factors into its investment analysis and decision-making processes. Further information can be found in DJE Kapital AG's sustainability policy at www.dje.de.

In order to systematically ensure compliance with sustainability criteria, DJE works with MSCI-ESG-Research, the leading international provider of environmental, social and governance analysis and ratings. All portfolio companies are therefore also evaluated using the MSCI-ESG filter.

In this way, DJE can exclude companies that violate the 10 universal principles of the UN Global Compact. The UN Global Compact is the world's largest and most important initiative for responsible corporate governance. The vision of the UN Global Compact is an inclusive and sustainable global economy based on its 10 universal principles. More information on the UN Global Compact is available at www.unglobalcompact.org/.

3 Exchanging views with corporate bodies and stakeholders

Another very essential source of information for the analyses and related investment decisions, as well as a way to influence portfolio companies, are meetings of company representatives and boards of directors. On average, DJE's analyst team has several hundred company meetings per year, the majority of which are at board level. In addition to the discussion of the current market environment and the current challenges and opportunities, publicly known future investment plans and in some cases possible expansions into other markets are sometimes on the agenda. The analysts can therefore raise both agreement and disagreement with the management levels of the portfolio companies during such discussions on the strategic direction of the company. As part of these meetings, DJE analysts are also increasingly encouraged to address and discuss ESG-relevant issues and risks. Critical topics or topics that can be addressed from the EGS perspective are deliberately and also consistently addressed. Furthermore, the implementation of measures announced by companies is also closely monitored and discussed in personal meetings.

4. Cooperation with other shareholders

As a rule, there is no cooperation with other shareholders. However, there may be discussions with other investors as far as the exchange of opinions on publicly known information is concerned. In the course of these discussions on the part of DJE with other investors, however, no agreements are made with regard to the exercise of voting rights and no explanations are given regarding DJE's transaction behavior.

DJE supports the public discussion on strengthening sustainability criteria. Therefore, DJE publicly expresses its support for strengthening ESG criteria in company visits, interviews, press releases and in the context of interest groups and industry associations.

5. Handling conflicts of interest

The handling of conflicts of interest results from the Conflict of Interest Policy of DJE Kapital AG, which is published on the website www.dje.de.

6. Reporting obligations

DJE reports annually on the implementation of the participation policy. The participation policy and the participation report are made publicly available at www.dje.de and updated at least annually.

The following report for the year 2022 explains how DJE Kapital AG (hereinafter referred to as DJE) has implemented its participation policy, cf. section 134 b (2) AktG.

1. Exercise of shareholder rights by DJE

DJE did not exercise any voting rights in 2022 and therefore cannot provide any explanations of a general nature regarding voting behavior, the most important votes and the use of voting advisors.

DJE has not made any statement to its clients on the exercise of voting rights behavior as part of its asset management or portfolio management activities.

For group-affiliated funds, voting rights were exercised by our wholly owned subsidiary, DJE Investment S.A., within the scope of its principles on the exercise of voting rights. The report on the exercise of voting rights by DJE Investment S.A. is published on the website www.dje.lu.

2. Monitoring of important matters of the portfolio companies

In 2022, DJE continued to distinguish itself as an active investment manager in the capital market by making sound investment decisions.

In order to be able to assess the portfolio companies even better, quantitative parameters – essentially in the Valuation and Momentum section as well as in the Safety & Liquidity section – were expanded and further optimized as part of the in-house bottom-up analysis approach. DJE recognized early on that inflationary pressures in many sectors will not disappear quickly and therefore focused on portfolio companies that it believes can pass on increased costs well or in full due to very strong pricing power.

3. Exchange of views with company bodies and stakeholders

In 2022, DJE continued to maintain a permanent exchange of views with the corporate bodies of companies in which potential investments should be made or are being made. This exchange also took place in 2022 in virtual or physical form.

Sustainability criteria are in this regard a central component in the DJE investment process. In the sustainability/ESG category, the evaluation is carried out with the help of the qualitative as well as quantitative results of MSCI ESG Research. Any existing controversies at the portfolio companies are generally addressed in discussions with the company concerned. ESG relevant topics are an integral part of every company meeting.

4. Cooperation with other shareholders

No cooperation with other shareholders took place in 2022. To the extent that DJE held discussions with other investors, no agreements were reached with regard to the exercise of voting rights, no explanations were provided regarding DJE's transaction behavior, and no coordination with other investors took place.

5. Handling conflicts of interest

In 2022, there were no known conflicts of interest at DJE. DJE organizes processes preventively in such a way that conflicts of interest cannot occur if possible.