Norges Bank Investment Management

Regierungskommission Deutscher Corporate Governance Kodex

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Proposed amendments to the German Corporate Governance Code

We refer to the proposed amendments to the German Corporate Governance Code, and we welcome the opportunity to contribute our perspective.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. Germany is our fourth largest market with investments of EUR 75 billion at the end of June 2026. The largest share of this is invested in listed equities with EUR 38 billion, followed by fixed income, renewable energy infrastructure and real estate. We regard effective corporate governance and the protection of minority shareholder rights as a necessary requirement to promote the fund's long-term financial interests. We welcome how the Code has been further developed since we last commented in 2018, and we appreciate the Commission's continued openness to investors' perspectives.[1]

Code simplification

We support the objective of a more principles-based, shorter and more accessible Code. We agree with the spirit that recommendations which do no more than restate statutory duties need not be retained. It is important, however, that this simplification process does not inadvertently lead to lowering the governance ambitions expressed through the Code. One instance where this may be the case would be removing recommendation F.2, which asks that annual and semi-annual financial reports be published within 90 and 45 days respectively, going beyond the requirements in law and in the exchange rules. As we understand the explanation accompanying the amendment, the deadlines would then rest on the DAX index methodology, which may not cover all the listed companies we invest in and which can be changed by the index provider. We would prefer F.2 to remain in the Code.

Expectations on boards

We welcome how expectations on board members have been strengthened over time. The majority of the points we raised in 2018 are now reflected in the Code, including the expectation that more than half of the shareholder-elected members be independent, that the chairs of the supervisory board and of the remuneration committee be independent and the limit on the number of mandates a supervisory board member may hold. A remaining point is the frequency of board elections. We continue to prefer more frequent board elections, ideally every year. Accountability to shareholders is strengthened when board members stand for re-election more often, and this does not shorten the tenure of individual members,

[1] NBIM, 2018, Revisions to the German Corporate Governance Code

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who can be re-elected. In 2018 we welcomed the proposed shortening of the maximum board term to three years, and we would encourage the Commission to reconsider it. We see positive momentum on this issue in the German market and would appreciate the Code explicitly formulating such an expectation. Finally, former Management Board members can contribute to the supervisory board, but in our view should not be regarded as independent until significantly more than two years have passed.

Remuneration

NBIM supports a simple, transparent and long-term approach to CEO pay. We prefer that a substantial proportion of total annual remuneration is settled in shares of the company, locked in for five to ten years and beyond resignation or retirement. Long-term equity exposure should replace multi-year performance conditions, which often result in unnecessary complexity.[2] The Code shares our emphasis on share-based pay, and we see two ways in which alignment could be improved further. First, the Code can be read as an expectation for performance criteria for all variable remuneration components. We would encourage the Commission to consider supporting long-term share awards without performance conditions as an alternative. Second, the Code provides for access to long-term variable amounts after four years. In our view a longer period, continuing beyond resignation or retirement, would better align management with long-term shareholders. We would also welcome the Code addressing share ownership by shareholder-elected supervisory board members, either through their fees or by acquiring shares themselves.

Annual general meetings

We recognise that general meetings are costly to organise. Shareholders nonetheless have a legitimate interest not only in casting votes but in engaging with boards in real time as well as being able to observe and engage on procedure, where relevant. We consider hybrid meetings, combining in-person and remote participation, to represent the appropriate standard: remote participation should complement rather than replace in-person attendance, and the added accountability offered by the possibility of physical presence should be maintained. We would encourage the Code to express an expectation to that effect.

We appreciate your willingness to consider our perspective, and we remain at your disposal should you wish to discuss these matters further.

Yours sincerely,

Signed by: Carine Smith Ihenacho C28B267008BE42F...	Signed by: Alexis Wegerich F3B256785F0C401...
Carine Smith Ihenacho	Alexis Wegerich, PhD
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[2] CEO remuneration | Norges Bank Investment Management

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