

PRESS RELEASE

"Say on pay" – Additional transparency on executive remuneration

The expert audience at bpv Huegel's 30th Breakfast Briefing discussed the upcoming right of shareholders to vote on the remuneration policy, following Christoph Nauer's and Daniel Reiter's joint presentation of the new EU Directive.

28 March 2019. In the course of bpv Huegel's 30th Breakfast Briefing Christoph Nauer, partner, and Daniel Reiter, attorney-at-law, at bpv Huegel shed light on the upcoming "say on pay" on policies for executive remuneration of stock listed companies as well as the reporting duties and requirements of remuneration schemes.

The amendments to the Shareholder Rights Directive (2017/828 of 17 May 2017) should encourage long-term shareholder engagement. The Directive mandates that shareholders must be given the right to vote on the company's remuneration policy and on the remuneration report at a firm's annual shareholders' meeting ("say on pay"). The aim of this requirement is to try and create a better link between pay and the performance of executives. The member states shall bring into force the necessary laws by 10 June 2019. A German Act implementing this new EU Directive (*ARUG II*) has already been passed. In Austria, however, no respective draft of a law has been published so far.

Starting with the 2020 annual general meeting season, a non-binding vote on the directors' remuneration policy (management board and supervisory board) is required at least once every four years in listed companies. The executive remuneration shall be in line with the remuneration policy. Every year, the shareholders must be given the right to vote on the company's remuneration report.

Daniel Reiter presented an overview of the requirements of remuneration policy which has to be drawn up by the supervisory board and serves as a framework for the executive remuneration. Because of the vote of the shareholders' meeting it is also expected that the proxy adviser voting guidelines dealing with executive compensation will gain importance.

"It is recommended to evaluate the existing remuneration practice in time based on the relevant criteria for remuneration policies. Although no immediate material impact on the existing compensation practices has to be expected, the transparency will increase and the remuneration policy will be determined for a longer term by the policy proposed for vote to the shareholders meeting", summarizes Christoph Nauer.

About Christoph Nauer

Christoph Nauer, partner at bpv Huegel, specializes in corporate/M&A (especially for listed companies), mergers/spin-offs, takeovers and capital market transactions (ECM equity, equity-linked) as well as banking and financial market regulation. He advises leading international and Austrian companies and has been with bpv Huegel since 2009.

About Daniel Reiter

Daniel Reiter, attorney at law at bpv Huegel, specializes in corporate/M&A as well as capital market law. He has a special focus on capital market compliance and advises listed companies on corporate and capital market issued. Daniel Reiter joined bpv Huegel in 2011.

About bpv Huegel

bpv Huegel Rechtsanwälte GmbH is one of Austria's leading law firms. The firm is frequently called upon in matters that require specialized legal knowledge, an understanding of commercial matters and extensive experience. The full-service law firm is represented in Austria with offices in Vienna, Moedling and Baden. bpv Huegel operates an office in Brussels and is also member of the bpv alliance with law firms in Bratislava, Bucharest, Budapest and Prague.

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