DSW NEWSLETTER

from Germany's No. 1 Shareholders' Association

December 2010

Director's Pay Survey 2010: German Pay systems are too extensive and compare badly

Insatiable managers, golden handshakes in the millions, hazardous greed of gain: discussion about director's pay is charged with emotions. But how abundant is Germany's management pay in fact? In cooperation with the Business and Controlling department at the TU Munich DSW just recently submitted its Director's Pay Survey 2010.

Results:

- The average executive of a DAX-company received 2.369m EUR for 2009. Compared to 2008 this comes up to an increase of 3.12 percent.
- In general, the new statutory provisions of VorstAG (see p 9 for details) have been implemented.
- DSW identified heavy pensions' and transparency's deficits: systems are too extensive and compare badly. They have to become more simple and first of all understandable.

In the survey DSW analysed nature and amount of annual earnings, starting with the fixed salary, over annual and perennial bonuses to the point of share-based remuneration. For the first time companies' immense pension payments were examined very thoroughly.

DAX

Deutsche Bank's management board members received 5.568m EUR on average and thus the highest remuneration among German Blue Chip companies. In comparison to that, key competitor Commerzbank paid a pocket-money. Salary here is capped at 0.55m EUR because of the government shareholding. Therefore Commerzbank is at the bottom of the league. Overall four of the 30 DAX companies paid less than averaged one million EUR to their managers.

Highest-salaried manager in the DAX was again Josef Ackermann (Deutsche Bank) at an annual salary of 9.552m EUR, as two-thirds of his remuneration depends on share-based components, which are due to the bonus. In the previous year, Mr. Ackermann earned only 1.390m EUR. Jürgen Großmann (RWE) ranked second with 7.162m EUR, followed by Peter Löscher (Siemens) with 7.119m EUR, Leo Apotheker (SAP) with 6.7m EUR and Martin Winterkorn (Volkswagen) with 6.6m EUR.

Content

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Nevertheless, the composition of the remuneration is even more delicate than the sheer amount: 33.2 percent is paid as fixed salary, 44 percent is variable and 33.2 percent have share-based components. This seems to be well-balanced on first sight, but unfortunately the short-term incentive still dominates the bonuses. Changes cannot be expected until the tightened regulations of VorstAG will take a comprehensive effect.

MDAX

In 2009, a manager of a MDAX-company received 1.083m EUR on average, a decrease by 14.37 percent. With 4.161m EUR, Herbert Lütkestratkötter (Hochtief) was the highest paid executive in this index. Jochen Zeitz (Puma, 3.823m EUR) and Claus-Dietrich Lahrs (Hugo Boss, 3.672m EUR) were following on position two and three.

Transparency remains a deficit

Currently 28 of 30 DAX companies disclose their management board members' remuneration detailed and individually. Only Merck KGaA und HeidelbergCement refuse their shareholders an accurate inspection.

In contrast to the DAX, 15 out of 50 MDAX-companies still do not reveal directors' pay individually. Moreover the share-based components often are not published understandably.

It is therefore absolutely necessary to optimise the remuneration reporting and as a consequence its understandability. As long as time values are not revealed and the connection between pay and performance is not clarified and key figures are not well-defined, comparing the incomparability still remains.

Against the backdrop of VorstAG and the fact that systems have become more complex, improvement is more than urgent. DSW accordingly demands a standardised disclosure and explicit guidelines for calculation methods and compensation components. Role model is the standard of the US Securities and Exchange Commission (SEC).

Director's pay DAX 30

company	2009	2008	2007	2006
Deutsche Bank	5.568	995	7.549	7.050
SAP	4.453	3.023	3.996	5.429
Volkswagen	3.745	3.569	3.106	2.229
RWE	3.621	3.478	3.119	3.608
Siemens	3.432	4.110	4.236	2.566
Linde	3.366	3.695	3.322	3.005
E.ON	3.217	3.667	3.269	3.326
Allianz	3.087	2.389	3.529	3.745
Metro	2.964	2.902	3.259	3.421
Deutsche Post	2.873	2.192	2.847	2.852
Adidas	2.626	2.104	2.653	2.203
HeidelbergCement	2.567	1.186	4.240	4.020
Bayer	2.356	2.447	2.427	2.135
Daimler	2.219	2.777	4.257	3.272
BASF	2.200	2.730	3.264	2.513
Henkel	2.186	2.377	2.495	2.204
Münchener Rück	1.975	1.328	2.465	2.495
FMC	1.885	2.023	2.641	2.428
Merck	1.875	2.733	4.669	2.531
Deutsche Telekom	1.750	2.410	1.984	1.942
Deutsche Börse	1.685	2.169	2.235	2.363
K+S	1.537	2.019	1.457	1.307
BMW	1.531	1.377	2.336	2.416
Fresenius	1.421	1.669	1.783	1.704
Deutsche Lufthansa	1.336	2.144	2.151	1.832
Beiersdorf	1.287	949	1.236	1.074
ThyssenKrupp	929	2.479	2.642	2.310
MAN	907	2.705	2.344	2.338
Infineon	901	1.054	1.492	1.503
Commerzbank	550	718	1.801	2.399
Ø DAX	**2.369**	**2.297**	**3.012**	**2.776**

CEO's pay DAX 30

rank	CEO	company	total remuneration (EUR million)
1	Dr. Josef Ackermann	Deutsche Bank	9.552
2	Dr. Jürgen Großmann	RWE	7.162
3	Peter Löscher	Siemens	7.119
4	Leó Apotheker	SAP	6.700
5	Martin Winterkorn	Volkswagen	6.600
6	Prof. Dr. Wolfgang Reitzle	Linde	6.221
7	Michael Diekmann	Allianz	4.821
8	Dr. Wulf H. Bernotat	E.ON	4.465
9	Dr. Frank Appel	Deutsche Post	4.438
10	Dr. Dieter Zetsche	Daimler	4.342
11	Herbert Hainer	Adidas	4.197
12	Dr. Bernd Scheifele	HeidelbergCement	4.118
13	Dr. Eckhard Cordes	Metro	3.840
14	Werner Wenning	Bayer	3.567
15	Dr. Nikolaus von Bomhard	Münchener Rück	3.420
16	Dr. Ben Lipps	FMC	3.413
17	Dr. Jürgen Hambrecht	BASF	3.377
18	Karl-Ludwig Kley	Merck	2.837
19	Kasper Rorsted	Henkel	2.837
20	René Obermann	Deutsche Telekom	2.729
21	Dr. Norbert Reithofer	BMW	2.581
22	Reto Francioni	Deutsche Börse	2.471
23	Dr. Ulf M. Schneider	Fresenius AG	2.313
24	Norbert Steiner	K+S	2.101
25	Thomas-B. Quaas	Beiersdorf	1.817
26	Wolfgang Mayrhuber	Deutsche Lufthansa	1.665
27	Dr. Ekkehard D. Schulz	Thyssen Krupp	1.293
28	Peter Bauer	Infineon	1.155
29	Hakan Samuelsson	MAN	1.220
30	Martin Blessing	Commerzbank	572
	Ø DAX		**3.765**

Premiere for pensions

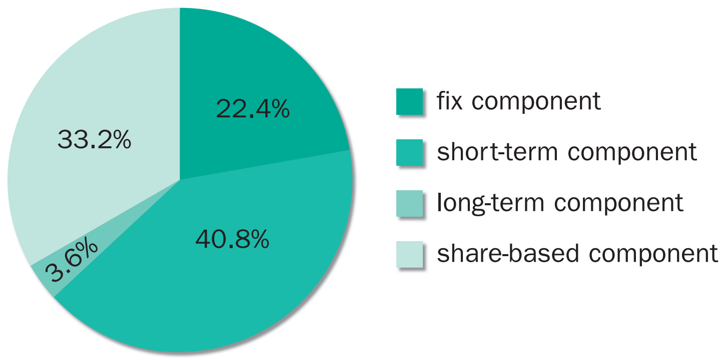
For the first time, DSW and TU Munich took a close look at the companies' huge pension payments for their management boards. "Pension promises account for a substantial part of total remuneration in most of the companies, however are left out of struggling for transparency", criticises Ulrich Hocker, CEO of DSW.

Principally two ways of pension promises are common among DAX companies: 19 companies offer defined benefit plans to their boards. That means that the company assures the payment of a certain amount after the termination of employment to its respective board member. Thereby the company bears the risk to pay this agreed amount until recipient's death. The other 11 DAX companies pay a certain amount to an external pension institution, for example a fund, and do not assume any other obligations towards their managers (defined contribution plan).

These possible varieties already show the restricted comparability of pensions. Transparency with regard to this remuneration component therefore is in need of improvement.

DSW and TUM rivet on those payments, directors at the pensionable age would receive based on their current entitlements. As eight companies did not disclose sufficient information for an analysis, we analysed 22 out of 30 DAX pension plans. Result: chief executives of a DAX listed company receive 0.552m EUR pension on average. Best offer has been given to Peter Löscher (Siemens) with 1.431m EUR per year and Martin Winterkorn (Volkswagen) with 1.19m EUR per year.

DAX 30: Structure of director's pay



International comparison

Remuneration of German DAX companies' CEOs is quite competitive. The average total remuneration in 2009 amounted to 3.765m EUR, which is close to pay in Switzerland (SMI/SMIM) with 4.005m EUR, but clearly ahead of France (CAC40) with 2.704m EUR. Total remuneration in the Dow Jones companies in the USA (DJIA) amounted to 13.121m USD, or 9.828m EUR (average exchange rate of the respective fiscal year). This is (on a USD-basis) a decrease by 20 percent in relation to 2008.

The allocation of compensation components is completely different in the US: Only 14.55 percent of total remuneration came from fixed salary (1.43m EUR) and 30.78 percent resulted from variable bonuses. Nevertheless the US bosses pocketed immense share-based bonuses. In 2009, 54.58 percent (5.364m EUR) of a DJIA-CEO's total remuneration was granted as share-based component.

DAX 30: CEO's pensions

CEO	company	type of pension plan	predicted annual pension payment (EUR million)	pensionable age
Peter Löscher	Siemens	defined contribution	1.431	n/d
Martin Winterkorn	Volkswagen	defined benefit	1.190	63
Dr. Dieter Zetsche	Daimler	defined contribution	1.050	60
Wolfgang Mayrhuber	Deutsche Lufthansa	defined contribution	891	65
Dr. Wulf H. Bernotat	E.ON	defined benefit	868	60
Dr. Josef Ackermann	Deutsche Bank	defined contribution and defined benefit	738	n/d
Dr. Norbert Reithofer	BMW	defined benefit	241	60-65
Thomas-B. Quaas	Beiersdorf	defined benefit	218	n/d
Léo Apotheker	SAP	defined contribution	46	60

Résumé

Last year German management remuneration was greatly influenced by many factors. On the one hand increasing corporate profits increased the bonuses, on the other hand new regulatory guidelines forced the supervisory boards to take a closer look at the pay structure and explain why a management board member deserves what he/she earns.

Overall German companies' pay systems are on the move. Due to the broad discussion about sustainability, new factors and evaluation figures are being introduced. Company's reduction of CO_2 as a factor for remuneration is an example. Companies like Volkswagen and Telekom have recently introduced local customer satisfaction as benchmark.

From DSW's point of view these soft elements could be quite useful as a control variable, however then should not become a dominating component of the variable bonuses. "Companies' sustainable increase in value is most important for the shareholders. It alone ensures future and success. Therefore profits have to remain the main control parameter among other useful factors", says Hocker.

Women on the board

The higher representation of women on the boards of listed companies is a corporate governance issue that is also taking on significantly greater importance for both companies and shareholders in Germany.

Only 7.2 percent of all shareholder representatives on the supervisory boards of the 30 largest listed German companies (the DAX 30) are women. Compared to other industrialised countries, Germany is a 'poor performer'. But what are the reasons for this?

DSW, Germany's leading shareholder association, regularly examines the network of the 100 most important managers in the DAX 30 companies and the outcome is disillusioning.

There is a group of ten male board members who currently hold 32 positions across 30 companies. These are the 'most powerful decision takers' in Germany and there is not a woman among them! Women are also not represented on many important committees, such as the audit committee or the presiding committee. They simply are not at the controls.

Jella Benner-Heinacher

There are a number of reasons for this. The fact is that women are not as publicly visible as men. They also do not have access to today's important networks and nor have they sucessfully built their own parallel networks.

We often hear the argument that the gender gap is driven by the fact that there are not enough qualified women. However, there is no lack of resources. We have enough highly qualified women in Germany, but they are not taken into the set of considerations. If we could introduce a national data bank that includes the data and qualifications of all these women then Germany could provide the necessary pool of resources to companies and headhunters, which could use them in their selection processes.

So, what can we do to change the situation as soon as possible? One thing is certain – without significant pressure there will be no change. I strongly support the recent recommendations from the German Corporate Governance Commission (which oversees the German Corporate Governance Code) to systematically improve board diversity. But I also believe that it is time to hurry up. In case the Code – which is voluntary – does not lead to major changes in the next two years, we will need to go the 'Norwegian way' and introduce a legal quota for women on German supervisory boards.

The introduction of quotas for female board representation could bring us a fast and very large step forward. Starting with 25 percent, this quota could be a useful door-opener for qualified women. It will lead to a change in the selection and nomination process for boards and will help to make the process more transparent. Once female representation on boards has improved, we should rethink the quota and its future necessity in Germany.

German Corporate Governance – recent changes

The German Code-Commission published its German Corporate Governance Code (GCGC) in February 2002. Since then the 'standing committee' under the lead of Dr. Klaus Peter Müller met regularly.

In its plenary meeting on May 26, 2010, the Commission made a number of amendments to the German Corporate Governance Code and finalised recommendations for more women represented in supervisory boards.

The Code recommends that supervisory boards set concrete goals for the future which should lead, taken into account the respective company situation, to more diversity and in particular, to a adequate consideration of women. The proposals of the supervisory board to the general assembly should take these aims into consideration.

Furthermore, the proposals should also take into account the international operations of companies and lead to a greater degree of internationality of the supervisory boards, depending on the situation.

The commission also recommends that the company reports on the concrete objectives of the supervisory board and the status of the implementation in the Corporate Governance Report.

"With the mounting calls over the past years for more diversity, the commission has now put the issue on the agenda for companies and made an important step for the presence of more qualified women and foreign experts on German supervisory boards. With these changes, the Government Commission is regenerating what sound and modern company management means. The objective is that companies start to plan definitively and transparently for the upcoming supervisory board elections today. "With the obligation to report, this concrete plans for more female representation shall also be visible for the general public," said Klaus-Peter Müller, Chairman of the Commission of the German Corporate Governance Code.

At the same time, the commission has issued a recommendation for more diversity on management boards of listed companies by taking into account a proper level of female presence.

The new code regulations for more diversity intend to support companies in planning according to their own situation and requirements.

Apart from that, the Code Commission tightened an existing recommendation: management board members of a listed company should not hold more than three (formerly: five) supervisory board seats in non-group companies. This new recommendation also counts supervisory board mandates in non-listed companies in case they are comparable to mandates in listed companies.

Funds finally have to show their colours

Michel Barnier, EU Commission's new commissioner of DG Internal Market, comes down to business. "We have spoken for years about shareholders rights. It is time to also talk about their obligations", he stated at the annual meeting of the Transatlantic Corporate Governance Dialogue in Brussels end of October.

Implication is quite clear to institutional investors like the big investment companies: EU Commission wants to enchain funds and thus provide more transparency and better Corporate Governance. "We expect a Green Paper on Corporate Governance in listed companie as the next regulatory offensive will be submitted next spring", Christiane Hölz, DSW's EU-expert, confirmed.

UK-Stewardship-Code, rendered in July, serves as a model. It commits institutional investors to comply with the ten guiding principles of good Corporate Governance. Publication of voting instructions, notification of voting behaviour as well as disclosure of conflicts of interest-policy counts among. Although the Code primarily addresses institutional investors in the UK it is internationally considered being standard.

From DSW's point of view this finally has to be taken serious in Germany, too."Notification of voting behaviour and disclosure of voting instructions is rather an exception in our country", criticises Hölz. There is no respective legal obligation for German institutional investors so far. Accordingly, funds' Corporate-Governance-levels are different. Some fund companies already comply with the strict standards of the UK Code; others only disclose insufficient information about their voting behaviour, if any.

This is going to change. EU Commission's "Green Paper on Corporate Governance in Financial Institutions" already announces the EU Commission's deliberation about disclosure of voting behaviour and institutional investor's self-commitment to the code of conduct. Michel Barnier again confirmed: Already for spring 2011 a consultation paper on Corporate Governance, serving as a model for further regulations, is envisaged. Barnier's announcement to arrange "clearer and more concrete" rules, should be invitation enough for German institutional investors to admit their responsibility towards their shareholders and the companies.

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Vote execution in Europe

Active investors are an effective control of a company's management. To make this mechanism work, however, a well functioning voting system must be in place. In Germany, such a system is well established, however, on a cross border basis, such a level playing field still has not been fully established.

DSW physically attended 35 general meetings in France, Italy, Switzerland, UK, Luxembourg and Spain in 2010 and with that managed to cover a large part of the Stoxx 50 index for German investors by tackling all hurdles built up several parties involved in the AGM process. In Italy, for instance, it was unclear at which day the general meeting of a Blue Chip company will take place – until two days before the general meeting! Or take the story of a shareholder wanting to execute his votes in a French company. His deposit bank told him that he needs to tell them how the bank can transfer his votes to the general meeting.

The Shareholders' Rights Directive was supposed to introduce minimum standards to ensure that shareholders of EU-listed companies have timely access to all relevant information ahead of a general meeting and simple means to vote at a distance. In June 2010, the EU Commission announced that it has referred Belgium, Cyprus, Greece, Spain, France, Luxembourg, The Netherlands and Sweden to the Court of Justice for late implementation of the Shareholder Rights Directive and stated that while "… 21 Member States have already fully implemented the Directive, eight Member States (Belgium, Cyprus, Greece, Spain, France, Luxembourg, The Netherlands and Sweden) still have to implement some or all of its provisions. Incomplete implementation means that shareholders in those Member States do not enjoy the same rights as elsewhere in Europe and are denied the rights the Directive gives them when investing in publicly listed companies. The deadline for implementation was 3 August 2009."

This means that until now, the goal of the EU Directive on Shareholder Rights to enable shareholders, regardless of their place of residence and the location of the annual meeting, to cast their votes has not been fully reached.

New member and managing partner for ECGS

ECGS (European Corporate Governance Service) the leading European proxy voting partnership welcomes Shareholder Support, the independent Dutch proxy advisory firm, that joined as new partner on 1st October. At the same time, Proxinvest, the French partner, will take over as Managing Partner from PIRC, the UK leading independent proxy research and advisory consultancy, after eight years of successful management of the partnership.

Jella Benner-Heinacher, Chairwoman of ECGS and managing director of DSW (Deutsche Schutzvereinigung für Wertpapierbesitz) said "The Dutch consultant Shareholder Support, under the lead of Gerard Mertens, Professor at Erasmus University of Rotterdam, will enhance local expertise which is the value added of ECGS. The new partner will contribute to ensuring a high level service of proxy voting advice for institutional shareowners".

After having served successfully for ten years, PIRC ceased its involvement with ECGS on a basis agreed by all ECGS members from 30 of September 2010. The function of ECGS Managing Partner has been assumed by Proxinvest starting 1st of October. Pierre-Henri Leroy, Chairman of Proxinvest, said "It is now acknowledged that self-regulation failed and that new measures should be taken to prevent a financial crisis from happening again. Investors need to be more cautious and institutions should be better equipped to avoid conflicts of interest that could put the value of their assets at risk. It is a real challenge for us to take over as Managing Partner from PIRC to continue providing the investor community with high quality services based on local expertise".

ECGS (European Corporate Governance Service) is a joint venture of independent local market experts providing institutional investors with corporate governance research and proxy voting advice on listed companies in Europe, ***www.ecgs.net***

The UK Stewardship Code

DSW strongly supports the seven principles of the UK Stewardship Code and the comply-or-explain-concept as it brings the idea of a responsible acting investor forward.

Even though DSW, the no.1 shareholder association in Germany- is known in representing mainly private investors, we also represent fund investors who are interested in clear and transparent standards.

The financial crisis demands actions to be taken from all parties involved- not only by the EU Commission, but also from investors all over the world. It is now time for investors to go ahead by not only asking for transparency from the companies in which they hold shares, but by showing towards their clients- the fund holders- that they follow the same standards of disclosure.

The Stewardship Code presented by the FRC is a U.K standard only- nevertheless in the view of DSW this Code should also be applicable to institutional investors in all other EU-countries no matter if they invest in a UK based company or not as DSW's managing director Jella Benner-Heinacher suggested it to the EU-Commission at an informal meeting on Shareholder Engagement in Brussels. This could be done either by implementing a European Code or an EU-recommendation. If this will not work then the EU should think about further reaching legislative acts.

The complete DSW response to the UK Stewardship Code can be found at: **http://www.frc.org.uk/corporate/stewardship.cfm**.

ACS takeover of Hochtief violates shareholder rights

In the view of AEMEC, the Spanish association of minority shareholders and of DSW, the German shareholder association ACS is violating the rights of minority shareholders of Hochtief in the process of the takeover for different reasons:

1) MISLEADING INFORMATION: ACS entered Hochtief in 2007 disclosing their intention to stay as a stakeholder with less than 30 % of the shares. They assured to have no intention to achieve the majority of Hochtief. Now ACS has obviously changed its intention and announced to increase their stake in Hochtief up to 50 %. The Hochtief shareholders were misled by the information given by ACS in 2007.
2) LOOPHOLE OPENS THE DOOR FOR ABUSE: ACS uses a loophole in the German legislation in order to reach the majority in Hochtief by avoiding an adequate mandatory offer to all shareholders of Hochtief. This approach might go along with the wording of the German take over law, but it is definitely against the objective and the spirit of the EU-Takeover Directive. Also it opens the door for further abuse in the future.
3) UNATTRACTIVE VOLUNTARY OFFER BELOW MARKET PRICE: ACS intends to reach more than 30 % of Hochtief by use of a voluntary offer at an unattractively low price taking into account that the shareholders of Hochtief

The DSW Voting Guidelines

DSW considers it as best practice for investors to disclose their fundamental voting policy. Since 2005, DSW as the largest German investor association discloses its annually updated voting policy to specifically make clear investors how DSW exercises votes for its members, other investors or representatives.
You can order the DSW Voting Guidelines via e-mail: ben@dsw-info.de or just call or fax: 0049-211-669718/90. Price: 95 € plus VAT.

will not accept such an offer. Once ACS reaches or exceeds 30 % of the shares it is not obliged to file a mandatory offer to the shareholders. As a consequence Hochtief shareholders will have to deal with a new controlling shareholder without the chance of participating in a premium.

4) BLUEPRINT FOR FUTURE TAKEOVERS: This legal loophole is currently being recommended by lawyers as the 'cheapest' way to take control of a publicly quoted company. Once the takeover by ACS will be successful this 'creeping tactics' will be the blueprint for any further takeovers in Germany.

DSW therefore asked the German supervisory authority BaFin represented by its president Jochen Sanio to take a close look at the takeover transaction by ACS.

Beyond this measure AEMEC and DSW addressed the EU-Commission to examine the case and take adequate restrictions for similar future transactions in order to assure that the principle of equal treatment of all shareholders is being respected in all EU takeover procedures.

Finally DSW was represented at the Extraordinary Shareholder Meeting held by ACS on 19 of November 2010 in Madrid. DSW and AEMEC asked during the meeting for more transparency and the future intentions of ACS regarding Hochtief and its daughter company Leighton. Since the management of ACS decided to answer all shareholder questions later in a written procedure the minority shareholders did not have all the relevant information to take a well balanced decision on the proposed increase of the capital. Therefore the 2 associations voted against the capital measures. As a next step the Spanish organisation AEMEC will examine the written response expected by ACS. Eventually it will then take further measures such as an appeal against the shareholder resolution or even an interim injunction in order to prevent the capital increase to become effective.

DSW-Survey: Status of implementation of new legal regulations regarding Director's Pay in Germany

On 5 August 2009 the German Act on the Appropriateness of Compensation of the Management Board (VorstAG) came into effect. German legislator aimed at linking board members' pay to a sustainable and long-term corporate development. In addition to setting the level of compensation, the supervisory board's responsibility for designing managing board members' remuneration should be strengthened. Also salary's transparency towards shareholders and (the) public should be improved.

Due to these new legal preconditions the governmental commission Deutscher Corporate Governance Kodex (DCGK) amended its code and specified the new legal regulation to the effect that both positive and negative trends should influence the variable components. Furthermore no compensation component should induce to run inappropriate risks. The Commission also recommends to ask external and independent compensation experts to review the appropriateness of management board members' pay.

DSW took a closer look at the status of the implementation of the new regulations among the DAX and MDAX companies. At the time of the survey the vast majority of companies in both indices implemented the new statutory provisions or was in the implementation phase. This means that despite lots of criticisms the new regulations are already being applied in the companies.

Thus 28 out of 30 DAX companies adjusted their compensation system to the new statutory provisions or even reorganised it completely.

This reveals VorstAG's big impact on those companies, which – until now – operated with annual instead of multi-annual bonuses and whose compensation system neither matched international Best Practice nor the new legal stipulations.

Although the new statutory provisions do not apply to already existing contracts, the vast number of DAX supervisory boards could reach an agreement with their management, which led to an adjustment of their management contracts. This emphasises supervisory board's power.

Regulations' points of focus lay in a statutory provision for a horizontal and vertical analysis of the appropriateness of compensation. 29 out of 30 DAX companies introduced a horizontal, 27 a vertical. At least two companies, however, still indicated not to draw such a comparison. Additionally, DSW's survey shows that companies basically are ready for a horizontal and a vertical review but use a variety of reference groups. In DSW's opinion an advice for Best Practice from the Code-Commission at this point would be a useful interpretation guide for companies.

26 of the 30 DAX companies voluntarily added a Say on Pay vote to the agenda of the AGM 2010. Infineon only informed its shareholders on "management board members' compensation system", without submitting an appropriate resolution proposal. The company, however, explained at the AGM 2010 to catch up on it at the AGM 2011 after having adapted its pay system. Three DAX companies did not decide yet, whether a new passing of a resolution regarding the compensation system at the AGM 2011 is following, six companies stated to put this topic on the agenda also in 2011. Only two companies currently do not consider giving shareholders a Say on Pay in 2011.

Thus the survey showed that a vast majority of DAX and MDAX companies consider the Say on Pay of shareholders useful.

This means that the implementation of the voluntary advisory vote has become an achievement in business practice. Even the concerns about a possible prolongation of the AGMs, caused by the implementation of this agenda item, have been found not to become reality. According to DSW's survey the issue remuneration has not been covered in a more extensive way than in the years before without the proposal for resolution. A "Say on Frequency" of such a resolution as it was recently adopted by the SEC in the US could also be added to the Code as a Best Practice Regulation.

Euroshareholders Say on Pay Award 2010

Euroshareholders thoroughly surveyed the pay systems of the 30 Dax companies to select and reward the most transparent and shareholder-friendly Say on Pay system in Germany. The Award Committee of Euroshareholders, composed of shareholder representatives from Belgium, Germany, Italy, Lithuania, Luxemburg, Spain and Sweden, considered the Pay Systems of Beiersdorf, BMW and K + S as outstanding. The award ceremony to honour the winner will take place at the DSW International Investors Conference 2010 on December 7, 2010 in Wiesbaden.

DSW's Seventh International Investors' Conference 2010

Conference Schedule

Date: 7 of December 2010

Place: Kurhaus Wiesbaden
Kurhausplatz 1
65183 Wiesbaden
Germany

9.00 *Registration*

9.15 **Welcome address by DSW**

9.30 **What will have to change in Europe after the crisis?**
Salvatore Gnoni, DG Market, EU-Commission, Brussels

10.15 **What did investors learn from the crisis? – The new stewardship code**
Marc Jobling; ABI, London
Moderation:
– Arthur Crozier, Lake Isle/Innisfree, USA

10.45 **Coffee break**

11.15 **What can investors do to restore market confidence?**
– Michelle Edkins, Blackrock, USA
– Wilco Van Heteren, Robeco, Netherlands
– Georgina Marshall, Aviva Investors, UK
– Pierre Bollon, AFG, France
– Alison Kennedy, Standard Life, UK
Moderation:
– Florian Huber, Ernst & Young, Germany

12.30 **Lunch buffet**

1.15 *lunch speech by*
– Jose Sainz Armada, Iberdrola, Spain

2.00 **'Say on pay – Does it really help?'**
– Prof. Gunther Friedl, Technical University Munich, Germany
– Prof. Gerard Mertens, Erasmus University, Netherlands
– Dr. Dominique Biedermann, Ethos Foundation, Switzerland
– Deborah Gilshan, Railpen Investments, UK
– Carl Rosen, ICGN, USA
Moderation:
– Hans-Ulrich Wilsing, Linklaters, Germany

3.30 **Coffee break**

4.00 **The US class action for European shareholders - New limits by the Supreme Court**
– Deborah Sturman, Motley Rice, USA

5.00 *Keynote Speech:*
Diversity – how can we succeed?
– Dr. Simone Bagel-Trah, Henkel, Germany

5.30 *Followed by panel on this topic:*
– Dr. Stella Ahlers, Ahlers, Germany
– Jens P. Heyerdahl d.y., Norway
– Thomas Sattelberger, Deutsche Telekom, Germany
– Joëlle Simon, MEDEF, France
Moderation:
– Jella Benner-Heinacher, DSW, Germany

6.30 **Closing remarks**

6.45 **Reception**

7.15 **Award ceremony:**
Euroshareholders' award for the most shareholder friendly directors' pay system (DAX 30) in Germany

7.45 **Dinner**