PRESS RELEASE

Frankfurt am Main, 11 May 2015

Code amendments 2015 underline increasing role of the Supervisory Board

- **Small number of material adaptations**
- **Deletions and clarification as part of the management of the Code**
- **Findings of successful consultation process included in deliberations**

On 5 May 2015, the Regierungskommission Deutscher Corporate Governance Kodex decided on three material amendments to the Code which above all underline the increasingly significant role of the Supervisory Board. In addition, a series of adaptations were made as part of the management of the Code, in particular for the purpose of improved legibility and greater leanness. Finally, in line with the mandate to the Commission, the new statutory provisions on equal participation of men and women in private-sector and public-sector management positions that came into effect on 1 May 2015 were incorporated into the Code.

The final deliberations took into account more than 60 comments on the proposed amendments, put forward on 25 February, received from Code users, academics and consultants from Germany and abroad during the consultation process. The high number of comments, above all from companies, as well as the many good suggestions that are reflected in the adaptations of the original proposals, show that the consultation process is proving itself in practice.

Within the context of its regular review of the Code, the Commission is this year again following the principle of deleting content that is no longer necessary, providing clarification where sensible, incorporating legislative amendments made in the interim period, and exercising major restraint in terms of material changes.

Specifically, the Code Commission made the following amendments to the Code after the consultation process: The Supervisory Board of a listed company should determine a maximum term duration on membership of this body on a company-specific basis (Number 5.4.1. Subsection 2). The aim of this extended recommendation is for the Supervisory Board to concern itself consciously with the best composition of the body in the interests of the company, including from the perspective of the period of membership of members of the Supervisory Board. This recommendation in favour of company-specific determination of a regular maximum term duration offers the necessary flexibility in individual cases, not offered by the originally proposed formulation, above all for companies with anchor or family shareholders. In general, the Code Commission is of the opinion that a Supervisory Board should also pay attention to a good mix of the various areas of expertise, age and gender as well as to the term of membership of the body.

The Commission has now also added to the Code the recommendation that, when making proposals to the Shareholders' Meeting concerning the election of new members of the Supervisory Board, the Supervisory Board should satisfy itself that the respective candidates can devote the expected amount of time (Number 5.4.1 Subsection 4). The new recommendation is intended above all to create greater transparency for the candidate and additional clarity for the Supervisory Board in terms of what can be expected from the candidates. Practice shows that the time commitment has increased considerably due to the greater demands on members of a Supervisory Board. In addition to full meetings of the Supervisory Board and the Shareholders' Meetings - which are above all at the focal point of public attention - committee work is taking up more and more time. Other additional factors include a greater time requirement for preparation and follow-up of meetings as well as for further-training measures. This must be taken into account when assessing the own time budget. The Commission is aware that the significantly higher time requirement in periods of crisis cannot be planned in advance, and that individual capacity limits differ greatly.

In future, the report by the Supervisory Board should note if a member of the Supervisory Board has participated in only half or less of the meetings of the Supervisory Board and of the committees to which he belongs in a financial year. Participation via telephone or video conference shall also apply as participation, but this should not be the rule (Number 5.4.7.). By making this recommendation the Government Commission is underlining the, in its view, important role of the full meetings and of a culture of discussion aimed at the interests of the company. Accordingly, it is a matter of particular importance for a member of the Supervisory Board to participate in the passing of resolutions, not only on the basis of written documents but also by contributing to the communication process on the Supervisory Board that is open, unbiased and weighs up differing points of view.

"The new recommendations mark a conscious decision by the Code Commission against fixed limitations or other rigid standards. The latest adaptations to the Code are rather intended to contribute further towards companies consciously tackling questions of good corporate management and finding specific answers for their company. The situation of companies is too diverse to enable rigid rules to take account of each individual case. The Code offers the required flexibility here with simultaneous transparency for assessment of the Corporate Governance by shareholders and the public", according to Dr Manfred Gentz, Chairman of the Government Commission German Corporate Governance Code.

As part of the regular management of the Code, the Government Commission has also carried out a series of non-material adaptations.

Among other things, two recommendations have been deleted in the interest of a leaner Code (Number 6.2 and Number 7.1.4). In both cases, the legislative set of rules is considered sufficient.

With an eye on the particular supervisory rules for companies in the financial sector, the foreword now makes reference to the fact that the respective supervisory law can impose special requirements for the Corporate Governance of listed banks and insurance companies. Despite being mandatory law, these special requirements are not described and thus not taken into account in the Code, due to their restricted, specific area of application in terms of all German capital-market- oriented companies.

One result of the consultation process is the retention in the Code of the reference to the fact that, after the announcement of a takeover offer, the Management Board may not take any actions, until publication of the result, that could prevent the success of the offer, unless such actions are permitted under legal regulations (Number 3.7 Subsection 2). The Commission had originally proposed deletion of this reference in the interests of a leaner Code, as it does not sufficiently reflect the very complex statutory ruling.

Other adaptations reflect amendments to the law, for example the new law on equal participation of men and w omen in Private-Sector and Public-Sector Management Positions, or serve the purpose of clarification or improved legibility of the Code.

All amendments to the Code are published on the website of the Government Commission German Corporate Governance Code (www.dcgk.de).

The amendments come into effect upon publication in the German Federal Gazette by the Federal Minister of Justice and Consumer Protection.

Notes for the editorial teams

Government Commission German Corporate Governance Code

The Commission convened by the German Federal Minister of Justice in September 2001 approved the German Corporate Governance Code on 26th February 2002, which gained legal recognition by virtue of the Declaration of Conformity in accordance with Section 161 German Stock Corporation Act. The German Corporate Governance Code is intended to make the rules in Germany applicable for company management and supervision transparent to national and international investors in order to strengthen trust in the management of German companies.

The members of the Commission are as follows: Dr Dr h.c. Manfred Gentz (Chairman), Prof Dr Dr Ann-Kristin Achleitner, Prof Dr Dres h.c. Theodor Baums, Dr Joachim Faber, Dr Hans-Friedrich Gelhausen, Dietmar Hexel, Dr Thomas Kremer, Dr.-Ing. Michael Mertin, Dr Stefan Schulte, Prof Christian Strenger, Marc Tüngler, Daniela Weber-Rey, Prof Dr Beatrice Weder di Mauro, Prof Dr Axel von Werder.

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