Government Commission
German Corporate Governance Code

Administrative Office

Press Release

Frankfurt am Main, 13 June 2013

12th German Corporate Governance Code Conference:

Binding statutory decisions at annual general meetings will not put a stop to excessively high management board remuneration

- Code setting store by transparency rather than legislation
- No sufficient fundamental international consensus on "good corporate governance"
- Call for Europe to take the lead

The Government Commission on the German Corporate Governance Code has reaffirmed its rejection of the German federal government's legislative bill providing for binding decisions on board remuneration to be made annually at shareholder meetings. "It is doubtful whether a decision made by the shareholders at the annual general meeting will prevent excessively high management board remuneration," Klaus-Peter Müller, Chairman of the Government Commission on the German Corporate Governance Code, stated at the 12th German Corporate Governance Code Conference held in Berlin on 13 June. In its new Code recommendations, the Government Commission is particularly placing emphasis on greater transparency and, hence, an improved basis for decisions by supervisory boards as a means of putting a stop to excesses in management board remuneration. In this connection, Commission has developed standards hitherto unrivalled by other EU countries. The Government Commission advises against any further legislative regulation of management board remuneration. "While further regulatory intervention may well satisfy certain expectations in some quarters of society, it would place fetters on globally active companies. However, this is not the Government Commission's task", says Klaus-Peter Müller.
At the Conference, which was held under the motto "National rules in international markets", Klaus-Peter Müller voiced his objection to attempts to install a European or even global corporate governance code. "Like legislation, a corporate governance code must take account of specific national factors." As it is, the differences in corporate governance across Europe show that a European code would not work. On the other hand, Müller states that despite all the

national and regional peculiarities the goal must be to develop as much common ground as possible when it comes to good corporate governance. It must be made easier for globally active companies to meet the requirements made of them with respect to good corporate governance.
The discussion on board remuneration highlights the need for a greater consensus on what this constitutes. "The debate on salaries in particular reveals the degree of the differences in actions and approaches around the world. There is no sufficient underlying international or European consensus on such issues. Ultimately, even if Germany were to enact the strictest remuneration legislation, this would not have the slightest effect on salaries paid on Wall Street or in Silicon Valley, Shanghai or London. If greater restrictions were applied in Germany to management board remuneration compared with other countries, this would result in competitive distortion and the risk of the best minds - notably those with an international background whom we particularly need - leaving the country," warned Klaus-Peter Müller in Berlin.
He feels that the European corporate sector should take the lead in an international discussion on a fundamental consensus of what constitutes good corporate governance.

Information for editors
Government Commission on the German Corporate Governance Code

On 26 February 2002 the Government Commission for the German Corporate Governance Code, set up by the Federal Minister of Justice in September 2001, approved the German Corporate Governance Code, which acquired legal status by means of the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

The aim of the German Corporate Governance Code is to make Germany's corporate management and governance rules transparent for both national and international investors, thus strengthening confidence in the management of German corporations.

Commission members: Klaus-Peter Müller (Chairman), Prof. Dr. Dr. Ann-Kristin Achleitner, Prof. Dr. Dres. h.c. Theodor Baums, Dr. Hans-Friedrich Gelhausen, Dr. Dr. h.c. Manfred Gentz, Dietmar Hexel, Ulrich Hocker, Dr. Stefan Schulte, Christian Strenger, Daniela Weber-Rey, Prof. Dr. Beatrice Weder di Mauro, Prof. Dr. Axel v. Werder.

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