Applied methodology: German Corporate Governance Code Disclosure Standard (GCGC) (always reported in addition to ICDS*)

Introduction
The recommendations given by the German Corporate Governance Code represent essential statutory regulations for the disclosure of Executive Board compensation in German listed companies. Most large German listed companies comply with this disclosure standard in the interest of good, responsible corporate governance and transparency.

Since 2013 the GCGC disclosure guidelines add structure by implementation of so called model tables to ensure comparability across companies and complete, transparent disclosure of Executive Board compensation. Disclosure of all variable compensation elements is hereby harmonized in terms of value determination and their time of disclosure.

Compensation Elements reported under GCGC
According to these recommendations for disclosure we provide different reports for companies that comply with the GCGC disclosure standard:

GCGC grant/max report: shows target compensation (at 100% target achievement) and maximum compensation (highest realizable potential payout) granted for the fiscal year including benefits. In accordance with IFRS 2 equity-based multi-year variable compensation components are reported with their fair value at grant date. Non-equity based multi-year variable compensation elements are reported with their target value or a comparable value based on a “medium probability scenario”. If a plan is not granted annually, but upfront for a multi-year period the grant value is distributed over this period and the pro-rated value is shown for each year.

GCGC payout report: shows realized compensation paid out for the fiscal year from fixed compensation elements, actual annual variable compensation elements and multi-year variable compensation elements (possibly originating from different years of grant).

Pension contributions are reported as service cost (IAS19) allocated to the financial year.

Base Salary
Includes all contractually agreed on fixed compensation components paid regardless of business and/or individual performance.

Regular Benefits
Includes non-cash benefits such as private use of company cars, insurance benefits or (expat related) benefits like housing or schooling, etc.

Annual Variable Compensation
Includes all variable compensation elements based on a performance period of one year. Payment is made in cash at or shortly after the end of the performance period. If part of the payout is deferred, the payout amount reduced by the deferred amount is shown as annual variable pay. The deferred amount is considered multi-year variable compensation and shown as cash deferral or equity deferral, depending on the plan design.

Multi-year Variable Compensation
Includes all variable compensation elements based on a performance period of more than one year. The following plan types are differentiated: cash and equity deferrals, share matching plans, multi-year bonuses, restricted stock, performance shares and stock options (please see glossary for definition of plan types). If a plan is not granted annually, but upfront for a multi-year period, the grant value is distributed over this period and the pro-rated value is shown for each year.

Other Compensation
Includes compensation elements that cannot be allocated to other defined compensation elements, e.g. claw backs which are considered with a negative value.

Pension Contributions
Includes pension benefits in case of old-age, invalidity and death disclosed as service costs (IAS19).

* ICDS is a European registered trademark of hkp/// group