

PCGK REPORT 2023

*Report on the Public Corporate Governance Code
of the German Center for Neurodegenerative Diseases (DZNE)*

(Note: The German version is binding.)

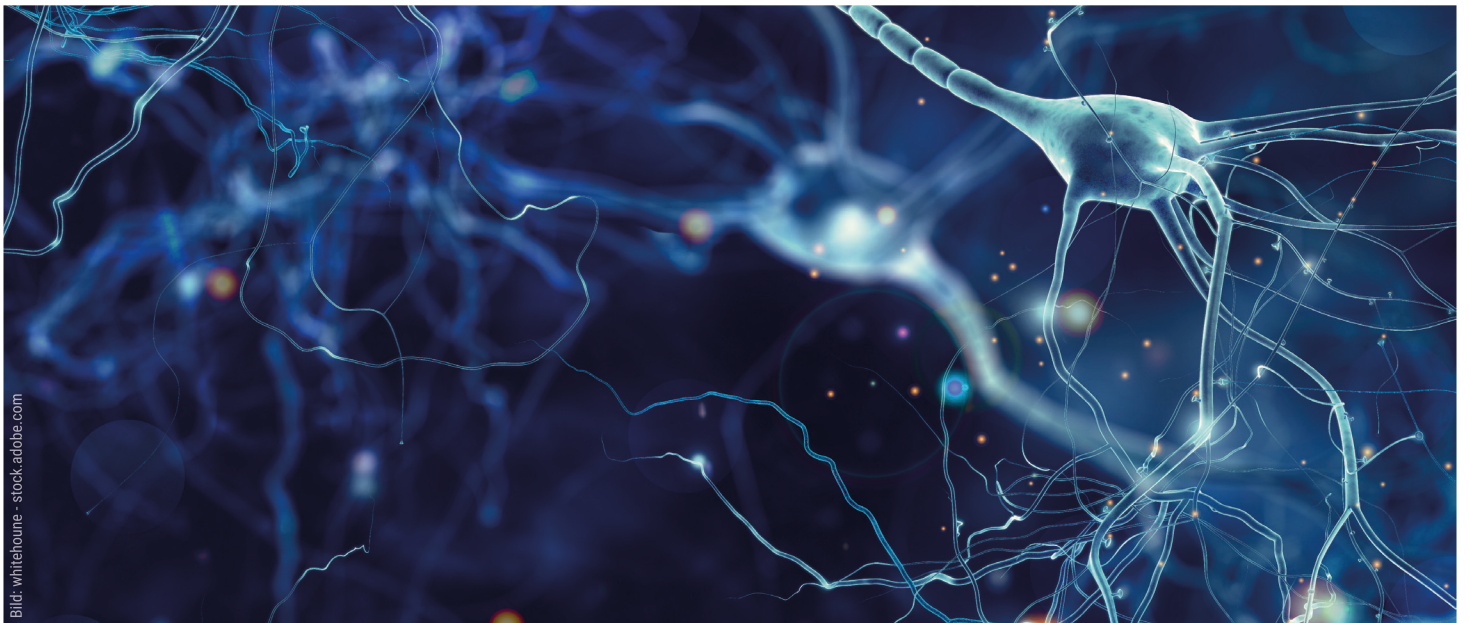


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PRELIMINARY REMARK

The German Center for Neurodegenerative Diseases (DZNE) was founded in 2009 as a member of the Helmholtz Association and as the first of the German Centers for Health Research (DZG). Today, it comprises ten locations - Berlin, Bonn/Cologne, Dresden, Göttingen, Magdeburg, Munich, Rostock/Greifswald, Tübingen, Ulm and Witten - and thus bundles expertise that is distributed nationwide within a single research institution. More than 1,200 experts are working together to understand the causes of diseases of the nervous system and to find new approaches for effective prevention, therapy and patient care. The DZNE is one of the world's leading research institutions working on these topics.

As a member of the Helmholtz Association, the DZNE is financed by public funds, with 90% of the institutional funds coming from the federal government and 10% of the institutional funds from the countries where the DZNE sites are located. In 2022, the Council of the DZNE decided that the DZNE would prepare an annual corporate governance report in accordance with the requirements of the Public Corporate Governance Code of the Federation (PCGK) from the 2023 reporting year. The PCGK stipulates that the management and supervisory declare annually compliance with the recommendations of the PCGK. Any deviations from the recommendations are to be clearly explained. The PCGK report is published on the DZNE website.

EXECUTIVE BOARD AND COMMITTEES

Executive Board

The following persons are members of the Executive Board as at 31.12.2023:

► **SCIENTIFIC DIRECTOR:** Prof. Dr. Dr. Pierluigi Nicotera

Prof. Dr. Dr. Pierluigi Nicotera has been Scientific Director and Chairman of the Board of the DZNE since April 2009. He manages the scientific units of the DZNE and is responsible for the research programs and focal points.

► **ADMINISTRATIVE DIRECTOR:** Dr. Sabine Helling-Moegen, LL. M.

Dr. Sabine Helling-Moegen has been Administrative Director of the DZNE since 2015 and is responsible in particular for the areas of finance, human resources, purchase, third-party funds, law and infrastructure.

The remuneration of each member of the Executive Board for 2023 will be published as a remuneration report in the Federal Gazette following the confirmation from the Audit Commission/ Group at the end of 2024.

Committees

COUNCIL OF THE DZNE

The DZNE Council consists of the German Federal State as Chair and the federal states in which the DZNE sites are located. The Council monitors the activities of the DZNE and reports to the federal and state governments. It determines the basic structures of the DZNE: firstly, it is responsible for all quorum-related amendments to the DZNE statutes; secondly, its approval is required for long-term strategic planning (and for the planning focus). In addition, the Council decides on all matters of membership, such as the affiliation or spin-off of partner institutes and the nomination and resignation of the Executive Board and Senate members. It is the responsibility of the Council to approve any central transaction. The Council meets twice a year.

SENATE

The Senate of the DZNE consists of up to nine proven experts from universities, non-university research institutions and industry who are independent of the DZNE and not directly or indirectly beneficiaries. They should cover the areas of basic research, clinical, pharmaceutical and healthcare research. The Council appoints the members of the Senate for four years. The Senate meets at least twice a year and provides recommendations to the Executive Board and Council on all significant scientific and programme-related DZNE issues.

STRATEGY BOARD

The DZNE Strategy Board comprises the Speakers of the DZNE sites and the Executive Board. It plans the strategy of the DZNE.

DECLARATION OF COMPLIANCE WITH THE FEDERAL PCGK BY THE EXECUTIVE BOARD AND THE COUNCIL OF THE DZNE

The Executive Board and the Council declare that the recommendations of the PCGK have been and are essentially complied with. The DZNE currently still deviates from the following recommendations of the Code or has justified permanent deviations (the recommendations formulated in the PCGK are shown in italics):

Re 3. Shareholders and shareholders' meeting

Re 3.1 Tasks and responsibilities of the shareholders' meeting

The PCGK recommends that the shareholders' meeting stipulate in the articles of association or the company's statutes that the company applies the PCGK as amended and that the management and the supervisory body must submit an annual declaration of compliance with the PCGK in accordance with Section 7.1 and prepare a corporate governance report.

The DZNE's current statutes will be amended to integrate the PCGC as recommended at one of the upcoming Council meetings in 2025.

Re 5. Management

Re 5.2 Composition

For the selection and appointment of members of the Management Board, the PCGK recommends limiting the duration of the initial appointment to a maximum of 3 years. It is also recommended that an age limit for members of the Management Board in line with the statutory requirements be specified in the rules of procedure (5.2.4 and 5.2.5).

This function is filled at the DZNE based on various selection criteria. Priority is given to the requirements for the special qualifications of future members of the Executive Board and their professional expertise in managing the DZNE as a research institution. Against this background, age limits are not specified in the rules of procedure. The appointment period for the initial appointment and reappointment is set at five years in the DZNE statutes in order to ensure continuity and stability for the DZNE.

Re 5.4 Conflicts of interest

Members of the management shall only engage in ancillary activities, in particular positions on supervisory boards, with the approval of the body responsible for their appointment and – if different – the supervisory body. This does not apply to internal positions on supervisory boards of group companies (5.4.4).

In accordance with the provisions of the employment contracts of the members of the Executive Board, any paid ancillary activities require the prior written approval of the chair of the Council. Unpaid ancillary activities - with the exception of joining a corporate body - do not require approval, provided that the interests of the DZNE cannot be affected or even the appearance of a conflict of interest could arise.

Re 6. Supervisory body

Re 6.1 Tasks and competences

The PCGK recommends that the supervisory body adopts its own rules of procedure (6.1.2).

The members of the Council appointed by the Federal Government and the hosting Federal States work well together and, against this background, refrain from drawing up written rules of procedure.

Re 6.2 Composition

The PCGK recommends an appropriate age limit for members of the supervisory body in line with the statutory requirements, which should be taken into account when nominating candidates for the supervisory body (6.2.2).

The members of the supervisory body are appointed by the Federal Government and the Federal States. No age limit has been set in this regard.

Re 6.5 Meetings of the supervisory body

The PCGK recommends that the supervisory body hold one meeting per calendar quarter on a regular basis.

The statutes of the DZNE regulate the planning and organization of at least two ordinary Council meetings per year. Extraordinary meetings are held as required. In addition, decisions can be made at short notice by circular resolution so that the frequency of meetings is deemed appropriate by the committees.

Re 7. Transparency

Re 7.1 Declaration of compliance and Corporate Governance Report

The corporate governance report shall also include

- ▶ *A brief description of the measures outlined in sections 5.5.1. - 5.5.3. including a statement on the company's sustainability activities, and*
- ▶ *A description of the development of the proportion of women in management positions in the management and the two management levels below this, and in the supervisory body.*

The DZNE commits to sustainable corporate governance and is guided by the requirements of Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD). In this context, a sustainability management system is being established and a sustainability strategy developed that identifies and evaluates the main ecological impacts of the company's activities and the main effects of environmental conditions on the DZNE, sets environmental targets and implements measures.

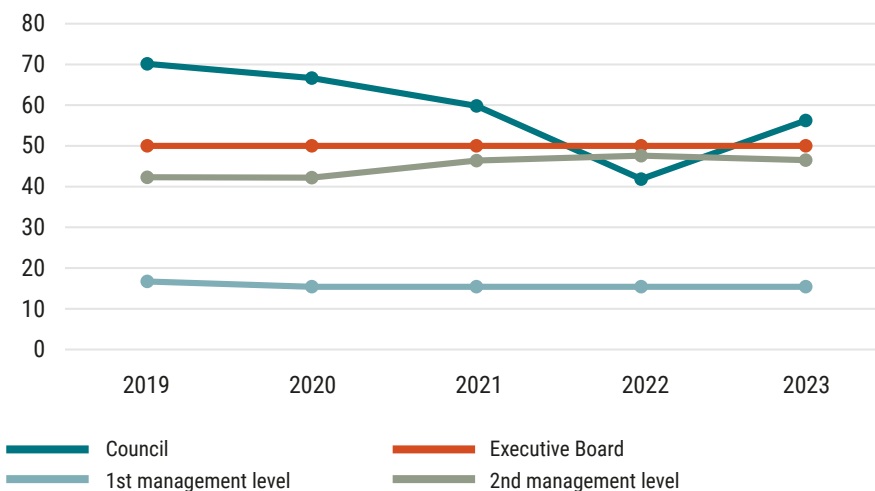
The management ensures a culture at the DZNE that promotes equality, tolerance and non-discrimination with equal development opportunities regardless of ethnic origin, gender, religion or belief, disability, age or sexual identity. The DZNE lives the Charter of Diversity, which is expressed, among other things, in the interdisciplinarity of 5 research areas and through a high level of diversity. Employees from around 65 nations are employed at the ten DZNE sites, with mixed age structures and a balanced gender ratio.

The DZNE promotes the compatibility of work and family life as well as individual health. The DZNE offers flexible working (time) models and childcare options and promotes the continuous professional development of employees through a diverse training and continuing education program in order to provide them with the best possible qualifications and support their development. Inclusion, occupational health management and mental health are also firmly anchored in the company. Through collaboration with an external cooperation partner in the area of family services, topics relating to the need for care for relatives, childcare and life coaching are individually supported. The DZNE was awarded the "audit berufundfamilie" certificate for this commitment.

The DZNE has adopted a Gender Equality Plan to promote equal opportunities at the DZNE, a guideline on the General Equal Treatment Act and is developing guidelines for the working environment and joint interaction at the DZNE. The DZNE demands and promotes a non-discriminatory and equal working culture for all employees as well as protection against abuse of power and sexual harassment.

The proportion of female employees at the DZNE will be around 59% in 2023. Below the Executive Board, the first management level is purely scientific and includes division heads and site spokespersons. The second management level comprises scientific and administrative management positions. The proportion of women in the Executive Board, the two management levels below it and the Supervisory Board has developed as follows over the last five years:

Development of the proportion of female employees in management positions and council



Re 7.3 Publications

The PCGK recommends that company information published by the company shall also be accessible on the company's website for at least five financial years following publication. In addition to the corporate governance report, this also includes the annual financial statements, extended to include the notes, and the management report.

The current audited annual financial statements of the DZNE are publicly available on the Internet. From the 2023 reporting year, the PCGK reports will be made publicly available on the DZNE website for a period of five years.

Re 8. Financial reporting and auditing

Re 8.1 Financial reporting

The PCGK recommends that companies in which the Federation holds a majority shall submit a sustainability report in accordance with the German Sustainability Code or a comparable framework for nonfinancial reporting that likewise includes reporting obligations on human rights which particularly meet at least the standards of the National Action Plan for Business and Human Rights, unless statutory requirements apply.

The DZNE is legally obliged to provide sustainability reporting and to submit a report on its due diligence obligations in the supply chain and makes the respective reports available on the website in a timely manner.