

(76) Remuneration report

The remuneration report describes the basic structure of the remuneration plan for members of the Executive Board and Board of Supervisory Directors; it also discloses their remuneration on an individual basis.

Overview of total remuneration of members of the Executive Board and Board of Supervisory Directors

	2019	2018
	EUR in thousands	EUR in thousands
Members of the Executive Board	3,643.2	3,132.1
Former members of the Executive Board and their surviving dependants	4,674.9	4,767.7
Members of the Board of Supervisory Directors	190.6	185.0
Total	8,508.7	8,084.8

Remuneration of the Executive Board

The remuneration system for KfW's Executive Board is aimed at appropriately compensating members of the Executive Board for their duties and responsibilities. Executive Board contracts are drawn up based on the 1992 version of the policy for hiring executive board members at credit institutions of the Federal Government (*Grundsätze für die Anstellung der Vorstandsmitglieder bei den Kreditinstituten des Bundes*). The Federal Public Corporate Governance Code (*Public Corporate Governance Kodex des Bundes – "PCGK"*) is taken into account when drawing up contracts. Each contract is individualised accordingly on this basis.

Components of remuneration

The Executive Board members receive fixed monetary remuneration paid in equal monthly instalments.

The following table shows total remuneration, broken down into remuneration components and other forms of remuneration, as well as additions to pension provisions for the individual members of the Executive Board.

Annual remuneration of the Executive Board and additions to pension provisions in financial years 2019 and 2018¹⁾

	Salary		Other remuneration		Total		Additions to pension provisions ²⁾	
	2019	2018	2019	2018	2019	2018	2019	2018
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Dr Günther Bräunig (Chief Executive Officer)	772.5	760.4	30.7	30.7	803.2	791.1	868.4	280.6
Dr Ingrid Hengster	555.7	544.1	37.0	36.7	592.7	580.8	954.7	371.7
Melanie Kehr ³⁾	436.8	–	29.5	–	466.3	–	313.0	–
Bernd Loewen	613.2	597.6	40.1	39.4	653.3	637.0	1,168.1	123.2
Prof. Dr Joachim Nagel	535.0	526.7	27.1	35.1	562.1	561.8	808.6	376.5
Dr Stefan Peiß	543.1	534.6	22.5	26.8	565.6	561.4	1,017.8	72.9
Total	3,456.3	2,963.4	186.9	168.7	3,643.2	3,132.1	5,130.6	1,224.9

¹⁾ Amounts in the table are subject to rounding differences.

²⁾ The discount rate for pension obligations decreased in 2019 due to the development in long-term capital market rates from 2.07% (31 Dec. 2018) to 1.34% (31 Dec. 2019).

³⁾ From 1 March 2019

Responsibilities

The Presidial and Nomination Committee has discussed the Executive Board remuneration system including contract components since the committee structure was modified in accordance with the applicable Section 25d of the German Banking Act (*Kreditwesengesetz – “KWG”*) and adopts and regularly reviews it. The Presidial and Nomination Committee is advised on these matters by the Remuneration Committee, which in turn considers the results of certain analyses of the Risk and Credit Committee regarding the incentive effects of the remuneration systems. Likewise after consulting with the Remuneration Committee on the matter, the Board of Supervisory Directors decides upon the basic structure of the Executive Board’s remuneration system.

The Presidial and Nomination Committee discussed remuneration issues during the reporting year, on 8 April 2019 and 11 December 2019, and on 11 December 2019 resolved an adjustment to Executive Board remunerations.

Fringe benefits

Other remuneration largely comprises the contractual fringe benefits. Executive Board members are entitled to a company car with driver services for business and personal use. Executive Board members reimburse KfW for using a company car with a driver for private purposes in accordance with applicable tax regulations. They are reimbursed under tax regulations for the cost of maintaining a second home for business reasons.

Executive Board members are insured under a group accident insurance policy. Allowances are provided for health and long-term care insurance. Executive Board members are covered by a directors and officers liability insurance policy, which insures them against the risks of financial loss associated with their actions in their capacity as Executive Board members and by a supplemental legal expenses insurance policy. KfW Executive Board members acting in their management capacity are also protected by a special legal expenses group policy for employees covering criminal activities.

No remuneration is paid to members of the Executive Board for assuming executive body functions at group companies.

As with all other executives, Executive Board members may also opt to participate in the deferred remuneration programme – a supplemental company pension scheme financed via tax-free salary conversion. Moreover, they are entitled to anniversary bonuses in accordance with KfW's general company policy.

In addition, the fringe benefits contain the cost of security systems at Executive Board members' homes; these benefits are not recognised as Other remuneration but as Non-personnel expenses.

The contractual fringe benefits are subject to taxation as benefits in money's worth for Executive Board members if they cannot be granted on a tax-free basis or if this is contractually agreed.

There were no loans to any members of the Executive Board in 2019.

No Executive Board member was granted or promised any benefits by a third party during the past financial year with a view to his/her position as a member of the KfW Executive Board.

Pension benefits and other benefits in the case of early retirement

In accordance with Article 1 (3) of the KfW Bylaws, the appointment of an Executive Board member should not generally extend past the legal age of retirement. Upon reaching the age of 65 or statutory retirement age and the expiry of their Executive Board contract, Executive Board members are entitled to claim pension payments; they are also entitled to pension benefits if their employment relationship terminates due to permanent disability. One member of the KfW Executive Board who was first appointed to the Board in 2006 and subsequently reappointed also has the option of retiring at their own request at the age of 63. Dr Norbert Kloppenburg received a contractually granted and grandfathered temporary allowance from 1 November 2017 to 30 April 2019.

Pension commitments for Executive Board members as well as their surviving dependants are based on the 1992 version of the Federal Government's policy for hiring executive board members at credit institutions. The PCGK is taken into account when drawing up the Executive Board contracts.

Executive Board member contracts include a severance pay cap in accordance with the recommendations of the PCGK. In other words, payments to these Executive Board members due to early termination of the Executive Board function without good cause in accordance with Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch* – "BGB") should not exceed the equivalent of two years' salary or compensation including fringe benefits for the remainder of the contract, depending on which of the amounts is lower.

The full benefit entitlement totalled 49% of the final salary in the reporting year with different contractual arrangements. The retirement benefit entitlement amounted to 70% of the full entitlement for first-time appointment, with an increase per completed year of service of 0.98 to 3.0 percentage points depending on the contract (from an initial 34.3% to a maximum of 49% of the final salary).

The Executive Board contracts contain additional individual provisions, in particular concerning vesting of pension benefits. The newer contracts also include provisions on retrospective pension contributions where pension benefits are not yet vested and the member in question has not been reappointed.

Pension payments to former Executive Board members or their surviving dependants were as follows in 2019 and 2018:

Pension payments to former Executive Board members or their surviving dependants

	Headcount 2019	EUR in thousands 2019	Headcount 2018	EUR in thousands 2018
Former members of the Executive Board	18	3,694.3	19	3,875.7
Surviving dependants	9	980.6	10	892.0
Total	27	4,674.9	29	4,767.7

Provisions for pension obligations to former members of the Executive Board and their surviving dependants in the amount of EUR 72,896 thousand (31 Dec. 2018: EUR 69,601 thousand) were set up at the end of financial year 2019.

As in the previous year, no loans were granted to former Executive Board members or their surviving dependants in financial year 2019.

Remuneration of members of the Board of Supervisory Directors

The amount of remuneration to members of the Board of Supervisory Directors is determined by the supervisory authority in accordance with Article 7 (10) of the KfW Bylaws. With the last revision in May 2010, the remuneration to members of the Federal Government who are members of the Board of Supervisory Directors pursuant to Article 7 (1) No. 1 and No. 2 of the KfW Law was set at EUR 0.

In the reporting year, remuneration for other members of the Board of Supervisory Directors pursuant to Article 7 (1) Nos. 3–7 of the KfW Law amounted to EUR 5,100 p.a.; remuneration for membership of a Board of Supervisory Directors committee was a standard amount of EUR 600 p.a. for each member. Committee chairs received no special remuneration.

Members who join during the year receive their remuneration on a pro rata basis. A daily allowance (EUR 200 per meeting day) is paid and travel expenses and applicable VAT are reimbursed upon request.

The following table provides details on the remuneration paid to the Board of Supervisory Directors in financial year 2019; stated amounts are net amounts in thousands of euros. Travel expenses are reimbursed upon submission of receipts and are not taken into account in the table.

Remuneration of members of the Board of Supervisory Directors for financial year 2019

No.	Name	Dates of membership	Board of Supervisory Directors membership ¹⁾	Committee membership ¹⁾	Daily allowance ³⁾	Total
			EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
		2019				
1.	Olaf Scholz	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
2.	Peter Altmaier	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
3.	Doris Ahnen ²⁾	1 Jan. –31 Dec.	5.1	0.5	0.2	5.8
4.	Sören Bartol	1 Jan. –31 Dec.	5.1	1.5	0.6	7.2
5.	Dr Holger Bingmann	1 Jan. –31 Dec.	5.1	0.5	0.6	6.2
6.	Volker Bouffier ²⁾	1 Jan. –31 Dec.	5.1	1.2	0.0	6.3
7.	Robert Feiger	1 Jan. –31 Dec.	5.1	0.6	0.2	5.9
8.	Verena Göppert	1 Jan. –31 Dec.	5.1	0.0	0.0	5.1
9.	Olav Gutting	1 Jan. –31 Dec.	5.1	0.5	0.8	6.4
10.	Dr Louis Hagen	1 Jan. –31 Dec.	5.1	1.2	0.2	6.5
11.	Reinhold Hilbers ²⁾	1 Jan. –31 Dec.	5.1	1.8	0.4	7.3
12.	Reiner Hoffmann	1 Jan. –31 Dec.	5.1	1.2	0.2	6.5
13.	Gerhard Hofmann	1 Jan. –31 Dec.	5.1	1.2	1.0	7.3
14.	Dr Bruno Hollnagel	1 Jan. –31 Dec.	5.1	0.0	0.6	5.7
15.	Andreas Ibel	1 Jan. –31 Dec.	5.1	0.0	0.2	5.3
16.	Bartholomäus Kalb	1 Jan. –31 Dec.	5.1	0.6	1.0	6.7
17.	Julia Klöckner	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
18.	Andrea Kocsis	1 Jan. –31 Dec.	5.1	0.0	0.0	5.1
19.	Stefan Körzell	1 Jan. –31 Dec.	5.1	1.2	0.4	6.7
20.	Dr Joachim Lang	1 Jan. –31 Dec.	5.1	1.2	0.0	6.3
21.	Lutz Lienenkämper ²⁾	1 Jan. –31 Dec.	5.1	1.2	0.4	6.7
22.	Heiko Maas	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
23.	Dr Gerd Müller	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
24.	Dr Hans-Walter Peters	1 Jan. –31 Dec.	5.1	2.5	0.0	7.6
25.	Eckhardt Rehberg	1 Jan. –31 Dec.	5.1	1.8	0.2	7.1
26.	Dr Johannes-Jörg Riegler	1 Jan. –31 Dec.	5.1	0.6	1.0	6.7
27.	Joachim Rukwied	1 Jan. –31 Dec.	5.1	0.6	0.0	5.7
28.	Andreas Scheuer	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
29.	Helmut Schleweis	1 Jan. –31 Dec.	5.1	2.5	0.0	7.6
30.	Carsten Schneider	1 Jan. –31 Dec.	5.1	1.2	0.6	6.9
31.	Svenja Schulze	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
32.	Holger Schwannecke	1 Jan. –31 Dec.	5.1	1.5	0.0	6.6
33.	Edith Sitzmann ²⁾	1 Jan. –31 Dec.	5.1	0.0	0.4	5.5
34.	Peter Strobel ²⁾	1 Jan. –31 Dec.	5.1	0.0	0.6	5.7
35.	Heike Taubert ²⁾	1 Jan. –31 Dec.	5.1	0.0	0.2	5.3
36.	Dr Florian Toncar	1 Jan. –31 Dec.	5.1	1.2	0.2	6.5
37.	Dr Martin Wansleben	1 Jan. –31 Dec.	5.1	0.5	0.0	5.6
Total			153.0	26.8	10.0	189.8

¹⁾ The amounts had not yet been paid out as of the reporting date 31 December 2019.

²⁾ Amount governed by state law.

³⁾ Amounts for financial year 2019 until the date of assessment. Any later claims will be included in the next report.

Remuneration of members of the Board of Supervisory Directors for financial year 2018

No.	Name	Dates of membership	Board of Supervisory Directors membership ¹⁾	Committee membership ¹⁾	Daily allowance ⁴⁾	Total
			EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
		2018				
1.	Brigitte Zypries	1 Jan. – 14 Mar.	0.0	0.0	0.0	0.0
2.	Peter Altmaier (BMF)	1 Jan. – 14 Mar.	0.0	0.0	0.0	0.0
3.	Peter Altmaier (BMWi)	14 Mar. – 31 Dec.	0.0	0.0	0.0	0.0
4.	Olaf Scholz	14 Mar. – 31 Dec.	0.0	0.0	0.0	0.0
5.	Sören Bartol	26 Apr. – 31 Dec.	3.8	1.1	0.6	5.5
6.	Dr Holger Bingmann	1 Jan. – 31 Dec.	5.1	0.6	0.6	6.3
7.	Volker Bouffier ²⁾	1 Jan. – 31 Dec.	5.1	1.2	0.0	6.3
8.	Dr Uwe Brandl	1 Jan. – 31 Dec.	5.1	0.0	0.2	5.3
9.	Frank Bsirske	1 Jan. – 31 Dec.	5.1	0.0	0.0	5.1
10.	Robert Feiger	1 Jan. – 31 Dec.	5.1	0.6	0.4 ³⁾	6.1 ³⁾
11.	Klaus-Peter Flosbach	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
12.	Sigmar Gabriel	1 Jan. – 14 Mar.	0.0	0.0	0.0	0.0
13.	Christian Görke ²⁾	1 Jan. – 31 Dec.	5.1	0.0	0.0	5.1
14.	Dr Louis Hagen	1 Jan. – 31 Dec.	5.1	1.2	1.0	7.3
15.	Dr Matthias Haß ²⁾	2 Mar. – 31 Dec.	4.3	0.0	0.0	4.3
16.	Hubertus Heil	1 Jan. – 14 Mar.	1.3	0.5	0.0	1.8
17.	Monika Heinold ²⁾	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
18.	Dr Barbara Hendricks	1 Jan. – 14 Mar.	0.0	0.0	0.0	0.0
19.	Reinhold Hilbers ²⁾	2 Feb. – 31 Dec.	4.7	1.1	0.4	6.2
20.	Reiner Hoffmann	1 Jan. – 31 Dec.	5.1	1.1	0.0	6.2
21.	Gerhard Hofmann	1 Jan. – 31 Dec.	5.1	1.2	0.8	7.1
22.	Dr Bruno Hollnagel	1 Mar. – 31 Dec.	4.3	0.0	0.4	4.7
23.	Andreas Ibel	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
24.	Bartholomäus Kalb	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
25.	Julia Klöckner	14 Mar. – 31 Dec.	0.0	0.0	0.0	0.0
26.	Stefan Körzell	1 Jan. – 31 Dec.	5.1	1.1	0.6	6.8
27.	Dr Joachim Lang	1 Jan. – 31 Dec.	5.1	1.1	0.0	6.2
28.	Lutz Lienenkämper ²⁾	1 Jan. – 31 Dec.	5.1	0.9	0.0	6.0
29.	Heiko Maas	14 Mar. – 31 Dec.	0.0	0.0	0.0	0.0
30.	Dr Gerd Müller	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
31.	Dr Hans-Walter Peters	1 Jan. – 31 Dec.	5.1	2.3	0.0	7.4
32.	Eckhardt Rehberg	1 Jan. – 31 Dec.	5.1	1.6	0.0	6.7
33.	Dr Johannes-Jörg Riegler	1 Jan. – 31 Dec.	5.1	0.6	0.6	6.3
34.	Joachim Rukwied	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
35.	Andreas Scheuer	14 Mar. – 31 Dec.	0.0	0.0	0.0	0.0
36.	Helmut Schleweis	1 Jan. – 31 Dec.	5.1	2.3	0.0	7.4
37.	Christian Schmidt (BMEL)	1 Jan. – 14 Mar.	0.0	0.0	0.0	0.0
38.	Christian Schmidt (BMVI)	1 Jan. – 14 Mar.	0.0	0.0	0.0	0.0
39.	Carsten Schneider	1 Jan. – 31 Dec.	5.1	1.2	1.2	7.5
40.	Svenja Schulze	14 Mar. – 31 Dec.	0.0	0.0	0.0	0.0
41.	Holger Schwannecke	1 Jan. – 31 Dec.	5.1	1.8	0.0	6.9
42.	Edith Sitzmann ²⁾	1 Jan. – 31 Dec.	5.1	0.0	0.0	5.1
43.	Dr Florian Toncar	1 Mar. – 31 Dec.	4.3	0.7	0.4	5.4
44.	Dr Martin Wansleben	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
Total			150.2	25.2	9.6	185.0

¹⁾ The amounts had not yet been paid out as of the reporting date 31 December 2018. ²⁾ Amount governed by state law. ³⁾ This amount includes a payment for 2017.

⁴⁾ Amounts for financial year 2018 until the date of assessment. Any later claims will be included in the next report.

There are no pension obligations for members of the Board of Supervisory Directors.

Members of the Board of Supervisory Directors did not receive remuneration in the reporting year for personal services provided.

No direct loans were granted by KfW to members of the Board of Supervisory Directors in the reporting year.

Members of the Board of Supervisory Directors are also covered by a directors and officers liability insurance policy, which insures them against the risks of financial loss associated with their actions in their capacity as Supervisory Directors and by a supplemental legal expenses insurance policy. There are currently no deductibles agreed. KfW Supervisory Directors acting in that capacity are also protected by a special legal expenses group policy for employees covering criminal action brought against Supervisory Directors and by a group accident insurance policy.