

Corporate Governance Report

As a member of KfW Group, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) has made a commitment to act responsibly and transparently, and to open up its actions to scrutiny. DEG's Management Board and Supervisory Board accept the principles of the German Federal Government's Public Corporate Governance Code (Public Corporate Governance Kodex des Bundes, PCGC) on behalf of DEG. A first Declaration of Conformity, detailing compliance with the PCGC's recommendations, was made on 30 March 2011. Since then, any departures from the code have been declared and elucidated annually.

DEG has operated as a non-profit limited company and a legally independent, wholly owned subsidiary of KfW since 19 June 2001. Its rules and regulations (Articles of Association, rules of procedure for the Supervisory Board and its committees, and rules of procedure for the Management Board) specify the basic features of the system via which it is managed and controlled by its corporate bodies.

Declaration of Conformity

The Management Board and Supervisory Board of DEG make the following declaration: "Since the last Declaration of Conformity issued on 20 March 2023, the recommendations of the PCGC, as amended (most recently on 13 December 2023), have been and are being fulfilled, with the exception of the following departures."

Delivery of documents to the Supervisory Board

In a departure from paragraph 4.1.3 PCGC, the documents required in order to make a decision were not delivered in full to members of the Supervisory Board 14 days in advance of two meetings, due to extensive coordination efforts. These did not include the documents explicitly mentioned in paragraph 4.1.3 PCGC (annual financial statements, management report or auditor's report).

Deductible for D&O insurance

KfW has arranged D&O insurance policies that, as group insurance, also extend protection to the members of DEG's Supervisory Board. In a departure from paragraph 4.3.2 PCGC, these merely include the option to introduce a deductible during the period under review. Since many members of the Supervisory Board waive their right to compensation, the contracts do not provide for any deductible. For members of the Management Board, the D&O insurance policies include a deductible that meets the requirements of paragraph 4.3.2 PCGC.

Transfer of former members of the Management Board to the Supervisory Board

Christiane Laibach was a member of DEG's Management Board until 31 May 2021. Based on the shareholder's decision of 24 May 2022, she has been a member of the Supervisory Board since 13 June 2022. This means that, in a departure from paragraph 6.2.4 PCGC, she was appointed as a member of DEG's Supervisory Board less than five years after leaving the Management Board. The Supervisory Board has elected

her as a member of its committees – including the Audit Committee, in a departure from paragraph 6.1.6 PCGC – and as chair of the Risk and Credit Committee. Ms Laibach was appointed to the Executive Board of KfW with effect from 1 June 2021 and since then has been responsible for KfW's activities in foreign countries. In order for her to fulfil the duties associated with this position after her transfer within the group, it is necessary for her to have a seat on the Supervisory Board of DEG and on its committees with special responsibility for credit and risk issues. To ensure that the requirements arising from the seat on the Executive Board are appropriately balanced with the requirements of the PCGC, a transition period of one year was agreed with the legal supervisory authority during which she is excluded from the assessment of a financial year that fell within her responsibility as a member of the Management Board.

Approval of mandates in supervisory bodies

Roland Siller's mandate on the Board of Directors of EDFI Association B.S.L. was approved by the body responsible for appointing Management Board members, the shareholder's meeting, on 19 December 2023. The approval of the Supervisory Board additionally recommended pursuant to paragraph 5.4.4 will be issued as scheduled along with information on secondary employment and mandates of Management Board members at the Supervisory Board meeting in March 2024.

Committees

The Supervisory Board is relieved of a portion of its workload by its committees, which benefit from more familiarity with the issues and greater flexibility of scheduling. The Risk and Credit Committee not only prepares decisions for the Supervisory Board in some cases, but also – in a departure from paragraph 6.1.7 PCGC – decides definitively, in connection with DEG's financing business, on measures and transactions of special significance, which, in accordance with section 10(5) nos. 4 and 5 of DEG's Articles of Association, require the approval of the Supervisory Board. Having the Risk and Credit Committee make the final decision on such matters is necessary for reasons of practicality and efficiency. In addition, the Executive and Nomination Committee has the authority to make the final decision in some areas with respect to the suitability assessment of Management Board and Supervisory Board members in accordance with the suitability guidelines required by the supervisory authority.

In a departure from paragraph 6.1.8 PCGC, the proportion of employee representatives on two committees did not reflect the power relations between shareholder representatives and employee representatives on the Supervisory Board as a whole. For the Executive and Nomination Committee and the Remuneration Control Committee, however, the legitimate interests of shareholders in ensuring that the committees operate efficiently, in accordance with paragraph 6.1.8 PCGC, take precedence; moreover, the issues discussed by these committees are regularly addressed again in detail at plenary meetings of the Supervisory Board. Representation of these interests is ensured by retaining a lower number of committee members, who also reflect the perspectives of the various interest groups represented on the Supervisory Board.

Cooperation between the Management Board and Supervisory Board

The Management Board and the Supervisory Board work together closely for DEG's benefit. The Management Board, in particular the CEO, is in regular contact with the Chair of the Supervisory Board. The same applies to the chairs of the committees in their relevant areas of responsibility. The Management Board informs the Chair of the Supervisory Board of all events of material significance to the assessment of DEG's situation and development. The Chair of the Supervisory Board informs the Supervisory Board of any issues of major significance and convenes an extraordinary meeting if necessary.

In the year under review, the Management Board reported to the Supervisory Board as per the provisions of section 90 of the German Stock Corporation Act (Aktiengesetz, AktG) and provided comprehensive information on all relevant corporate issues related to strategy, planning, business development, profitability, the risk situation, risk management, compliance, the remuneration strategy and the financial situation, sustainable governance and implementation and results thereof, transactions of special importance to the profitability or liquidity of the company and any changes in the economic environment of significance to the company.

Management Board

The Management Board conducts DEG's business with the care of a fit and proper business person in accordance with the law, the Articles of Association, the rules of procedure for the Management Board and the decisions of the shareholder's meeting and the Supervisory Board. The allocation of responsibilities among members of the Management Board is regulated by a schedule of responsibilities.

Responsibilities were allocated to the individual members of the Management Board as follows:¹⁾

Roland Siller

CEO

- Corporate Management division
- Sustainability, Politics and Communication division
- Legal division
- Customer Solutions division
- Internal Audit

Philipp Kreutz – Managing Director until 30.04.2023

Joachim Schumacher – Managing Director since 01.05.2023

- Credit Management and Analysis division
- Compliance and Risk Controlling division
- Digitalisation division

Monika Beck

- Industries & Services, Private Equity and Venture Capital division
- Infrastructure & Energy division
- Banking & German Business division

The members of the Management Board are committed to DEG's corporate interest, may not pursue personal interests in their decision-making, and are subject to a comprehensive non-compete clause during their employment with DEG. Members of the Management Board must immediately inform the shareholder and the Supervisory Board of any conflicts of interest that arise. No such instance occurred in the year under review.

Supervisory Board

The Supervisory Board monitors and advises the Management Board on its leadership of DEG. Under DEG's Articles of Association, the Supervisory Board consists of 15 members. Five of these are employee representatives elected under the provisions of Germany's One-Third Participation Act (Gesetz über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat, DrittelbG), while the other members are appointed by the shareholder's meeting. The members of the Supervisory Board who are not elected in accordance with the One-Third Participation Act are selected in consultation with the Federal Ministry for Economic Cooperation and Development (BMZ). The German Federal Government has the right to propose four members, who are intended to represent the BMZ, the Federal Ministry of Finance (BMF), the Federal Foreign Office (AA) and the Federal Ministry for Economic Affairs and Climate Action (BMWK), respectively.

In the year under review, Niels Annen, Parliamentary State Secretary under the Federal Minister for Economic Cooperation and Development, served as Chair of the Supervisory Board. Dr Günter Sautter (Director General at the Federal Foreign Office) stepped down as a member of the Supervisory Board with effect from 1 May 2023. Deike Potzel (Director General at the Federal Foreign Office) was appointed as a member of the Supervisory Board by resolution of the shareholder's meeting on 2 May 2023.

The members of the Supervisory Board possess, individually and collectively, the knowledge, skills and professional experience required in order to perform their duties correctly. The Supervisory Board comprises nine women and six men. The target of 33% female membership by 1 June 2022, set by the Supervisory Board in 2017, was thus exceeded. The legal quota of a minimum of 30% for both male and female members, set in 2021, and the internal target adopted voluntarily by the Supervisory Board in 2022 of a minimum of 40% for both male and female membership for the period up to 30 June 2027 were met in the year under review.

¹⁾ The Sustainability, Politics and Communication division was reorganised during the year and has a new name. The role of Chief Financial Officer (CFO) passed from Philipp Kreutz to Roland Siller with effect from 1 March 2023.

Section 2(3) of the rules of procedure of the Supervisory Board states that anyone who would exceed the statutory or regulatory limits on the number of Management or Supervisory Board mandates by taking up or continuing a Supervisory Board mandate at DEG, and anyone who cannot guarantee that they can dedicate the time required for the role for other reasons, may not be a member of the Supervisory Board. DEG also follows section 25d(3a) of the German Banking Act (Kreditwesengesetz, KWG) in this regard. The recommendations of the PCGC also apply to members of the Supervisory Board appointed at the instigation of the German Federal Government.

Every member of the Supervisory Board shall disclose conflicts of interest to the Supervisory Board. Where a conflict of interest is assumed to exist, the board member in question shall not participate in discussions or decisions on that item on the agenda. Any conflicts of interest in the person of a member of the Supervisory Board that are likely to prevent that member from meaningfully exercising his or her mandate over a sustained and prolonged period of time shall result in the termination of the mandate.

Committees of the Supervisory Board

To ensure the efficient performance of its duties, the Supervisory Board has set up the following four committees from among its own members. The remits are based on section 25d KWG:

The **Executive and Nomination Committee** deals with HR issues and the principles of corporate governance. When necessary, it carries out preparations for meetings of the Supervisory Board. The responsibilities of the Executive and Nomination Committee include the discussion of issues connected with appointing and relieving members of the Management Board. Since 1 October 2021, they also include advising the shareholder on job descriptions during the procedure for selecting members of the Management Board, and assessing the suitability of members of the Supervisory Board and Management Board in compliance with regulatory requirements. The Executive and Nomination Committee discusses the structure, size, composition and performance of the Management Board and the Supervisory Board, and reports to the Supervisory Board thereon, on a regular basis and at least once per year.

The **Remuneration Control Committee** handles remuneration issues. It specifically deals with drawing up appropriate remuneration systems for members of the Management Board and for DEG staff.

The **Risk and Credit Committee** advises the Supervisory Board on issues related to risk such as, in particular, DEG's overall risk tolerance and risk strategy. It also acts on behalf of the Supervisory Board in connection with elements of DEG's financing business requiring approval by taking final decisions on measures and transactions of special significance, as well as on whether to initiate legal disputes, to waive debts beyond the scope of settlements, and to agree settlements where such legal disputes, waivers or settlements are of special significance. It is standard practice

at banks for a committee to take the final decision on such matters. This serves to relieve the Supervisory Board of a portion of its workload and to pool expertise within the committee, and enables decisions on DEG financing to be taken on a continuous basis thanks to the larger number of meetings each year.

The **Audit Committee** deals specifically with monitoring the financial reporting process; with the effectiveness of the risk management system, especially the Internal Control System (ICS) and Internal Audit; with the audit of the annual financial statements and with evaluating whether the auditor demonstrates the required independence. It also sets priorities for the audits, assesses the quality of the auditor and oversees the prompt elimination of any deficiencies uncovered by the auditor.

The chairs of the committees report to the Supervisory Board on a regular basis. The Supervisory Board may disband the committees, regulate their duties and reclaim their powers at any time.

In its report, the Supervisory Board provides information about its own work and the work of its committees during the year under review. A summary listing the members of the Supervisory Board and its committees is provided on DEG's website.

Shareholder

DEG's sole shareholder is KfW. The shareholder's meeting is responsible for all matters not assigned, by law or by the Articles of Association, to another body as its exclusive responsibility, and in particular for: approving the annual financial statements and the appropriation of the annual result or net income; establishing the sum available within the company for variable remuneration components; appointing and relieving members of the Supervisory Board; granting members of the Supervisory and Management Boards discharge from liability; and appointing the auditor of the annual financial statements. The members of the Management Board require the prior agreement of the shareholder's meeting to conduct any management activities that exceed the scope of the company's ordinary operations.

Supervision

DEG is a credit institution within the meaning of section 1(1) KWG. The German Federal Financial Supervisory Authority (BaFin) has issued revocable exemptions to DEG in accordance with section 2(4) KWG, which partially exempt it from the provisions of the Act. DEG nevertheless voluntarily applies provisions at individual institution level that represent "best practices" in the banking industry (e.g. the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk)), as well as regulatory requirements that DEG must fulfil as a subsidiary of KfW in connection with consolidation at group level for regulatory purposes.

Public benefit

DEG exclusively and directly serves the public benefit within the meaning of the section “Tax-deductible purposes” of the German Fiscal Code (Abgabenordnung, AO). The company’s purpose is to promote development cooperation. DEG is non-profit-making.

Transparency

As part of the fulfilment of its mandate, DEG provides transparent information about its methods of operation and financing. To that end, it has continuously refined its transparency and disclosure policy and practice over the last few years. DEG provides information on its work and the projects it finances in various publications and interview formats, including its own website and social media channels, DEG’s annual report and the annual Development Report. Annual Corporate Governance Reports including the Declaration of Conformity with the PCGC are always available on DEG’s website. DEG also maintains regular contact with various operators involved in development cooperation.

Since 2015, DEG has made investment-related information available in a database on its website about projects financed with its own funds. This information shows the status at the time of approval of DEG financing and includes details of the relevant customer, the purpose of the project, the volume of financing and the environmental and social category. The customer must give consent before this information is published. Since January 2020, customers have been required to publish a summary of the contractually agreed environmental and social action plan on their website following approval of financing for land-related projects (large investments in the agricultural sector with primary land use > 5,000 ha as well as large renewable energy and mining projects). Since 2022, this information has been available for the entire period of the customer relationship. The customer must give consent before this information is published.

Investment-related information about newly committed fund investments was expanded in 2022 to include additional information about the fund’s portfolio companies. This information will be provided on the respective customer’s website, to which DEG provides a link.

The online database can be filtered by region, country, sector and year of commitment, and since mid-2023, also by customer name. The database will also indicate whether a customer has more than one DEG financing arrangement and will provide links to the individual projects.

Risk management

Risk management and risk controlling are key management tasks at DEG. The Management Board draws up the risk strategy, establishing the framework for business activities in relation to risk tolerance and risk-bearing capacity.

This ensures that DEG is able to fulfil its specific tasks sustainably and over the long term, while maintaining an acceptable risk profile. Monthly risk reports to the Management Board present a comprehensive analysis of DEG’s overall risk situation. The Supervisory Board receives a detailed update on the risk situation regularly and at least once per quarter.

Compliance

DEG’s success depends to a significant degree on the trust that the shareholder, customers, business partners, staff members and the public place in its effectiveness and above all in its integrity. This trust is substantially rooted in its implementation of, and compliance with, the relevant legal and regulatory requirements and in-house rules, as well as other applicable laws and regulations. DEG’s compliance organisation includes, in particular, provisions to ensure that the regulatory requirements of the MaRisk compliance function are met, and that data protection rules are followed. It further includes provisions to guarantee securities compliance, to comply with the terms of financial sanctions, to prevent money laundering, to avoid financing terrorism and other criminal activities, and to ensure an adequate level of information security, appropriate business continuity management, monitoring of outsourced functions, identification of operational risks and the mapping of an internal control system.

Accordingly, it has binding regulations and procedures that influence implemented values and corporate culture and are continuously updated to reflect the statutory framework and market requirements. Regular training in all aspects of compliance is available to DEG employees in the form of both e-learning programmes and classroom sessions.

Accounting and annual audit

On 1 November 2022, the shareholder appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) as the auditor for the 2023 financial year after consulting with the Supervisory Board. The Supervisory Board subsequently issued the audit mandate to Deloitte on 28 November 2022 and established priorities for the audit with the auditor. It was agreed with the auditor that the chair of the Audit Committee would be informed immediately of any findings and circumstances of material significance to the duties of the Supervisory Board arising during the audit. It was further agreed that the auditor should inform the Audit Committee chair or include a note in the audit if, while carrying out the audit, it ascertained facts that negated the accuracy of the Declaration of Conformity with the PCGC. The audit contract awarded to the auditor also includes an inspection of whether the Declaration of Conformity with the PCGC for the year prior to the audit has been submitted and whether the Corporate Governance Reports from the past five financial years have been published on DEG’s website (paragraph 8.2.5 PCGC).

Efficiency review

The Supervisory Board regularly reviews the efficiency of its activities. To that end, it carries out an annual evaluation of the Supervisory Board and the Management Board. Both efficiency reviews were carried out digitally in the year under review and, as in previous years, were based on structured questionnaires.

Sustainability/non-financial report / fair taxation

As part of KfW Group, DEG pursues a sustainable corporate governance approach in line with Germany's National Sustainable Development Strategy, and in so doing, contributes to the UN's Sustainable Development Goals (SDGs) and to achievement of the Paris Climate Agreement targets. The strategic efforts of KfW Group in the area of sustainable financing are primarily focused on the "transForm" project, which also involves DEG.¹⁾

The specific impact and climate goals of DEG and ESG risk management for the coming years are as follows:

- To focus even more strongly on its customers' positive development impact on society and the environment
- To gradually reduce carbon intensity from 2025 onwards and neutralise emissions attributable to DEG so as to achieve a net-zero portfolio by 2040
- At the same time, to actively help customers with their own transformation in order to strengthen their resilience and significantly increase their development impact
- To systematically strengthen the analysis of ESG risks within risk management processes in line with requirements developed and applied for the entire KfW Group

In addition to DEG's Development Report, DEG provides excerpts from its non-financial report, input for the TCFD report and input on reporting requirements relating to human rights as part of KfW Group's annual sustainability report. The declaration of compliance with the German Sustainability Code submitted by KfW Group every two years also applies to DEG. In consultation with KfW Group, DEG continues to prepare for application of the new EU directive on sustainability reporting, which KfW will be implementing for the 2024 reporting year.

DEG is recognised as a public-benefit corporation within the meaning of section 51 AO. In both the KfW tax model and Code of Conduct, which DEG applies without restriction, and its own tax rules, DEG commits to pay taxes on time and to present all of its tax items in a transparent and accountable manner. It therefore acts as a responsible taxpayer that makes a fair contribution to society in accordance with national and international tax laws. DEG does not develop or support tax models designed exclusively to achieve tax advantages or savings. In particular, DEG does not design, use or support any artificial tax avoidance practices within

the meaning of the recitals of Directive 2016/1164/EU. DEG cultivates an open, transparent and cooperative relationship with German and foreign tax authorities. The principles of DEG's tax policy are anchored in the tax model of KfW's tax guidelines, which apply to the entire KfW Group in the form of an operating procedure, and in DEG's tax rules, which also describe the tax compliance management system (TCMS) of KfW Group and DEG. The adequacy and effectiveness of the TCMS were subject to an external assessment in 2023, and were confirmed without reservation.

DEG complies with the requirements of the EU Directive on Administrative Cooperation and meets its disclosure obligations under the law to introduce an obligation to submit information on reportable cross-border arrangements.

Diversity and equal opportunities / inclusion

For DEG, diversity and equal opportunities are a matter of course. Nobody may be discriminated against because of their origin, ethnicity, gender, religion, world view, disability, age or sexual identity. This is set out in KfW's Code of Conduct and other places.

Equal treatment

The equal treatment of men and women – including in terms of remuneration – is an important component of DEG's personnel policy. To anchor the equality objectives within DEG, the company adopted an equality plan for the first time in 2022. This contains four key areas where action is required in order to ensure equal opportunities for women and men at DEG, with measurable objectives to be achieved by 2027 and appropriate measures for each area of action. Activities undertaken to promote diversity and equal opportunities are presented to the Supervisory Board each year and also made clear internally.

As of 31 December 2023, women made up 33% of the Management Board. Women accounted for 30% of employees at the first management level below the Management Board (previous year: 20%) and for 35% of employees at the second management level below the Management Board (previous year: 38%).

Inclusion

Mindful of its social responsibility, DEG is also committed to the inclusion of people with disabilities, and is guided by the UN Convention on the Rights of Persons with Disabilities. In seeking to recruit employees with disabilities, DEG relies on a solid network of institutions and universities, as well as job vacancies on specialised job portals. Positive examples of successful inclusion at work create awareness among employees of how to cultivate an open-minded approach to people with disabilities. To make sure that their interests are represented, employees with disabilities elect a representative body.

¹⁾ See "[KfW – the transformative promotional bank](#)".

Work and family life/remote working

A work/life balance is essential for the health and employability of employees. This approach forms the basis of DEG's strategic, family-focused personnel policy. DEG offers its employees a range of working/lifestyle models, allowing them to combine work and private life in a way that works for them. It supports families with a range of services for child-care and care of family members. Health initiatives and company fitness activities contribute to a healthy lifestyle and provide social interaction.

Remote working provides great flexibility for all employees and boosts job satisfaction. The use of agile methods and workflows and digital innovations enable productive cooperation.

DEG has been certified as a family-friendly employer since 2012, and since then has undergone regular audits and had its family-friendly measures inspected by a neutral body. Having held this certification for many years, DEG was permanently certified as a family-friendly employer this year to mark its continued commitment in this area.

Remuneration

DEG employees are subject to the provisions concerning working hours, holiday entitlement and remuneration set out in the collective bargaining agreement for the public and private banking sector. DEG is expressly committed to fair, transparent and non-discriminatory remuneration policies and appraisal processes. The remuneration systems are based on the equal opportunities principles set out above. Activities under the collective agreement are allocated to the pay scale groups set out in the collective bargaining agreement for the public and private banking sector. Details regarding the remuneration of employees not subject to the collective agreement are laid down in corresponding company agreements. Different pay scale bands are specified for the individual levels not covered by the collective agreement; these form the basis for remuneration. Furthermore, the variable component (bonus) is determined based on DEG's business performance and paid out as a collective share in DEG's profit.

In a departure from this, the regulatory requirements of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung, IVV) apply to the group risk carriers at DEG identified in KfW's group-wide risk analysis.

The overall content and material design of the DEG remuneration system is based on its business model as a development bank. It is designed as a performance-based remuneration system with a focus on fixed remuneration and including a variable remuneration component that is low compared with traditional commercial banks.

Since 2018, all DEG employees have been able to exercise their individual right to information pursuant to section 10 of the German Transparency in Wage Structures Act (Entgelttransparenzgesetz, EntgTranspG).

In awarding contracts for services, DEG also ensures that applicable collective bargaining and statutory provisions on the remuneration of service providers are observed.

REMUNERATION REPORT

The remuneration report describes the basic structure of the remuneration system for the Management Board and the Supervisory Board and discloses the individual remuneration for members of both boards. The remuneration report is part of the Notes to the annual financial statements. A summary of the total remuneration of the Management Board and members of the Supervisory Board is provided in Table 1 (page 15).

Remuneration of the Management Board

The remuneration system for DEG's Management Board is designed to provide appropriate compensation for board members in accordance with their remit and areas of responsibility, taking into account their performance and the company's success.

Management Board contracts are drawn up based on the 1992 version of the principles for the appointment of board members at German federal credit institutions (Grundsätze für die Anstellung der Vorstandsmitglieder bei den Kreditinstituten des Bundes). The contracts take PCGC requirements and further relevant legal provisions into account.

Remuneration components

On 20 March 2023, DEG's Supervisory Board voted to retain the variable remuneration system for DEG's Management Board, based on the system that was first adopted on 18 March 2010 and has been agreed each year, essentially without changes. This system includes a balanced mix of short and medium-term incentives. For instance, only half of the performance-related management bonuses, as measured by the fulfilment of objectives, is immediately disbursed to the Management Board. The other half constitutes a provisional claim only, and is paid from a "bonus account" in equal instalments over the following three years, provided there is no significant decline in business performance. If the agreed profitability objective is not met over the following years, payments from the bonus account shall be subject to a penalty. In the year under review, penalties were imposed on all outstanding payments from the bonus accounts of Management Board members.

The summary in Tables 2 and 2a (page 17) shows total remuneration for individual members of the Management Board,

broken down by fixed and variable components and other remuneration. It also shows transfers to pension provision for the individual board members and the balance of their bonus accounts.

Responsibility

The shareholder consults on the remuneration system for the Management Board, including its contractual elements, and reviews it regularly. The shareholder's meeting agrees the remuneration system after consultation with the Supervisory Board.

Contractual fringe benefits

Other remuneration primarily includes contractual fringe benefits. Members of the Management Board are entitled to a company car for both business and personal use. Costs incurred as a result of personal use of a company car are borne by members of the Management Board in accordance with current tax legislation.

Members of the Management Board are insured under a group accident insurance policy. Health insurance and long-term care insurance are subsidised. In respect of the risks associated with their management activities on the governing body, members of the Management Board are insured under a policy that covers liability for financial loss (D&O insurance) and a supplementary policy covering them for financial loss and legal expenses. These insurance policies are arranged as group insurance. Since 2017, the D&O insurance policies for members of the Management Board have included a deductible to meet the requirements of paragraph 4.3.2 PCGC.

Members of DEG's Management Board are also covered in the exercise of their duties by a special group insurance policy for employees that meets any legal expenses incurred as a result of criminal prosecution.

Like all senior executives, members of the Management Board are entitled to participate in the Deferred Compensation scheme, a supplementary company pension plan via deferred compensation payments deducted from salary. Under DEG's general rules, they are also entitled to long service awards.

Where contractual fringe benefits cannot be granted on a tax-free basis, they are subject to taxation as non-cash benefits. Any tax due is payable by members of the Management Board.

In the past financial year, no member of the Management Board received benefits, or a pledge to that effect, from a third party in respect of their activities as a member of DEG's Management Board.

Entitlement to a pension and other benefits in case of early retirement

In accordance with section 1(1) sentence 1 of the rules of procedure for the Management Board in conjunction with section 5(1) of DEG's Articles of Association, the appointment of a member of the Management Board shall not extend beyond the attainment of statutory retirement age. After they reach the age of 65 or statutory retirement age, and following the expiry of their contract of employment as members of the Management Board, board members are entitled to pension payments. This also applies if their service ends due to invalidity.

Pension commitments for members of the Management Board and their surviving dependants are based on the principles for the appointment of board members at German federal credit institutions (1992 version). PCGC provisions are taken into account when drawing up contracts of employment for members of the Management Board.

These contracts also include a severance payment cap in accordance with the recommendations of the PCGC. This cap limits payments to a member of the Management Board following premature termination of employment without good cause pursuant to section 626 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) to two years' annual salary or the remuneration including fringe benefits for the remainder of the contract, whichever is lower.

In principle, the full retirement pension entitlement for members of the Management Board equals 49% of the fixed annual remuneration components. The pension entitlement routinely amounts to 70% of the full entitlement for first-time appointments, i.e. 34.3% of the fixed annual remuneration components. It then increases over an individually agreed period by a fixed percentage with every year of service completed until the full pension entitlement is attained.

If the employment contract of a member of the Management Board is terminated or not renewed due to a significant reason pursuant to section 626 BGB, any pension entitlements are void, in keeping with the principles established by employment contract case law.

Pensions for former members of the Management Board and their surviving dependants amounted to EUR 917.6 k in 2022 and EUR 993.0 k in 2023 (see summary of retirement pensions for former members of the Management Board and surviving dependants in Table 3).

Additions to pension provision for former members of the Management Board and their surviving dependants amounted to EUR 218.3 k at the end of the 2023 financial year (previous year: reversal of EUR 1,326.7 k).

Compensation of the Supervisory Board

Members of the Supervisory Board receive compensation at a level set by the shareholder's meeting pursuant to section 13(1) of DEG's Articles of Association and in keeping with the company's character as an institution serving the public benefit.

Compensation for ordinary members was restructured in the year under review with retroactive effect from 1 January 2023, and amounted to EUR 10,000 as agreed at DEG's extraordinary shareholder's meeting on 13 June 2023. Chairmanship of the Supervisory Board attracts compensation of EUR 18,000. Committee members each receive annual compensation of EUR 1,000, while the committee chairs receive compensation in the amount of EUR 2,000 per annum.

Compensation is paid on a pro rata basis for members who commence or finish board duties during the year.

An attendance fee of EUR 1,000 per meeting is paid, with EUR 500 paid for circulation procedures. New criteria for payment of the daily allowance have been introduced in line with the German Travel Expenses Act (Bundesreisekostengesetz, BRKG); it is calculated based on the meeting-related duration of absence, taking into account any reductions for meals. Any travel expenses incurred and any value-added tax payable are reimbursed.

Tables 4 and 5 provide details of the Supervisory Board's compensation for the 2022 and 2023 financial years. The sums shown are EUR net and have all been paid. Travel costs and other miscellaneous expenses were reimbursed upon presentation of receipts and are not included in the tables.

There are no pension obligations towards members of the Supervisory Board.

In the year under review, members of the Supervisory Board received no remuneration for services provided in a personal capacity.

In respect of the risks associated with their activities as corporate officers on the Supervisory Board, board members are insured under a policy that covers their liability for financial losses (D&O insurance). A supplementary policy covers them for financial losses and legal expenses. These insurance policies are arranged as group insurance. A deductible has not been agreed at present. Members of DEG's Supervisory Board are also covered in the exercise of their duties by a special group insurance policy for employees that meets any legal expenses incurred as a result of criminal prosecution.

No service or consultancy contracts were concluded with members of the Supervisory Board during the year under review.

Cologne, 18 March 2024

The Management Board

The Supervisory Board

Table 1: Summary of total remuneration for the Management Board and members of the Supervisory Board

EUR k	2023	2022	Change
Management Board	1,229	1,131	+98
Former members of the Management Board and surviving dependants	993	918	+75
Members of the Supervisory Board	180	92	+88
Total	2,402	2,141	+261

Table 2: Annual remuneration of the Management Board and additions to pension provision for 2022 and 2023 in EUR k¹⁾

EUR k ¹⁾		Fixed salary	Variable remuneration ²⁾	Other remuneration ^{3),6)}	Total	Bonus account	Pension provision
Joachim Schumacher	2023	230.0	-	28.6	258.6	-	1,976.3
	2022	-	-	-	-	-	-
Christiane Laibach ⁵⁾	2023	-	-	-	-	19.3	41.0
	2022	-	11.1	-	11.1	41.3	95.2
Monika Beck	2023	344.9	32.9	17.7	395.5	62.4	252.2
	2022	344.9	21.3	17.3	383.5	53.2	109.5
Philipp Kreutz	2023	115.0	32.2	26.1	173.3	26.5	681.8
	2022	344.9	13.6	6.6	365.1	17.5	197.0
Roland Siller (CEO)	2023	344.9	41.4	15.6	402.0	49.6	163.8 ⁴⁾
	2022	344.9	12.2	14.0	371.1	12.2	221.3 ⁴⁾
Total	2023	1,034.8	106.5	88.00	1,229.3	157.8	3,115.1
	2022	1,034.7	58.2	37.9	1,130.8	124.2	623.0

¹⁾ For computational reasons, the table may contain discrepancies due to rounding.

²⁾ In a departure from the figures in the Notes to the annual financial statements, this table includes the variable remuneration actually paid as part of a phased system.

³⁾ In a departure from the figures in the Notes to the annual financial statements, this table excludes the employer's contribution under pensions and unemployment insurance. The total for 2023 was EUR 29.1 k (previous year: EUR 26.6 k).

⁴⁾ Includes entitlements from earlier periods of employment with the Group.

⁵⁾ Christiane Laibach left DEG's Management Board as of 1 June 2021.

⁶⁾ In contrast to the information reported in Table 2a, other remuneration also includes employer contributions towards the use of public transport.

Table 2a: Breakdown of other remuneration for the Management Board in 2023 and 2022 in EUR k¹⁾

	Company cars		Group accident insurance		Health insurance		Long-term care insurance		Dual household	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Joachim Schumacher	5.1	-	0.9	-	3.2	-	0.1	-	-	-
Monika Beck	10.9	10.9	0.8	0.8	4.8	4.6	0.6	0.4	-	-
Philipp Kreutz	-	-	-	0.8	2.3	4.6	0.3	0.4	-	-
Roland Siller	7.9	7.2	0.8	0.8	4.8	4.6	0.9	0.4	-	-
Total	23.9	18.1	2.5	2.4	15.1	13.8	1.9	1.2	-	-

¹⁾ For computational reasons, the table may contain discrepancies due to rounding.

Table 3: Retirement pensions for former members of the Management Board or surviving dependants

	Number 2023	EUR k 2023	Number 2022	EUR k 2022
Former members of the Management Board	5	648.6	4	581.6
Surviving dependants	3	344.4	3	336.0
Total	8	993.0	7	917.6

Tables 4 and 5: Compensation of members of the Supervisory Board for the 2023 and 2022 financial years in EUR

No.	Name	Period of membership 2023	Supervisory Board membership	Committee membership	Daily allowance & attendance fee	Total	Period of membership 2022	Supervisory Board membership	Committee membership	Daily allowance & attendance fee	Total
1.	Niels Amnen ¹⁾	01.01.–31.12.	-	-	-	-	24.05.–31.12.	-	-	-	-
2.	Anja Hadjuk ¹⁾	01.01.–31.12.	-	-	-	-	01.01.–28.02.	-	-	-	-
3.	Prof. Dr. Luise Hölscher ¹⁾	01.01.–31.12.	-	-	-	-	01.01.–04.03.	-	-	-	-
4.	Dr. Günter Sautter ¹⁾	01.01.–01.05.	-	-	-	-	31.05.–31.12.	-	-	-	-
5.	Deike Potzel ¹⁾	02.05.–31.12.	-	-	-	-	31.05.–31.12.	-	-	-	-
6.	Jürgen Gerke ¹⁾	01.01.–31.12.	-	-	512	512	02.06.–31.12.	-	-	-	-
7.	Prof. Dr. Maja Göpel	01.01.–31.12.	10,000	-	4,000	14,000	01.01.–21.03.	-	-	-	-
8.	Christiane Laibach ¹⁾	01.01.–31.12.	-	-	-	-	01.01.–21.03.	1,096	-	512	1,608
9.	Bernd Loewen ¹⁾	01.01.–31.12.	-	-	-	-	01.01.–31.12.	-	-	512	512
10.	Prof. Dr. Christiane Weiland	01.01.–31.12.	10,000	5,000	25,012	40,012	24.05.–31.12.	3,041	-	1,024	4,065
11.	Carl Martin Welcker	01.01.–31.12.	10,000	-	3,604	13,604	13.06.–31.12.	-	-	-	-
12.	Bertram Dreyer	01.01.–31.12.	10,000	1,000	14,136	25,136	01.01.–31.12.	-	-	-	-
13.	Esther Kabey-Wuntke	01.01.–31.12.	10,000	1,000	8,120	19,120	01.01.–31.12.	8,000	1,884	11,500	21,384
14.	Caroline Kremer	01.01.–31.12.	10,000	2,000	11,048	23,048	24.05.–31.12.	3,041	-	1,524	4,565
15.	Ulrich Müller-Gaude	01.01.–31.12.	10,000	1,000	14,126	25,126	01.01.–21.03.	1,096	219	1,500	2,815
16.	Isabel Thywissen	01.01.–31.12.	10,000	1,000	8,112	19,112	01.01.–21.03.	1,096	-	512	1,608
Total (net)			80,000	11,000	88,670	179,670		40,219	4,144	47,432	91,795

¹⁾ Compensation not claimed.

Management Report 2023