

Updated Guidelines for Sustainable Management Board Remuneration in accordance with the European Shareholders' Rights Directive and the German Corporate Governance Code

- The working group of well-known supervisory board chairs, institutional investors, academics and corporate governance experts presents an updated version of the **Guidelines for Sustainable Management Board Remuneration**.
- Amendments were made to align the guidelines with the **II. European Shareholders' Rights Directive (ARUG II)** and the new version of the **German Corporate Governance Code (DCGK)**
- **Major amendments scheduled for autumn 2021**

Frankfurt, December 16, 2020. The Guidelines for Sustainable Management Board Remuneration, published for the first time in July 2018, are now available in an updated version that is in line with legal and regulatory changes. The best-practice guide relating to management board remuneration, drafted by well-known supervisory board chairs and representatives of institutional investors, academics and corporate governance experts, had to be updated in the light of the new provisions of the II. European Shareholders' Rights Directive (ARUG II) and the revised version of the German Corporate Governance Code (DCGK).

The amendments particularly affect share-based remuneration, change-of-control benefits and sign-on bonuses. The objective was to draft a version that is aligned with the new legal and regulatory provisions, avoiding any inconsistencies, without compromising on simplicity and relevance to industry practice.

Because of the timely amendments, the updated Guidelines for Sustainable Management Board Remuneration can be considered in the upcoming 2021 annual general meeting season. For autumn 2021, major amendments are also expected. This will aim to review the current development of management board remuneration and include issues such as the incorporation of sustainability targets/ESG criteria for remuneration and transparency issues in the remuneration report.

The aim of the working group continues to be to harmonise investor requirements with corporate realities in terms of management board remuneration and to promote a constructive dialogue between companies and investors. Following publication, the guidelines were well received by the wider public and were often integrated into the remuneration policies of companies, as well as investors' requirements. The guidelines make important recommendations for the structure of sustainable management board remuneration in listed companies and provide guidance for linking their remuneration systems to investor expectations and relevant legal and regulatory requirements.

Changes in the working group

The importance of the guidelines is particularly emphasised by the composition of the working group. Following the departure of Dr Jürgen Hambrecht and Werner Wenning from the group of supervisory board members, Dr Kurt Bock (Chair of the Supervisory Board, BASF), Martin Jetter (Chair of the Supervisory Board, Deutsche Börse), and Prof Dr Norbert Winkeljohann (Chair of the Supervisory Board, Bayer) joined the working group.

At present, the following members are part of the working group for *Guidelines for Sustainable Management Board Remuneration*:

Members of the Supervisory Boards

- Dr. Kurt Bock - BASF (Chair), Fuchs Petrolub (Chair), BMW (Member)
- Dr. Werner Brandt - ProSiebenSat.1 (Chair), RWE (Chair), Siemens (Member)
- Dr John Feldmann - Hornbach Holding (Chair), Hornbach Management (Deputy Chairman)
- Jürgen Fitschen - Vonovia (Chairman), Ceconomy (Chair)
- Martin Jetter - Deutsche Börse (Chair)
- Prof. Dr. Ulrich Lehner - Deutsche Telekom (Chair), Shareholders' Committee Henkel AG & Co. KGaA (Member), Porsche Automobil Holding (Member)

Representatives of institutional investors:

- Dr. Vanda Heinen (Union Investment)
- Nicolas Huber, Hendrik Schmidt (DWS)
- Ingo Speich (Deka Investment)
- Dr. Antje Stobbe (Allianz Global Investors)

Academic representatives:

- Prof. Dr. Christina Bannier (Professor for Banking & Finance Justus Liebig University Gießen & Lecturer Institute for Law & Finance, Goethe University Frankfurt/Main)
- Prof. Christian Strenger (Deputy Head of DVFA Commission Corporate Governance; Academic Director of the Center for Corporate Governance HHL Leipzig)
- Prof. Dr. Michael Wolff (Professor for Business Administration, with a focus on Management and Controlling, Georg August University of Göttingen)

Corporate Governance Experts:

- Dr. Jan Dörrwächter (hkp/// group)
- Dr. Georg Franzmann (BASF)
- Lisa Lange (EOS at Federated Hermes)
- Dr. Stephan Semrau (Bayer)
- Regine Siepmann (hkp/// group)

Organisers and coordinators:

- Dr. Hans-Christoph Hirt (EOS at Federated Hermes)
- Michael H. Kramarsch (hkp/// group)

Download and additional information

The full text of the Guidelines for Sustainable Management Board Remuneration, together with additional information on the working group and its members, is available for download at

www.leitlinien-vorstandsverguetung.de

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