

Information on the Shareholder Rights Directive II

(As of 17th August 2020)

Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement is generally referred to as the Shareholder Rights Directive II (SRD II). This Directive has been implemented in Austria in the Stock Exchange Act (§§ 177 ff BörseG) and in the Stock Corporation Act (§§ 78a ff and 95a AktG) and comes into force on 3 September 2020.

What is the objective of the Shareholder Rights Directive II?

The Shareholder Rights Directive II is intended to make direct communication between listed corporations (or companies in short) and their shareholders easier, and make it easier for shareholders to exercise their shareholder rights. The Directive contains new obligations for financial intermediaries such as Schoellerbank Aktiengesellschaft and other banks that provide securities account services.

What do the legal changes mean for shareholders?

Identification of shareholders

The new legal regulations allow listed companies to request information on the identity of their shareholders from intermediaries (such as companies that hold securities in safekeeping or that manage securities or securities accounts). Intermediaries are obligated to provide certain information to companies that are registered in an EEA country¹ and whose shares are admitted for trading on a regulated market such as the names and addresses of their shareholders.

According to the Austrian Stock Exchange Act, companies that are registered in Austria may only enquire into the identity of shareholders who hold more than 0.5% of the company's shares. Companies registered in other EEA countries may be permitted to enquire into the identity of shareholders holding a single share in their company depending on the specific laws of the country.

This means that owning relevant securities may lead to the disclosure of your identification information and your holdings in EEA issuers (regardless of whether the position in question was in your portfolio when the Directive came into force or was purchased after this date).

The SRD II conforms with the valid European regulations including the General Data Protection Regulation (GDPR). Your personal data may only be disclosed under the conditions defined in the Shareholder Rights Directive. This ensures that your data will only be disclosed to authorised persons upon request.

If a shareholder reaches or exceeds the threshold of 0.5% of the shares or voting rights in a company and if the shareholder holds these shares in securities accounts at different banks, he is required to inform all banks where he holds securities accounts of this.

Providing information

Intermediaries are obligated to immediately provide certain information about the company to the shareholder and certain information about the shareholder to the company. This pertains to information that the company must provide to the shareholder so that the shareholder can exercise the rights arising from his shareholding. The information from the company will be forwarded through the chain of intermediaries – in other words from the first intermediary (central depository) down to the bank managing the shareholder's securities account. We as the bank managing your securities account will provide you with this information through the agreed communication channels. If this information is provided on the company's website, we will inform you where this information can be found on the company's website.

¹⁾ EEA countries: the 27 EU Member States plus Iceland, Liechtenstein and Norway (as of April 2020).

For you as a shareholder, this means that you will receive more information about the company directly from us as the bank managing your securities account.

We as the bank managing your securities account will take the necessary measures to ensure that you can exercise your rights (such as participating in the annual general meeting) yourself. These measures include registration for the annual general meeting and issuing a securities holding confirmation.

What else does the Shareholder Rights Directive II cover?

Listed companies are required to formulate a policy for the remuneration of their management. The remuneration policy must support the strategy and long-term development of the company and must explain how it achieves this, and must also describe the various fixed and variable remuneration components that can be awarded to the members of the management board, including all bonuses and benefits of any kind. The management board and supervisory board of a company must prepare a clear annual remuneration report. The remuneration report must provide a comprehensive overview of the remuneration paid or owned to current and former members of the management board during the past financial year.

The remuneration policy and remuneration report must be submitted to the annual general meeting for a vote. The vote is of advisory character.

Material transactions with related persons and companies (transactions above a certain amount or scope) require the approval of the supervisory board and must be publicly disclosed by the company.

The Shareholder Rights Directive II also specifies that institutional investors (such as insurance companies and companies managing company pension funds) and asset managers (such as fund companies and the managers of alternative investment funds) must publish a participation policy or a declaration as to why they have no such policy. In this participation policy, institutional investors and asset managers must disclose the following, among other things:

- How they exercise voting rights and other rights associated with the shares,
- How they collaborate with other shareholders,
- How they monitor companies in which they have invested in terms of material matters.

An annual report must be published on the implementation of the participation policy.

Institutional investors must also publish information about their investment strategy and their agreements with asset managers. In turn, asset managers must submit an annual report to the institutional investors with whom they have agreements stating how their investment strategy conforms with this agreement.

Voting rights advisors must comply with a code of conduct and report on the application of this code of conduct. The voting rights advisor must publish this information on its website.

If you require further information, please contact your relationship manager at Schoellerbank Aktiengesellschaft.

Note and limitation of liability:

The information in this document is general in nature and does not eliminate the need for competent advice from a notary, attorney, tax consultant, accountant, or other professional advisor. As a credit institution, Schoellerbank AG is not authorised to provide legal advice.

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This marketing communication was prepared by Schoellerbank AG, Renngasse 3, A-1010 Vienna.