

17 August 2020

State Street Global Advisors

Philip Vernardis
Vice President
Asset Stewardship

Philip_Vernardis@ssga.com

20 Churchill Place
Canary Wharf
London, E145HJ
United Kingdom

T +44 2033956447

ssga.com

Dear Board Member,

We are writing to you as a collaborative group of like-minded asset managers, representing approximately \$8.3 trillion of assets under management, to call on you to address the important matter of board accountability.

We believe that companies with robust governance practices are better positioned to generate long-term value and manage risk. As such, we view board accountability as fundamental to strong corporate governance. In particular, annual director elections provide increased accountability and encourage board members to be more responsive to shareholder interests, thus improving board quality.

Unfortunately, German companies continue to lag its European peers, with supervisory board members elected for the maximum five-year term permitted by law. This is in direct contrast to other European markets, which have embraced investor-led trends for shorter board election cycles (see Figure 1). For example, while France, the Netherlands, Spain and Belgium, do not have annual board elections, shareholders in these markets are able to hold at least some directors accountable annually due to their use of a staggered board mechanism.

In 2019, the German Corporate Governance Code Commission, in a public consultation, proposed to recommend three-year terms for shareholder-elected supervisory board members. We considered this a sensible compromise that was supported by both large international institutions and local market investors. As such, the Commission's ultimate decision to withdraw its proposal has driven us to engage collectively on this systemic governance issue.

As a constituent of the DAX 30, one of the most important equity indexes globally, **we urge you to voluntarily adopt a three-year election cycle for shareholder-elected supervisory board members.** We believe this would demonstrate that you are taking a meaningful step towards alignment with good governance and stronger shareholder rights, without creating undue impediments to board succession or long-term strategic planning.

We will be reaching out to you and other constituents of the DAX 30 to engage in further dialogue on this topic.

Yours Sincerely,



Robert Walker - Global
Co-Head of Asset
Stewardship
State Street Global
Advisors



Philip Vernardis - Vice
President
Asset Stewardship
State Street Global
Advisors



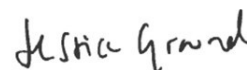
Robert G Hardy -
Head of Investment
Stewardship
J.P. Morgan Asset
Management



Sacha Sadan -
Director of Investment
Stewardship
LGIM



Ben Ritchie - Head of
European Equities
Aberdeen Standard
Investments



Jessica Ground -
Global Head of
Stewardship
Schroders



Mirza Baig - Global
Head of Governance
and Stewardship
Aviva Investors

Figure 1: Terms of Office for Board Members in Western Europe by Country

Country	Terms of Office (in years)			Staggered Boards– Common Practice
	Common Practice	Corporate Governance Code Recommendation	Legal Limit (up to)	
United	1	1	N/A*	No
Ireland	1	1	N/A*	No
Switzerland	1	1	1	No
Finland	1	1	1**	No
Sweden	1	1	1**	No
Norway	1	1	2**	No
Denmark	1	1	4	No
Italy	3	N/A*	3	No
Spain	4	N/A*	4	Yes
Netherlands	4	4	4	Yes
France	4	4	6	Yes
Belgium	4	4	6	Yes
Germany	5	N/A*	5	No

*No recommendation or restriction provided

**The terms of office in these countries can be extended to more than one year if provided in the company's articles of association.

Source: State Street Global Advisors – based on information that was collected from corporate governance codes and national company laws of the countries under review.