POHLMANN & COMPANY

International Compliance Update

2/2017

Our "International Compliance Update" portrays current developments and trends in international compliance legislation, jurisdiction, and practice with a focus on their relevance for Germany.

Germany

Current Changes in the German Corporate Governance Code

Dr. Thomas Preute

- On April 24, 2017 changes in the German Corporate Governance Code ("**DCGK**") came into force.
- The current changes particularly focus on compliance and supervisory board matters.
- Additionally, for the first time institutional investors come to the fore.

>>>

Also in this issue:

Subscribe to the International Compliance Update here.

Compliance related matters[1]

The Concept of the Reputable Businessperson

For the first time, the foreword now includes the "reputable businessperson" concept. According to this concept, the behavior of management is legal, ethically sound and responsible. That principle is however not part of the compliance declaration according to Article 161 German Stock Corporation Act, (*Aktiengesetz*, AktG) as it is not a recommendation according to the Code.[2]

The term "reputable businessperson" dates back to the Middle Ages and is marginalized in German law (cf. Article 1 Chambers of Industry and Commerce Act, IHKG,). Practice however shows that the term has a positive connotation. Therefore, it may well serve as a lead message, as intended by the Government Commission. According to the Government Commission, the reputable businessperson "knows even without legal and established regulations […] what to do and what not to do and […] adjusts his behavior accordingly."[3] If one understands the term in that sense, one could say: He practices a robust compliance culture – and thereby lays a key foundation for trust and sustainable corporate success.

Compliance Management System and Whistleblowing System

For the first time, the DCGK proposes that the management board "institute[s] appropriate measures reflecting the company's risk situation (Compliance Management System)", second sentence, second part of Section 4.1.3. The DCGK is silent on the question of which kind of measures should be implemented. As the law stands, the business judgment rule generally provides wide entrepreneurial discretion.[4] In practice, it is important to keep in mind that such discretion is generally "reduced to zero" in terms of key measures such as compliance risk assessment, tone from the top, organization of responsibilities, reporting, effectiveness control as well as remediation and sanctioning of misconduct.[5] The recommendation to disclose the main features of the measures of the Compliance Management System (cf. the second sentence of Section 4.1.3) has also been added.

The only specific compliance measure recommended by the changed Code is the operation of a whistleblowing system. Employees should be given the opportunity to report, in a protected manner, suspected breaches of the law committed within the company, cf. the third sentence of Section 4.1.3. Thereby the Government Commission acknowledges the practical significance of a whistleblowing system for the detection of compliance violations and the prevention of future misconduct.[6] In addition, whistleblowing systems enable the company to detect violations early enough to potentially limit these and to actively manage their remediation under the company's own responsibility. Resolving an issue in the center of an ongoing official investigation and in front of the press can be much more unpleasant. Finally, a whistleblowing system has a deterrent effect and also reduces the liability risks of the management board.

The meaning of "in a protected manner" is unclear and subject of an ongoing debate.[7] In general, the whistleblower requires protection of his identity, if he wishes. In that context the whistleblowing system would need to be technically capable to allow anonymous, non-traceable reports, which does not raise substancial legal concerns under German laws. Insofar as the identity of the whistleblower is

[1] Shortened version of a publication from the magazine "Compliance Berater", Edition 7/2017, p. 225-228
[2] Available at: www.dcgk.de
For reference on the wording of the provisions used: "recommendation", "suggestion" as well as "description of statutory requirements and explanations" see foreword sec. 11 DCGK.
[3] Explanations of the proposed changes by the Government Commission German Corporate Governance Code from the session on October 13, 2016, p. 1, available at: www.dcgk.de

[4] Prevailing opinion cf. Hoffmann/Schieffer NZG 2017, 401, 403; Paefgen, WM 2016, 437; Bürkle CCZ 2015, 52, 54 with further references.
[5] Bicker AG 2012, 542, 545ff.; cf. LG München I NZG 2014, 345.
[6] Cf. explanations of proposed changes p. 4.
[7] Cf. e.g. the statement by the BDI, p. 5, according to which "in a protected manner" could be understood that even in case of abuse a right to protection exists and consequently, no sanctions are to be imposed; cf. Baur/Holle NZG 2017, 170, 173.

known to the corporate function responsible for dealing with the report, confidential treatment is required by that function. As practice shows, protection against discrimination and retaliation needs to be included as well. If one would like to encourage the whistleblower, it is needed to implement measures protecting him from discrimination. Given the vague wording of the DCGK, it needs to be sufficient for the compliance declaration to include a minimum level of protection for the whistleblower in one or the other way as discussed above.

The whistleblowing system should also be open to third parties, cf. the further recommendation in sentence 3 of Section 4.1.3. This is beneficial as it would enable third parties, e.g. suppliers or customers, to easily report possible violations directly to the responsible function at the company. It needs to be taken into account that in case misconduct is suspected or observed there is always the possibility to forthwith involve authorities or the press or to otherwise turn away from the company.

Supervisory board-related matters

Exchange of information with investors

The changed Code suggests that the chairman of the supervisory board should be available – within reasonable limits – to discuss supervisory board-related issues with investors, cf. Section 5.2 para 2. Investor discussions are common practice. At the same time, as the Government Commission acknowledges,[8] there are legal uncertainties in that regard.[9] Insofar, including this just as a suggestion and not a recommendation is to be welcomed. The suggestion however is reasonable. Investors are highly important to the companies and in international practice they regularly accept their responsibilities. It is useful that the suggestion signals the limited range of topics available in such discussions ("supervisory board-related issues").

Audit Committee and appointment of the auditor

Starting now, the monitoring of the accounting (not just the "accounting process") explicitly is a task of the audit committee, which is recommended in Section 5.3.2. para. 1. In this respect, the wording of the catalogue goes beyond the provision of § 107 sec. 3 sentence 2 AktG. Through this extension, the range of tasks of the audit committee should be entirely displayed.[10] The newly added para. 2 sentence 1 of Section 5.3.2 requires the audit committee to present a reasoned recommendation for the appointment of the auditor to the supervisory board. For new tenders, there need to be at least two candidates recommended with reason. This repeats the provisions of the Audit Reform Act (*Abschlussprüfungsreformgesetz,* "**AReG**").

The recommendation on the chairman of the audit committee being independent and, if applicable, having obeyed to the cooling-off period (cf. the second sentence of Section 5.3.2 para. 3) is maintained, even though the AReG does not require an independent member of the supervisory board anymore.[11]

Profile of skills and expertise for the supervisory board, information on the members of the supervisory board

The recommendation to develop a profile of skills and expertise for the entire board has been newly added, cf. the first sentence of Section 5.4.1 para. 2. Additionally, the Code now points out that co-determination laws for employee representatives have to be observed, cf. the third sentence of Section 5.4.1 para. 2.

Now, election proposals by the supervisory board to the general meeting should also aim at fulfilling the profile of required skills and expertise, cf. the first sentence of Section 5.4.1 para. 4. The proposal for a candidate should be supplemented by a curriculum vitae that *inter alia* provides information on the candidate's relevant knowledge, skills, and

[8] Cf. explanations of proposed changes p. 6.
[9] Cf. Leyendecker-Langner NZG 2015, 44ff.; Nikoleyczik/Graßl NZG 2017, 161, 164f.
[10] Cf. explanations of proposed changes p. 7.
[11] The independence criterion was deleted from § 100 sec. 5 AktG in accordance with EU Directive on Auditors (2014/56/EU).

experience. It should be updated annually for all elected supervisory board members and published on the company's website, cf. the second sentence 2 of Section 5.4.1 para. 5. Information like this has already become today's standard in large companies.

Number of independent members of the supervisory board

From now on, the supervisory board should explicitly take account of the shareholder structure when considering the appropriate amount of independent members, cf. the first sentence of Section 5.4.2. In companies with major investors, this is likely to accommodate practical needs and at the same time generate appreciation from investors.

The corporate governance report should in the future inform of what the supervisory board deems the appropriate number of independent shareholder representatives and of their names, cf. the third sentence of Section 5.4.1.

Other Topics of the changes in the code

Apart from that, the changes in the Code deal with the importance and responsibility of institutional investors, variable remuneration of the management board, and financial reporting within the year.

Conclusion and outlook

The changes of the Code incorporate recent developments in the fields of corporate governance and compliance as well as legal changes. Compliance Management Systems and whistleblowing systems have become today's standard in larger companies. The fact that these important elements of sustainable corporate governance are now explicitly included in the Code is to be welcomed. A greater clarity in some of the details would have been more beneficial for users for the purpose of the compliance declaration. A pleasing gap closure took place in the field of institutional investors.

Dr. Thomas Preute
is Attorney at Law (Germany) and Partner of Pohlmann & Company in Frankfurt. He advises on a wide variety of aspects of compliance, corporate governance and corporate law and focuses on internal investigations and on the tailor-made set-up and maintenance of efficient compliance programs.

Germany

Current Tightening of the German Anti-Money-Laundering Act

Eric Mayer / Johanna Murschall

- The government draft bill for the implementation of the 4. Anti-Money Laundering Directive presented by the Federal Ministry of Finance leads to numerous amendments in particular to the German *Geldwäschegesetz* ("**GwG**").
- The focus of the draft bill is the reinforcement of the risk-based approach as well as the establishment of an electronic transparency registry.
- The proposed legislation aims at combating money laundering and terrorist financing.

The government draft bill for the implementation of the 4. Anti-Money Laundering Directive and Fund Transfer Regulation

On February 22, 2017 the federal government adopted the draft act implementing the 4. Anti-Money Laundering Directive, the Fund Transfer Regulation and the reorganization of the central administration for financial transaction investigation.[1] The government draft bill especially serves the implementation of the directive (EU) 2015/849[2] of the European Parliament and of the Council. By means of this EU-Anti-Money Laundering Directive, the international legislator is seeking to intensify the fight against money laundering and terrorist financing. In May this year, the UK already adopted such an implementation law[3] inter alia in response to the panama papers.

The focus of the government draft is an almost completely revised version of the existing German Anti-Money Laundering Act or GWG. The revision of the draft bill or "Entwurf" (GwG-E) includes strengthening and clarification of the risk-based compliance approach, an increase in corporate transparency obligations as well as the harmonization of provisions on fines.[4]

Given that the provisions of the EU Anti-Money Laundering Directive have to be transposed into national law by 26 June, 2017, a timely adoption of the government draft bill is expected.

Extension of the scope of application of the GwG-E

The amendments firstly extend the scope of parties obligated by the GwG-E according to para. 2 GwG-E. Therefore, also self-employed entrepreneurs who carry out payment services on behalf of a payment service provider pursuant to para. 1 sec. 1 no. 1 ZAG[5] will fall into the scope of the GwG-E. Besides, the scope of the obligated insurance companies will be extended. Henceforth, such insurance companies, which offer life insurance activities as laid down in the directive 2009/138/EU or grant loans according to the KWG[6] as well as insurance intermediaries, will be covered by

[1] available at: http://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetzentwuerfe_Arbeitsfassungen/2017-02-22-eu-geldwaescherichtlinie.html
[2] http://eur-lex.europa.eu/legal-content/DE/TXT/?uri=celex%3A32015L0849
[3] available at: https://www.gov.uk/government/consultations/money-laundering-regulations-2017; see also G. Piatti / C. Beer: The "Panama-Papers'" impact on Business Partner Due Diligences, available at: http://www.pohlmann-company.com/images/pdf/news_events/veroeffentlichungen/International_Compliance_Update_02-2016_EN.pdf

[4] Regierungsentwurf, Problem und Ziel, p. 1.
[5] Gesetz über die Beaufsichtigung von Zahlungsdiensten or Act on Supervision of Payment Services.
[6] Kreditwesengesetz or Banking Act.

the GwG-E. Moreover, the GwG-E will be applicable not only to casinos and gambling operators but also to organizers and intermediaries of gambling, but excluding state lotteries. Distributors also have to fulfill the obligations of the GwG provided that they make cash payments in the amount of as now already EUR 10.000, instead of recently EUR 15.000.[7]

Emphasis on the risk-based approach

Furthermore, the draft bill provides an extension of the risk-based approach through the provisions para. 4-9 GwG-E. A risk management pursuant to para. 4 GwG-E still comprises carrying out a risk analysis as well as the existence of internal controls. However, as a far-reaching novelty, all obliged companies need to have established a risk management. Moreover, the responsibility for such risk management and the adherence to anti-money laundering regulations is transferred to a member of the management level according to para. 4 sec. 3 GwG-E. From now on, within the framework of the risk analysis, risks of money laundering and terrorist financing have to be assessed against risk factors stated in the appendix of the GwG pursuant to para. 5 sec. 1 GwG-E. The risk analysis has to be reviewed regularly and updated if necessary. Also new is the regulation that obliged companies, when requested, have to make their risk analysis available to the supervisory authority. With regard to internal controls to prevent money laundering and terrorist financing risks, the draft bill does not provide substantial changes. On the one hand, the internal controls to be created cannot be regarded as exhaustive, but the list of measures in para. 6 sec. 2 GwG-E are rather presumptive examples.[8] Para. 6 sec. 5 GwG-E concretizes another demand to implement a whistleblowing system which enables employees to report violations against money laundering regulations anonymously. Apart from that, the obligation of appointing an anti-money laundering officer as well as a deputy shall be retained in accordance with para. 6 sec. 2 no. 2, further specified in para. 7 GwG-E.

Due diligence obligation and requirements for identification

With regard to due diligence obligations, there will be a distinction between general, simplified and increased due diligence requirements.

Unlike in the past, the application of simplified due diligence obligations is not limited to certain case groups anymore.[9] In fact, obliged companies merely have to fulfill simplified due diligence obligations if they only identify a low risk of money laundering or terrorist financing determined by either a risk analysis pursuant to para. 14 sec. 1 GwG-E or in an individual case under consideration of the risk factors mentioned in appendix 1 and 2. This improvement also serves the adoption of the risk-based approach.[10] Moreover, the obligation to determine whether the business partner or beneficial owner is a politically exposed person or "PEP" is now explicitly mentioned for the first time as a general due diligence obligation under para. 10 sec. 1 no. 4 GwG-E.

Also with regard to the increased due diligence obligations, the government draft bill provides extensions. Obligors are required to meet increased due diligence obligations beyond the general due diligence obligations if there is an indication of greater risk. For this purpose para. 15 sec. 3 GwG-E determines case groups which are not exhaustive and where a greater risk can be statutorily presumed on a regular basis. This encompasses in addition to business relationships with contractual partners based in a non-member state also PEPs irrespective of whether they exercise their function within the national territory or abroad.[11]

[7] Regierungsentwurf, Begründung, p. 103.
[8] Regierungsentwurf, Begründung, p. 130.
[9] Regierungsentwurf, Begründung zu § 14 Abs. 1, p. 141.
[10] Regierungsentwurf, Begründung zu § 14 Abs. 1, p. 141.
[11] Regierungsentwurf, Begründung zu § 15 Abs. 3 Nr. 1a, S. 143.

Establishment of a state transparency registry

In addition, according to para. 18 and ff. GwG-E of the government draft bill, an electronic transparency registry of beneficial owners will be established. This registry is to be implemented and maintained by federal authorities and serves the purpose of ensuring access to information on ultimate beneficial owners or "UBOs" of legal entities established under private law, registered partnerships, trusts and legal structures that resemble trusts in structure or function.[12] The transparency obligations with regard to certain associations are specified in para. 21 sec. 1 GwG-E to the effect that information on UBOs are to be collected, kept, updated and reported immediately to the transparency registry. Furthermore, not only associations are subject to disclosure obligations but also UBOs. The access to the transparency registry is permitted to the authorities listed in para. 23 sec. 1 GwG-E or to money laundering-regulated obligors as far as it serves the fulfillment of their due diligence obligations.

Harmonization of provisions on fines

The draft bill also stipulates an extension of the sanctions regime by enlarging the spectrum of affected offences as well as raising the imposed fines up to EUR 100.000, in case of serious, repeated or systematic infringement even up to EUR 1 Mio. and up to EUR 5 Mio. for credit, financial or payment service institutions (para. 56 GwG-E).

[12] Regierungsentwurf, Begründung zu Abschnitt 4, p. 148.

Conclusion and Outlook

The discussed government draft bill leads to a significant modification of the GwG and drives the additional organizational, implementation, and adjustment effort for obligors as well as further affected persons. In particular the obligations concerning the regular consideration of the transparency registry indicate the need for action. Primarily the obligors falling within the scope of the GwG for the first time are without exception required to establish a sustainable and documentable anti-money-laundering risk management. On the other hand, the strengthening of the risk-based approach, which is in the center of the draft bill, creates greater entrepreneurial discretion in respect of assessing the risks of money-laundering and terrorist financing. The revisions also enable a more individual adaption to changes in risks in favor of the obliged companies. An integrated compliance management system should help companies, which regularly perform risk analysis and consequently timplement the findings, to include the more stringent requirements in the sense of a new or an extended compliance risk dimension – and thus possibly mitigate or reduce liability vis-à-vis state supervision.

The central department for financial transactions responsible for the prevention and enforcement of anti-money-laundering and terrorist financing, which formerly known as central department for suspect notifications was part of the German Federal Criminal Police Office or *Bundeskriminalamt* (BKA), will now fall under the responsibility of the Ministry of Finance's Department of Taxation, cf. para. 5a sec. 2 clause 3 FVG-E.[13]

[13] http://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2017/02/2017-02-22-pm-eu-geldwaescherichtlinie.html

In general an intensified fight against money-laundering and terrorist financing is certainly to be welcomed. The new draft bill provides an important contribution for this purpose. However, it remains to be seen whether the flanking government supervision is, unlike in the past, able to keep pace with the new wording of this draft bill. Nevertheless, obliged companies would be well advised not to remain passive because of potentially lasting executive deficiencies, but count on the preventive effect of an actual and efficiently implemented money-laundering compliance management system, not least for the increase of the internal company's transparency and for the protection of its own reputation.

Eric Mayer
is Attorney at Law (Germany) and Partner of Pohlmann & Company in Munich. He advises international corporations on the design and implementation of Compliance Management Systems focusing on business partner checks and M&A compliance due diligences.

Johanna Murschall
is Research Associate at Pohlmann & Company in Frankfurt. During her studies at the Justus Liebig University in Giessen, she specialized in criminal justice and criminology.

Germany

Legislation on the Strengthening of Corporate Non-financial Reporting came into Force

Kevin Kügler

- On April 19, 2017 the CSR-Directive-Implementation Act came into force. It obliges certain companies to create and disclose a so called non-financial statement for business years from 2017 onwards.
- In addition, companies that are required to disclose a declaration on corporate governance and that also qualify as large companies (according to Article 267 para. 3 HGB) have to expand that declaration by language on diversity in the context of the staffing of management boards.

The CSR-Directive-Implementation Act[1] aims at obliging certain large companies to disclose non-financial and diversity-related information. This statement is supposed to be delivered with the (group) management report. The law is applicable to financial years beginning after December 31, 2016. It serves to translate the Directive 2014/95/EU[2] into German law. The law is applicable to companies that meet all of the following criteria:

- Large corporation, respectively limited commercial partnership, or cooperative (according to Article 267 para. 3 German Commercial Code, Handelsgesetzbuch, or HGB)
- Capital market-oriented under Article 264d HGB or (regardless of capital market orientation) credit institution and insurance company
- Employing more than 500 people annually on average

[1] Full title: Act on the strenghtening of corporate non-financial reporting in (group) management reports (CSR-Directive-Implementation Act), available at: https://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&start=//*[@attr_id=%27bgbl117s0802.pdf%27]#__bgbl__%2F%2F*%5B%40attr_id%3D%27bgbl117s0802.pdf%27%5D__1498203516187

[2] available at http://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32014L0095&from=DE

Obligation to issue a non-financial statement (Article 289b HGB or Article 315b HGB)

Affected companies are obliged to issue a so called non-financial statement. According to Article 289c HGB, this statement has to include at least the following topics: business model of the company, environmental, employee and social matters as well as combating of corruption and bribery and respect for human rights. Article 289b para. 2 HGB adds examples to illustrate each topic. For the topic of environment, examples include greenhouse gas emissions, water supply and usage of renewable energies. As for employee matters, gender equality, working conditions and employee rights are potential areas. Dialogue on a municipal and regional level as well as protection and development of local communities are examples of social matters. In case of respecting human rights and combating corruption and bribery, instruments or measures to prevent human rights violations and combat corruption and bribery have to be named.

For each of these topics, the company has to present its concept including results and due diligence processes applied as well as significant risks of business activities, business rela-

tions and products or services offered. In addition, the most significant non-financial performance indicators of the business activities have to be described. To the extent that there is no such approach, this has to be explained in the non-financial statement. This corresponds to the procedure of "comply or explain" used by Article 161 of the German Stock Corporation Act with regard to the declaration of conformity with the German Corporate Governance Code.

In order to qualify as a concept within the meaning of the law it needs to describe "what goals the corporation sets regarding non-financial aspects, which measures it employs in what time frame, how management is involved in these measures and what processes, e.g. including involvement of employees and other stakeholders, it wants to perform."[3]

There are various options available to the company regarding the disclosure of the non-financial statement: either include the non-financial statement in the management report (as a special section or fully integrated), release the statement as a separate document with the management report in the German Federal Gazette (Bundesanzeiger) according to Article 325 HGB or post the statement on the company website no later than four months after reporting date and for a duration of ten years at least (with a reference to be made in the management report).

Subsidiaries are released from the reporting obligation as long as the non-financial statement is included in the group management report of the parent company. This is also applicable if the parent company is located outside of the European Union as long as its group management report including the non-financial statement is in accordance with Directive 2014/95/EU.

According to Article 289d HGB, the company is entitled to make use of European and international frameworks to create the non-financial statement. Examples are the "G4" of the Global Reporting Initiative or the German Sustainability Code. If a framework is used the company has to name it. If no framework is used the company has to explain why not.

The supervisory board is obliged to review the content of the non-financial statement for its legality, regularity, and appropriateness. The auditor is only required to assess whether any non-financial statement has been issued. There is no obligation to audit the non-financial statement. However, if an audit is performed on a voluntary basis for financial years starting January 1, 2019, the audit result has to be disclosed together with the statement.

Addition to the declaration on corporate governance concerning diversity (Article 289f HGB or Article 315d HGB)

Companies that are required to issue a declaration on corporate governance and that also qualify as large companies (according to Article 267 para. 3 HGB), now have to add language on diversity regarding the staffing of the company's management and supervisory boards to their declaration on corporate governance. Such language should describe the diversity approach used to determine candidates for the supervisory and management board with regard to aspects such as age, gender, educational and professional background. In addition, the objectives of the approach and the way of implementation and the results achieved in the financial year have to be described. In case there is no diversity approach, this has to be explained in the declaration on corporate governance.

Extension of provisions on fines for violations against new reporting obligations (Article 334 HGB)

The relevant levels of fines were raised. Both individual fines for members of corporate bodies and corporate fines may be applied. If an authorized representative of the management or supervisory board of a capital market-oriented company violates provisions on the preparation of financial statements including the management report and the non-financial statement, fines may be imposed. The maximum amount of these amounts to the higher of either EUR 2 million and twice the economic benefit derived from the of-

[3] "Begründung der Bundesregierung zu § 289c Absatz 3 Nummer 1 HGB-E" http://dipbt.bundestag.de/dip21/brd/2016/0547-16.pdf p. 58

fense. If a fine is imposed on the company according to Article 30 German Administrative Offenses Act (OWiG), the maximum fine amounts to the higher of either EUR 10 million, 5 per cent of the total revenue of the last financial year and twice the economic benefit derived from the offense. These fines do only apply to financial institutions and insurance companies that are capital market-oriented. Otherwise, for these companies the fine is limited to EUR 50,000.

Conclusion and outlook

The CSR-Directive-Implementation Act constitutes important legal obligations in the context of Corporate Social Responsibility of certain companies in Germany. Thereby it extends the reporting obligations on non-financial information such as the UK Modern Slavery Act,[4] which already now apply for some German companies. The federal government notes that the indirect objective of the 2014/95/EU Directive is the influencing of corporate activity and the creation of incentives to put a greater emphasis in corporate governance on "non-financial matters and the connected risks, approaches, and processes".[5]

Concerning scope and content of the non-financial statement, the legislator leaves a significant margin for the affected companies. Nevertheless, certain topics need to be addressed and concepts used need to be named and explained. In combating corruption and bribery, the implementation of a Compliance Management System can be named as an effective measure.[6]

It would not come as a surprise if in a while mandatory legal obligations would be constituted with regard to certain topics in replacement of the current approach of "comply or explain". At least that was already the case several times with regard to the topics of the German Corporate Governance Code.

Kevin Kügler
is Intern at Pohlmann & Company in Frankfurt. He is studying General Management at EBS and has gained initial experience in the area of Compliance at Ernst & Young in the department Fraud Investigation & Dispute Services (FIDS) in Munich.

UPDATE

Amendment of Shareholder Rights Directive entered into force

In our article "Governance and Compliance Issues Resulting from the Revised Proposal to Amend the Shareholder Rights Directive" which was published in our **4/2016 edition**, we already reported in detail about the joint proposal of the European Parliament, the Council of the European Union and the European Commission to amend the shareholders rights directive (2007/36/EG). After its Committee on Legal Affairs agreed, the European Parliament now also formally accepted the joint proposal which was then approved by the Council of the European Union only one month later. The directive therefore entered into force 20 days after its publication in the Official Journal of the European Union on May 20, 2017 which leaves the member states two years to incorporate the new provisions into domestic law.

[4] see E. Mayer: The UK Modern Slavery Act 2015: New Compliance Challenges in international Supply Chain Management, available at: http://www.pohlmann-company.com/images/pdf/news_events/veroeffentlichungen/International_Compliance_Update_01-2016_EN.pdf

[5] "Ziel der Richtlinie 2014/95/EU" http://dipbt.bundestag.de/dip21/brd/2016/0547-16.pdf p. 30

[6] GRI 205: ANTI-CORRUPTION 2016 https://www.globalreporting.org/standards/gri-standards-download-center/

Corporate. Compliance. Governance.

We'd like to know your areas of interest.
Please send us your suggestions via e-mail to:
update@pohlmann-company.com

Pohlmann & Company

Guiollettstrasse 48
D-60325 Frankfurt a.M.
P: +49 (0)69 260 1171 40

Nymphenburger Strasse 4
D-80335 Munich
T: +49 (0)89 217 5841 70

1000 Rue de La Gauchetière West 24th Floor
Montreal, QC H3B 4W5, Canada
P: +1 514 448 7487

www.pohlmann-company.com

update@pohlmann-company.com

Subscribe to the International Compliance Update here.

Imprint (Link)