



**ICGN**

International Corporate Governance Network

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Dear Prof. Dr. Seibert and Prof. Dr. Hirte

**Subject: ICGN comment on German COVID-19 Act**

The International Corporate Governance Network (ICGN) would like to share with you our thoughts on the COVID-19 Act in Germany and its impact on shareholder meetings and shareholder rights more generally.

Led by investors responsible for assets under management in excess of US\$54 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship. Our membership is based in more than 50 countries, including Germany, and includes companies, advisors and other stakeholders. ICGN's mission is to promote high standards of professionalism in governance for investors and companies alike in their mutual pursuit of long-term value creation contributing to sustainable economies world-wide. Our policy positions are guided by the ICGN Global Governance Principles<sup>1</sup> and the ICGN Global Stewardship Principles<sup>2</sup>, both of which have been developed in consultation with ICGN Members and as part of a wider peer review. For more information on ICGN please see: [www.icgn.org](http://www.icgn.org).

Germany is a leading global capital market, and many of ICGN's investor members have significant holdings in equities and debt of German issuers. ICGN has been regularly involved with the discussion of German corporate governance, both through our conference activities and policy work. Our most recent policy intervention was our submission for the 2019 German Corporate Governance Code consultation.<sup>3</sup> Given the large foreign ownership of listed German companies, ICGN represents the voice of the international investment community investing in Germany.

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<sup>1</sup> See ICGN Global Governance Principles: [http://icgn.flpbks.com/icgn\\_global\\_governance\\_principles/](http://icgn.flpbks.com/icgn_global_governance_principles/)

<sup>2</sup> See ICGN Global Stewardship Principles:  
<http://icgn.flpbks.com/icgn-global-stewardship-principles/#p=1>

<sup>3</sup> See ICGN 2019 German Corporate Governance Code response:  
<https://www.icgn.org/sites/default/files/ICGN%20Comment%20Letter%20on%20Proposed%20Revisions%20to%20the%20German%20CG%20Code.pdf>

We are writing at this time with regard to the changes in Germany company law that have recently been implemented with regard to the impact of the COVID-19 crisis on shareholder meetings and the implications for shareholder rights. The DVFA Commission of Governance and Stewardship shared with us a copy of their letter to you of 6 April 2020 about this issue. DVFA is a member of the Global Network of Investor Associations convened by ICGN, and ICGN is supportive of the letter and its specific suggestions.

We attach two documents which may help you better appreciate these issues from the perspective of global investors:

- A March 2020 ICGN Viewpoint report on the various market responses globally to how COVID-19 is affecting annual general meetings and reporting requirement, which will let you see how Germany compares with other jurisdictions.<sup>4</sup>
- An April 2020 ICGN Viewpoint report on the impact of COVID-19 on capital allocation—taking into consideration dividends, share buybacks, executive remuneration, capital raisings and shareholder rights.<sup>5</sup>

Both publications recognise that in this difficult period both investors and companies should show solidarity and mutual support—and investors also recognise that this will give rise to compromises and temporary weakening of certain shareholder rights, such as those related to shareholder meetings.

Greater investor flexibility about AGMs and capital raising is meant to show support to companies, not establish a future precedent for business as usual. But investors will expect companies to respect these additional flexibilities as temporary measures and not to exploit them. Moreover, traditional shareholder rights and standards should be reinstated as and when more normal market conditions are established. Company abuse of shareholder rights will be tracked by investors and can damage investor trust.

We hope these comments are useful in your deliberations. If you would like to follow up with us with questions or comments, please contact our Policy Director George Dallas: [george.dallas@icgn.org](mailto:george.dallas@icgn.org) .

Yours sincerely,



Kerrie Waring  
Chief Executive Officer, ICGN

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<sup>4</sup> How different markets are handling shareholder meetings during the COVID-19 health emergency, ICGN Viewpoint, March 2020: <https://www.icgn.org/how-different-markets-are-handling-shareholder-meetings-during-covid-19-coronavirus-health-emergency>

<sup>5</sup> COVID-19 and capital allocation, ICGN Viewpoint, April 2020: <https://www.icgn.org/covid-19-and-capital-allocation>