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Dear Commissioners,

Thank you for the opportunity to provide our insights on the proposed updates of the German Corporate Governance Code (Kodex).

Comments on the Proposed Changes

In general, we support the proposed Kodex changes. We believe that they will primarily align the Kodex with recent legal changes, better define the role of the audit committee in line with best practices, and codify the importance of establishing oversight of social and environmental factors, material to the long-term value creation of companies. Furthermore, during our recent engagements with German portfolio companies, we discussed the proposed amendments and found them to be generally well received by the market. In terms of specific points relating to the proposals, the Vanguard Index Funds would like to highlight the following key points:

- Vanguard welcomes the additional guidance in Recommendation A.6 of the proposals that encourages boards to oversee the management of environmental and social factors.
- We would also like to highlight that we believe it is important for boards to ensure that sustainability information is published using established standards and developing taxonomies, where possible, to increase the reliability and comparability of information for investors to assess.
- Further, in our view, boards should ensure that sustainability goals are assessed for materiality and their contribution to creating long-term sustainable value for shareholders.
- Finally, we believe that the proposed updates to the Kodex creates an opportunity to provide a clear definition of “ecological and social sustainability”, as these terms are typically very broad. As such, we would encourage the Commissioners to consider this point further.

About Vanguard

As a global organization, Vanguard serves more than 30 million people around the world who are saving and investing for long-term goals such as retirement, education or housing. In

Europe, Vanguard has nearly 900 headcount based in London, Frankfurt, Berlin, Paris, Dublin, Amsterdam, Milan, and Zurich. Our investors range from direct retail investors to institutional and intermediary investors, such as banks, pension funds, independent financial advisers, and discretionary wealth managers. Further European expansion is a strategic objective for Vanguard.

Our shareholders depend on Vanguard to establish and maintain governance principles that will safeguard their investments and promote long-term value. Our Investment Stewardship program plays an important role through our advocacy for effective corporate governance practices, engagement with portfolio companies, and proxy voting. Our Investment Stewardship principles frame the analysis of each proposal, providing a basis for decision-making, and are grounded in Vanguard's role as a fiduciary acting in the long-term interests of our investors. We have published our proxy voting policy for UK and European portfolio companies and are constantly working to adapt these guidelines to local best practice standards. The Kodex is a very important input to our voting and engagement activities in Germany.

For more information about our stewardship policies and activities, please refer to our [website](#).

Vanguard welcomes the opportunity to comment on the proposed Kodex amendments and we hope that our input was useful. Should you have additional questions, please do not hesitate to contact us.

Yours Sincerely,

Lisa Harlow, Head of Investment Stewardship, EMEA/APAC

Phil Kuhn, Lead Investment Stewardship Analyst