



QUESTIONS AND ANSWERS ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE 2020 (EXTRACT)

This extract from questions and answers on the application of the Corporate Governance Code 2020 presents guidance on presentation of information in the remuneration report. The answers are non-exhaustive. The examples in the document are presented for illustrative purposes only. Companies are free to decide the method of presentation of information required by the Corporate Governance Code.

REMUNERATION REPORTING

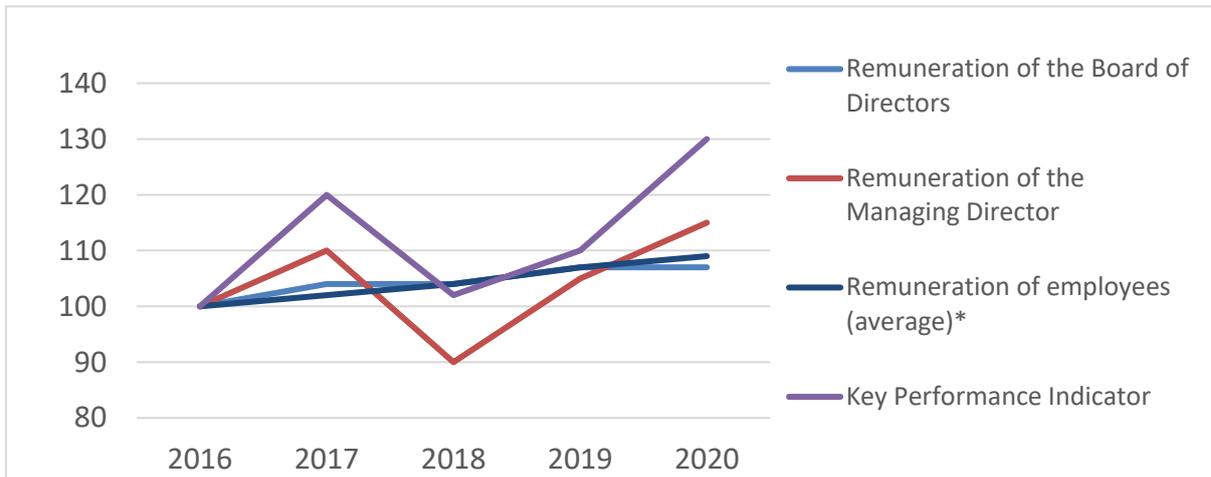
11a. How should the 5 years' comparison of the development of the fees of the board of directors and managing director to the development of the average remuneration of employees and to the company's financial development be presented in the introductory section of the remuneration report? (Added 16.11.2020)

Answer: The presentation of the comparison is discussed in section a of the guidelines for applying the remuneration report (page 63). The company can decide the method for presenting the comparison. Pursuant to the guidelines for applying the remuneration report, the comparative description can be written, for example, by presenting the required information side-by-side or in a table. The development can be presented either as whole numbers or as percentages. However, other presentation methods, such as graphs, can also be utilised as long as the presentation allows comparability.

As the comparison is intended to be presented in the introductory section of the remuneration report, it is allowed to use comparative information based on remuneration paid to the governing bodies (i.e. board members, managing director) instead of personal remuneration.



Examples:



* Describe the method of calculation of the employees' average remuneration.

OR

	Average annual change in remuneration during the past 5 years
Remuneration of the Board of Directors	+/- x %
Remuneration of the Managing Director	+/- x %
Remuneration of employees (average)*	+/- x %
Key Performance Indicator	+/- x %

* Describe the method of calculation of the employees' average remuneration.

11b. How should information on fees paid or due to members of the board of directors be presented in the remuneration report? (Added 16.11.2020)

Answer: Classification of paid and due fees is presented in section d of the guidelines for applying the remuneration report (page 64). Information on the fees can be presented e.g. in a table, which allows comparability of the fees.



Example:

Fees paid to Board Members

<i>Name of Director</i>	<i>Annual fees *</i>	<i>[Meeting fees]</i>	<i>[Other financial benefits]¹</i>	<i>Total fees paid**</i>
<i>A (Chair)</i>				
<i>B (Vice Chair)</i>				
<i>C</i>				
<i>...</i>				

** If the fees of the board of directors have been paid entirely or partially in shares or share-based rights or in cash with an obligation to acquire company shares, this must be indicated in the remuneration report.*

*** Where a part of the fees was accrued during previous financial year(s) this should be indicated e.g. in a footnote.*

[Fees due to Board Members (where applicable)]

<i>Name of Director</i>	<i>Annual fees*</i>	<i>[Meeting fees]</i>	<i>[Other financial benefits]</i>	<i>Total fees due</i>
<i>A (Chair)</i>				
<i>B (Vice Chair)</i>				
<i>C</i>				
<i>...</i>				

** If the fees of the board of directors have been paid entirely or partially in shares or share-based rights or in cash with an obligation to acquire company shares, this must be indicated in the remuneration report.*

¹ Pursuant to the Corporate Governance Code (page 62), other financial benefits paid or due for service on the board of directors or a committee as well as for any other duties are e.g. benefits from the company's incentive scheme, pension contributions as well as benefits paid or due as remuneration for acting as advisor or as remuneration for an employment or service contract (executive chairman / executive director). Compensation of expenses or ordinary complimentary gifts for anniversaries are not required to be reported as other financial benefits. With respect to employee representatives, if the company has any, only fees and benefits related to duties on the board of directors need to be reported.



11c. How should information on shares, options and other share-based rights paid or due to the managing director be presented in the remuneration report? (Added 16.11.2020)

Answer: The purpose of the remuneration report is to describe the implementation of the company’s remuneration policy in a clear and comprehensible manner and to provide information on the remuneration the company’s governing bodies has earned during the preceding financial year.²

The information to be reported depends on the remuneration schemes in use. The information to be reported should enable investors to assess consistency of share-based remuneration with the remuneration policy and to understand the relationship between the remuneration policy, various remuneration schemes and paid remuneration. Information on shares, options and other share-based rights paid or due to the managing director should be presented in a clear and comprehensible manner.

The following example shows how the information required by the Code (page 65) can be presented in a tabular manner:

	<i>Number of shares awarded</i>	<i>Number of shares due and payable</i>	<i>Main terms for exercising share-based rights</i>
<i>Managing Director</i>			
<i>Deputy Managing Director</i>			

	<i>Number of options awarded</i>	<i>Number of options due and payable</i>	<i>Exercise period</i>	<i>Exercise price</i>	<i>Main terms for exercising share-based rights</i>
<i>Managing Director</i>					
<i>Deputy Managing Director</i>					

² In order to ensure the transparency of remuneration, the Corporate Governance Code also imposes companies the requirement to provide on the company’s website information on the principles for the remuneration of governing bodies. Thus, information on ongoing long- and short-term remuneration systems is presented on the company’s website.