



Get ready for 2025



Presentation & Agenda



Your speakers



Dr. Julia Petersen
Deloitte Legal
Partner | Corporate/ M&A
Lawyer and notary

Phone: +49 30 254685796
E-mail: jpetersen@deloitte.de



Dr. Alexander Boersch
Deloitte
Director | Chief Economist & Head of Research,
Deloitte Germany

Phone: +49 89 290368689
E-mail: aboersch@deloitte.de

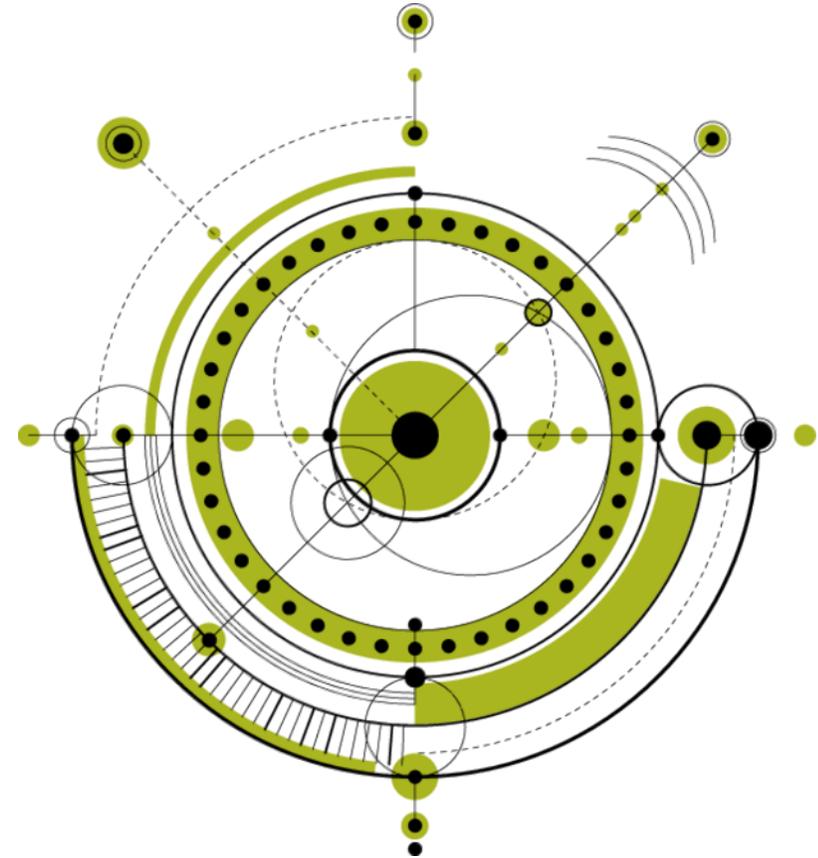


Anna Reshetina-Korkhova, LL.M. (KCL)
Deloitte Legal
Counsel | Corporate/ M&A
Lawyer

Phone: +49 30 25468 5917
E-mail: areshetina-khorkova@deloitte.de

Agenda

1. Justice Location Strengthening Act
2. Fourth Bureaucracy Relief Act - BEG IV
3. Corporate Sustainability Reporting Directive - CSRD
4. Developments in the area of employee participation in the SE
5. Overview of other selected topics
6. Economic Outlook 25: Navigating Uncertainty
7. Q&A
8. Fundraising campaign





Justice Location Strengthening Act

Justice Location Strengthening Act

Overview

Key data

- Law promulgated on October 7, 2024
- Entry into force on April 1, 2025
- Act aims to increase the attractiveness of ordinary jurisdiction in Germany for large and, in particular, international commercial disputes
- Adaptation to the business needs of the disputing parties through conceptual similarity to the principles of arbitration proceedings



Commercial Courts

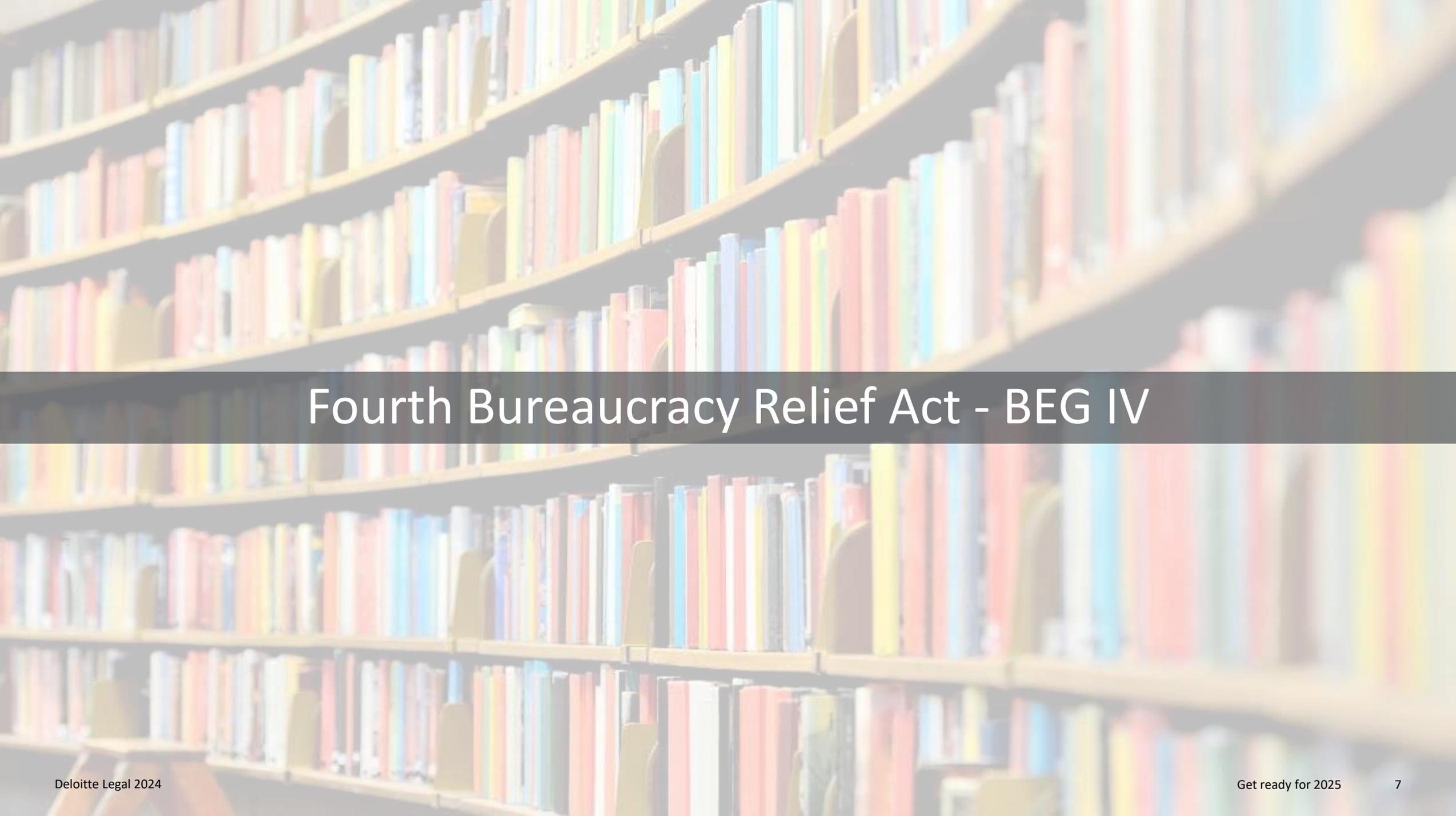
- Possibility for the federal states (*Bundesländer*) to set up „Commercial Courts“ at the higher regional courts (*Oberlandesgerichte*)
- A maximum of one Commercial Court per federal state
- Possibility of limiting functional competence (e.g. Commercial Court only for M&A disputes)
- Jurisdiction starting from an amount in dispute of EUR 500,000.00
- Possibility of setting up "Commercial Chambers" as specialized first instance courts at selected regional courts (*Landgerichte*)



Adjustments with regard to the process

- Language of proceedings before the Commercial Courts can be English provided that both parties agreed to it
- Facilitates use of English documents and hearing of foreign witnesses
- Commercial Courts have jurisdiction as first instance; the only legal remedy is an appeal to the Federal Court of Justice (*BGH*), therefore simplifying the appeal process
- Protection of trade secrets in proceedings; similarity to the Trade Secrets Protection Act
- further changes to procedural law similar to the practices of arbitration





Fourth Bureaucracy Relief Act - BEG IV

Fourth Bureaucracy Relief Act - BEG IV

Overview

Key data

- Law promulgated on October 29, 2024
- Entry into force in large parts on January 1, 2025
- Act aims to reduce paper consumption in business by switching to digital alternatives and shortening retention periods for certain documents
- An indirect consequence of the new regulations are numerous simplifications for companies (i.a. company law, labor law, tax law)
- BEG I to III also contained procedural simplifications & digitization steps



Digitization

- Electronic notification of tax assessments by making them available for retrieval
- Text form for certain notifications from stock corporations
- Text form for voting by circulation at the GmbH
- Text form for evidence of employment contracts in accordance with the Evidence Act (*Nachweisgesetz*)
- Text form for numerous labor law processes
- Further formal simplifications in other areas (e.g. tenancy law)



General facilitations

- Shortened retention obligations for accounting documents from ten to eight years
- With regard to remuneration-related resolutions for listed stock corporations, publication on the internet will be sufficient
- Central power of attorney database for tax consultants
- Forced auction of a GmbH share in the forfeiture proceedings can now be carried out by a notary





Corporate Sustainability Reporting Directive - CSRD

Developments in the area of Corporate Social Responsibility

Corporate Sustainability Reporting Directive - CSRD

Overview

Key data

- EU Directive of January 5, 2023 with implementation deadline of July 6, 2024
- Not yet implemented in Germany (expected in 2025)
- Directive is part of the Green Deal and is intended to close and supplement existing gaps in non-financial reporting
- Scope of the directive is reporting on ESG (environmental, social, governance)
- Reporting obligation is significantly expanded and now addresses more companies
- Gradual introduction from 2024 to 2028



Content of the reporting

- The scope and content of reporting are determined in accordance with the European Sustainability Reporting Standards (ESRS)
- ESRS divides reporting topics into ten sub-areas (E1, E2, E3, E4, E5, S1, S2, S3, S4, G1)
- Reporting after conducting a materiality analysis to determine which topic standards are relevant for the report
- The overall aim is to provide outsiders with a clear picture of the impact of the companies on the aforementioned topics
- Part of the management report



Addressees of the reporting obligations

- Size determined in accordance with accounting law
- Public interest entities (PIE) with more than 500 employees (financial years from January 1, 2024)
- Other large companies (financial years from January 1, 2025)
- Capital market-oriented SMEs (financial years from January 1, 2026); however, possibility of deferral until 2028
- Possibility of exempting individual companies from the reporting obligation within one group
- possibly also companies from non-EU countries obligated



Corporate Sustainability Reporting Directive - CSRD

Individual subject areas

CSRD

Environment

- ESRS E1: Climate change
- ESRS E2: Pollution
- ESRS E3: Water and marine resources
- ESRS E4: Biodiversity & Ecosystems
- ESRS E5: Resource use & circular economy



Social affairs

- ESRS S1: Own workforce
- ESRS S2: Workers in the value chain
- ESRS S3: Affected communities
- ESRS S4: Consumers and end users



Governance

- ESRS G1: Business conduct



A group of business professionals is seated in a modern office environment, viewed from behind. They are sitting on a reflective surface, and their silhouettes are mirrored below. The office has large windows that offer a panoramic view of a city skyline, including a prominent skyscraper with a pointed top. The overall atmosphere is professional and forward-looking.

Developments in the area of employee participation in the SE

Developments in the area of employee participation in the SE

Overview

Background

- A mandatory component of the formation of an SE is the procedure for determining employee participation in the supervisory body of the SE (negotiation procedure).
- (Provisional) Formation of an SE without conducting the negotiation procedure is permissible if neither the SE nor the founding companies have employees
- Lack of certainty as to whether the negotiation procedure must be repeated if the SE is economically capitalized
- On May 16, 2024, ECJ has passed a decision in this regard in a reference by the Federal Labour Court (*BAG*)



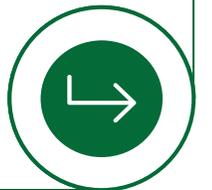
Decision content

- Employee-less British holding SE became controlling company of a German co-determined GmbH, which was then converted into a KG, which led to the elimination of co-determination
- The holding SE was founded without conducting a negotiated procedure
- ECJ ruled that there is no obligation on the part of the SE to repeat the negotiation procedure, although both the KG and its European subsidiaries employ staff
- An exception to this principle exists in the case of abuse of rights



Consequences and effects

- In certain constellations, an economically active SE without co-determination is conceivable on a permanent basis
- However, the objection of abuse of rights must be taken into account
- It remains to be seen which cases will be classified as cases of abuse of rights by the courts; only then will the limits of avoiding co-determination through the use of a (shelf) SE become apparent
- The decision also has a major impact on groups with European operations in particular





Overview of other selected topics

Further selected topics

Overview

Act on urgent changes in the financial market and tax area

- *introduced to the Bundestag on 17.12.2024*
- *should essentially guarantee the timely transposition of some directives*
- *mainly adopts provisions from draft legislation that was already available (e.g. the second Future Financing Act)*

EU Supply Chain Directive

- *Extension of the due diligence obligations in relation to the Supply Chain Act (LkSG) and otherwise ties in with the idea of the LkSG*
- *Adoption in summer 2024*
- *Implementation by July 2026*

AI and digitalization in the company

- *Use of AI in companies could have consequences for employee participation rights*
- *Most recently decided that the introduction of AI does not always require the involvement of the works council*

Growth Opportunities Act

- *Announcement on March 27, 2024*
- *Act aims to strengthen Germany's competitiveness*
- *Relief for companies*
- *Simplifications in tax law*

Further selected topics

Overview

New annual tax law

- *General simplifications in tax law*
- *Reducing bureaucracy and implementing EU requirements*

Property tax reform

- *Method for determining the property tax declared unconstitutional by the BVerfG*
- *Preservation of the basic structure of the valuation; only adjustment*
- *Standard valuation to be abolished*

Accessibility Strengthening Act

- *Entry into force on June 28, 2025*
- *Legal consequences for manufacturers, dealers and importers of certain products as well as service providers vis-à-vis consumers*
- *Obligation to make products accessible*

Increase in the threshold values of the size classes under commercial law

- *Change in threshold values due to increased inflation*
- *may lead to a lower classification*
- *Lower classification means fewer obligations under accounting law*

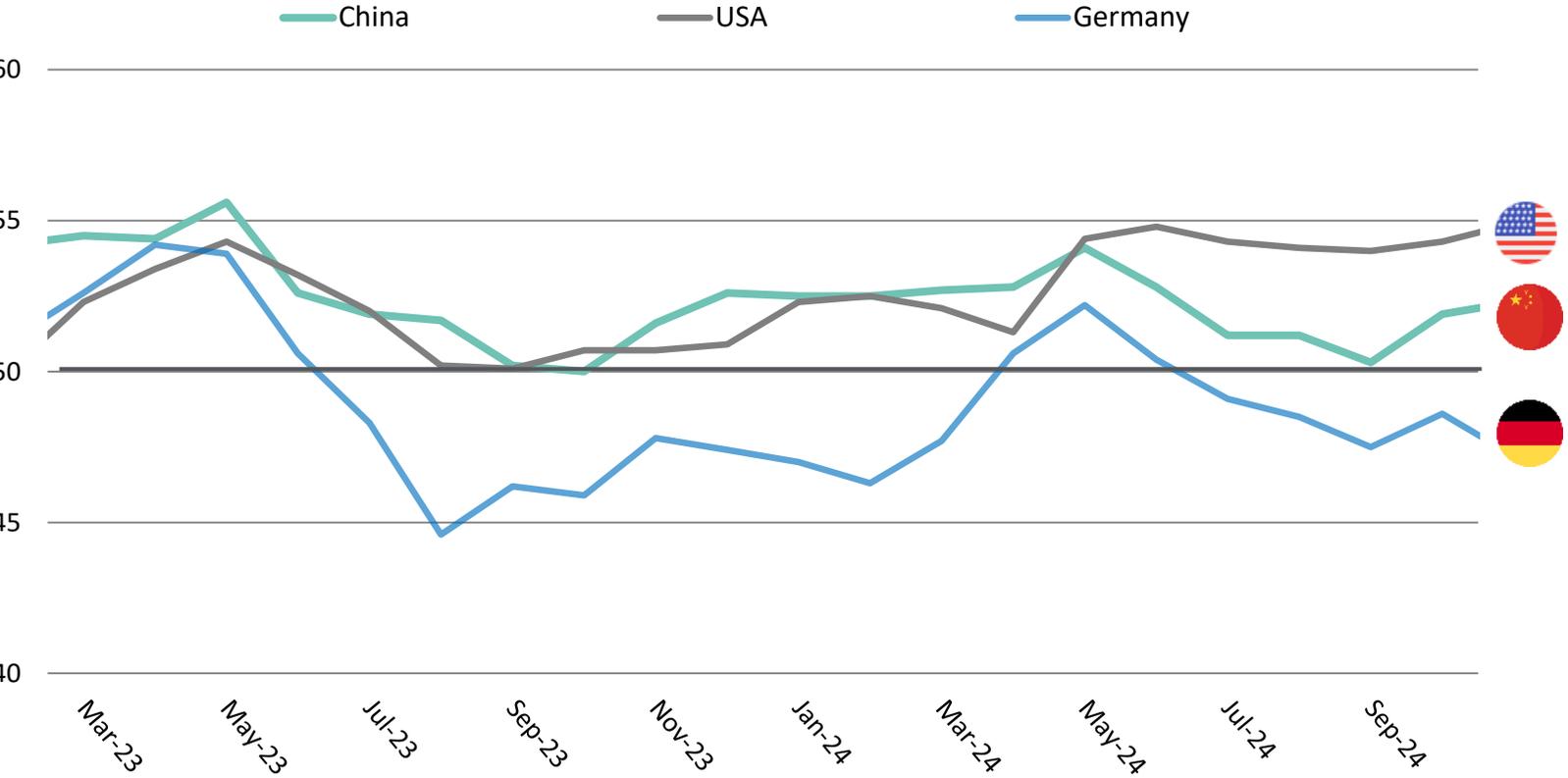


Economic Outlook 25: Navigating Uncertainty

Economic situation | Germany in low-growth mode

Business activity in the U.S. very resilient, moderate in China and fragile in Germany

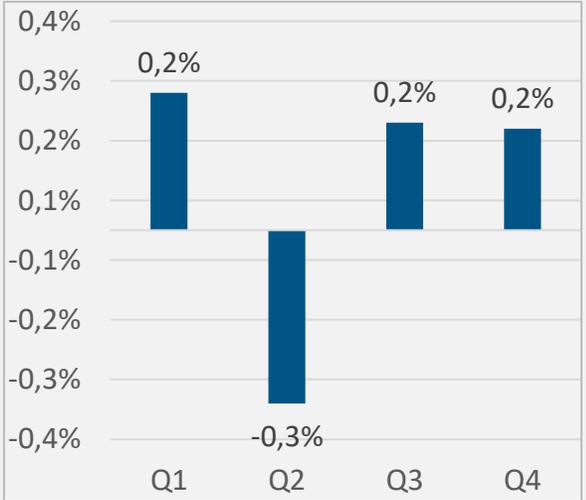
Purchasing Managers' Index - PMI (50 = no change)



Source: Refinitiv, National Bureau of China

Deloitte Legal 2024

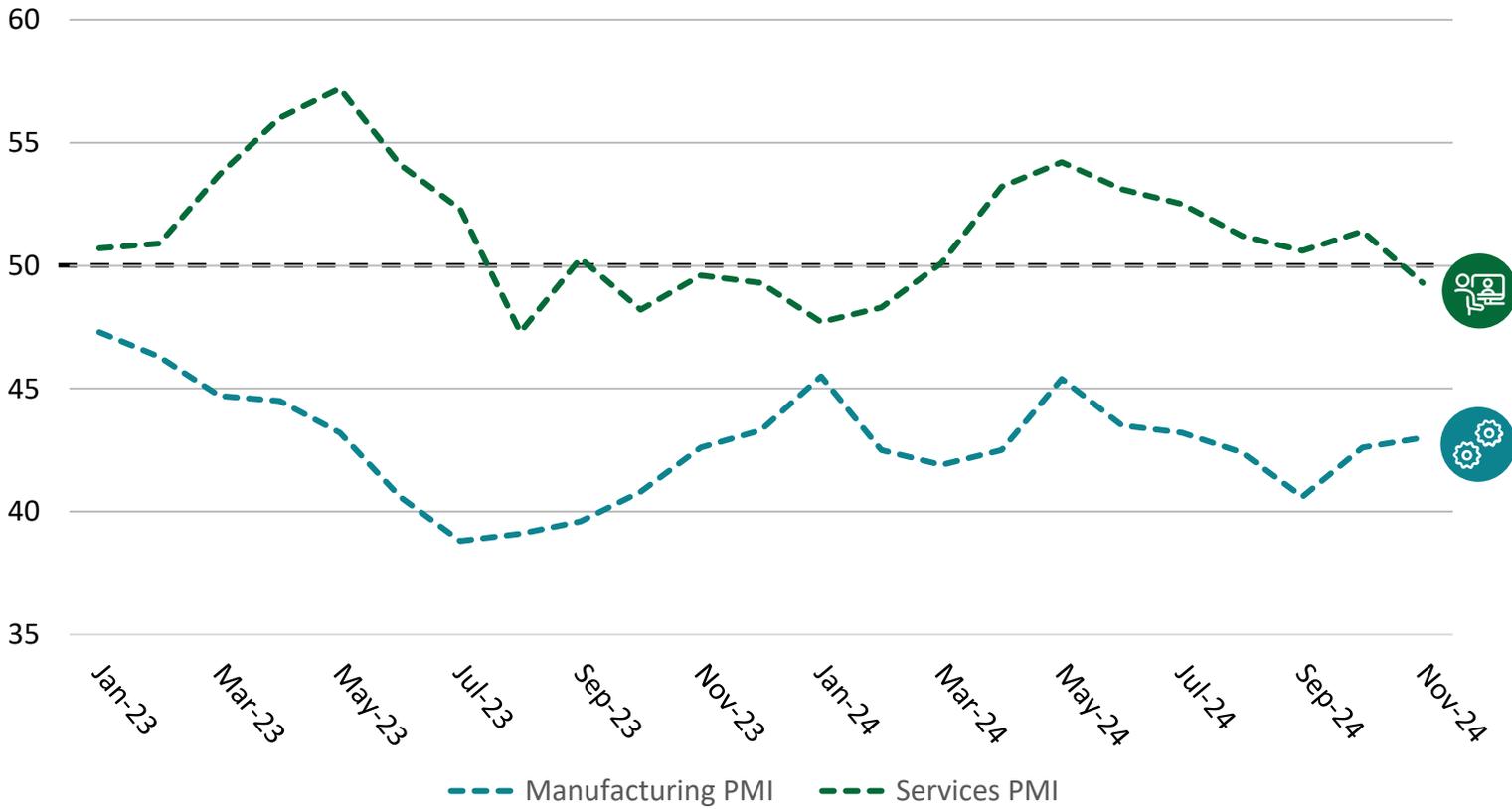
GDP Growth Germany 2024 (q-q)



Economic situation | Diverging sectors

Strong sectoral divergences - services sector continues to grow, manufacturing in recession

Purchasing Managers' Index Germany - PMI (50 = no change)



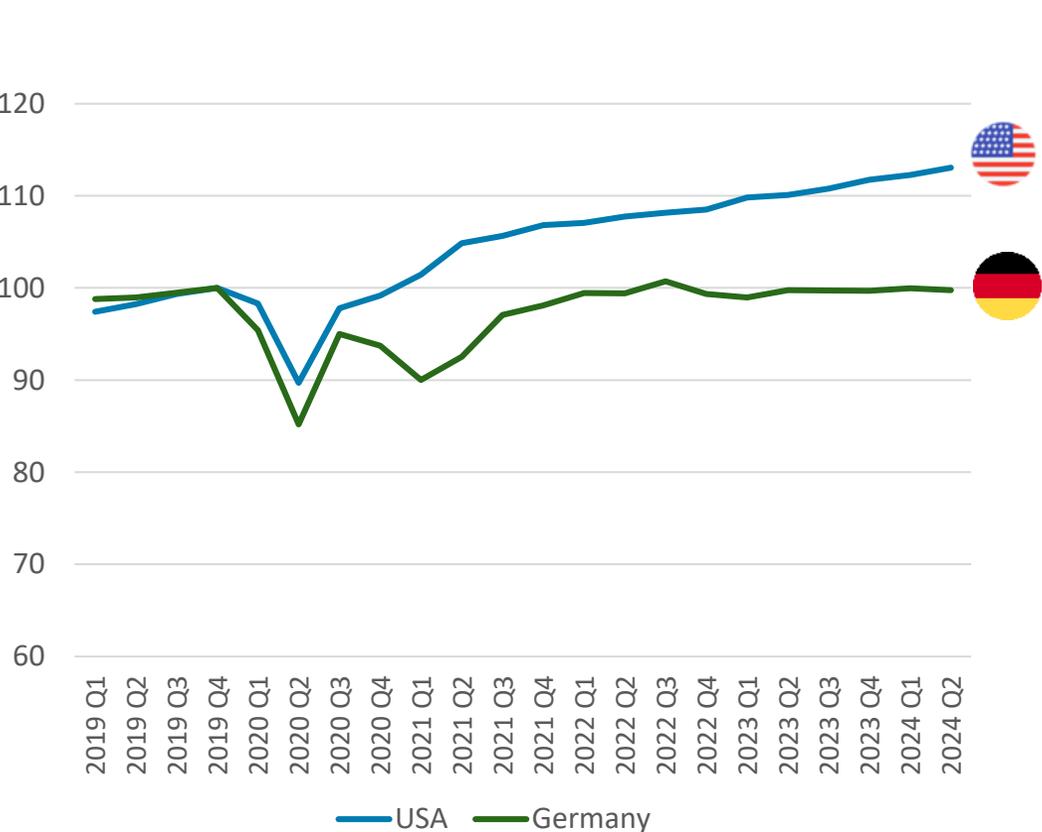
- **Manufacturing**
 - **Low global demand, low investment** activity and competitiveness challenges
 - **Industrial production down** by almost 5% in 2024 and more than 10% below pre-Covid level
 - **But:** pace of decline moderating - bottoming-out in sight
- **Services**
 - **Post-pandemic recovery** of tourism and entertainment
 - **Tech and banking sectors** keep growing

Source: Refinitiv
Deloitte Legal 2024

Economic situation | Consumption and investment activity subdued

Consumers and companies continue to be cautious - low consumer and investment confidence

Private consumption (real, 2019 Q4 = 100)



Investment, private sector (real, 2019 Q4 = 100)

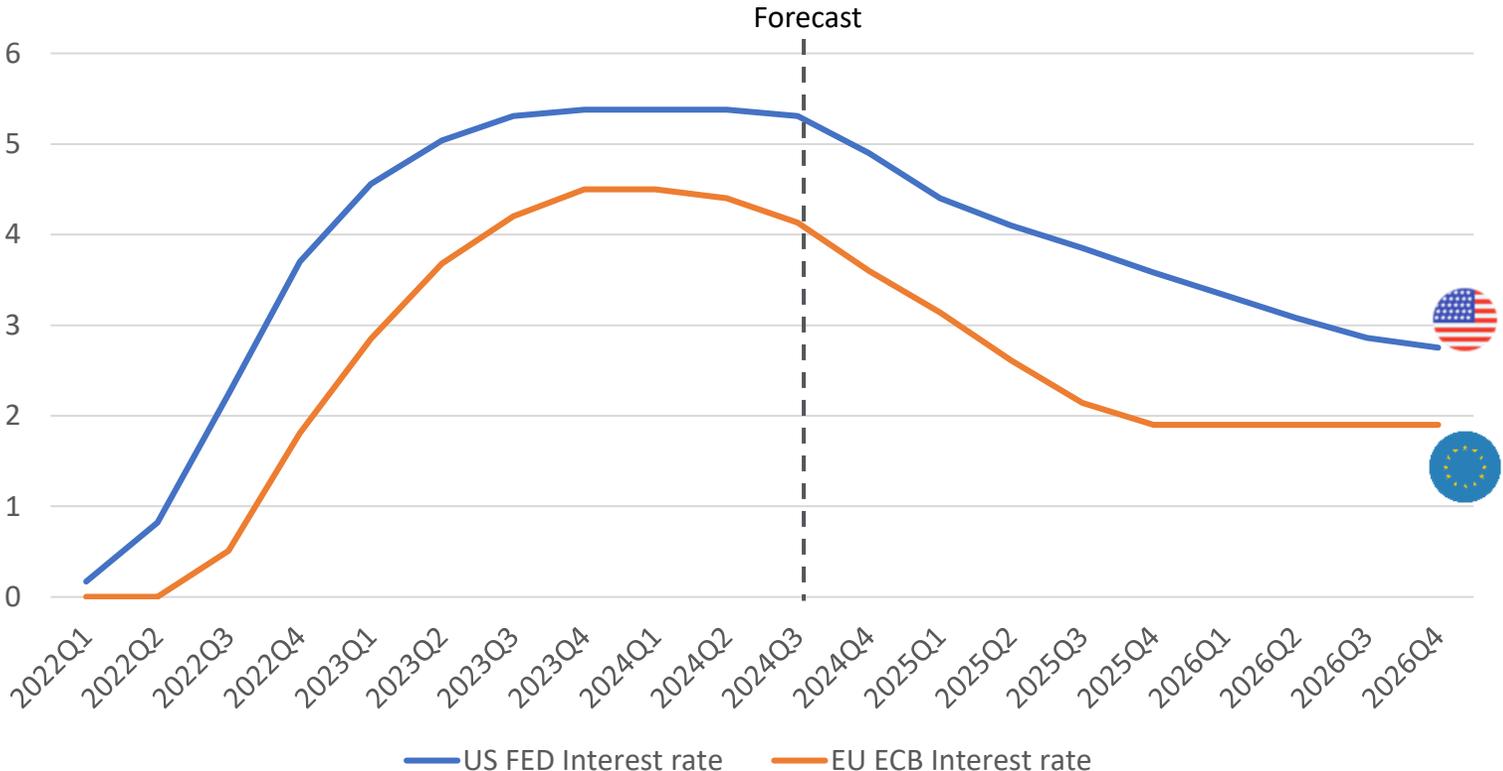


Sources: Eurostat, Oxford Economics

Outlook | Interest rates on the way to a new normal

Interest rate cycle has begun, is likely to continue and should support investments and private consumption going forward

Interest rate development and forecast (in %)



Source: Oxford Economics (2024)

Risks

- **Services inflation** stubbornly high
- **Labor markets:** Substantial wage growth and labor shortages
- **Supply chains:** Cost increases due to near- or friendshoring



Outlook | Drivers 2025

Private consumption and investments to recover moderately - big question mark over trade development

Consumption



- **Purchasing power is set to grow further**
- **Lower interest rates should lower saving rate**
- **Labor market to remain robust**
- **Competition between uncertainty and healthy fundamentals**

Investment



- **Investment is expected to expand slightly**
- **Lower capital costs**
- **Yet, structural challenges and elevated uncertainty drag on investment**

Trade

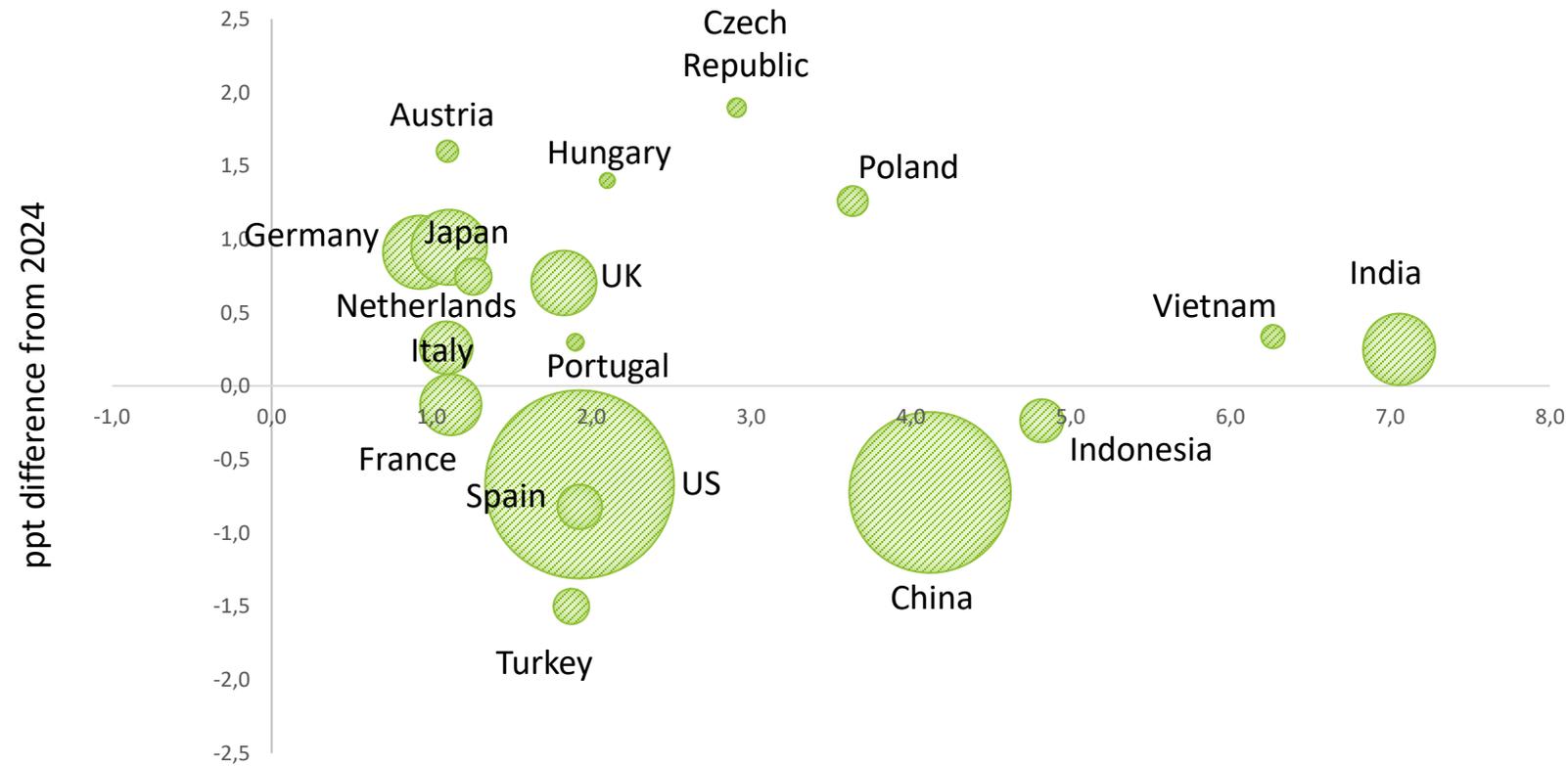


- **Baseline: World trade to increase slightly as well as European exports**
- **However, unusually high number of geopolitical risk factors**

Outlook | More of the same for the world economy

(Very) moderate recovery in Europe and Germany

Economic growth 2025



- At **3.2%**, the **world economy** is likely to grow at a very similar pace than in 2024 (3.1%)
- **Germany**: difficult first quarter, slow recovery afterwards
 - **Upside risks:**
 - Less economic policy uncertainty after general election
 - Structural reforms
 - **Downside risks:**
 - Trade wars
 - Continuing investment and consumer uncertainty

Source: Deloitte, Oxford Economics, 2024

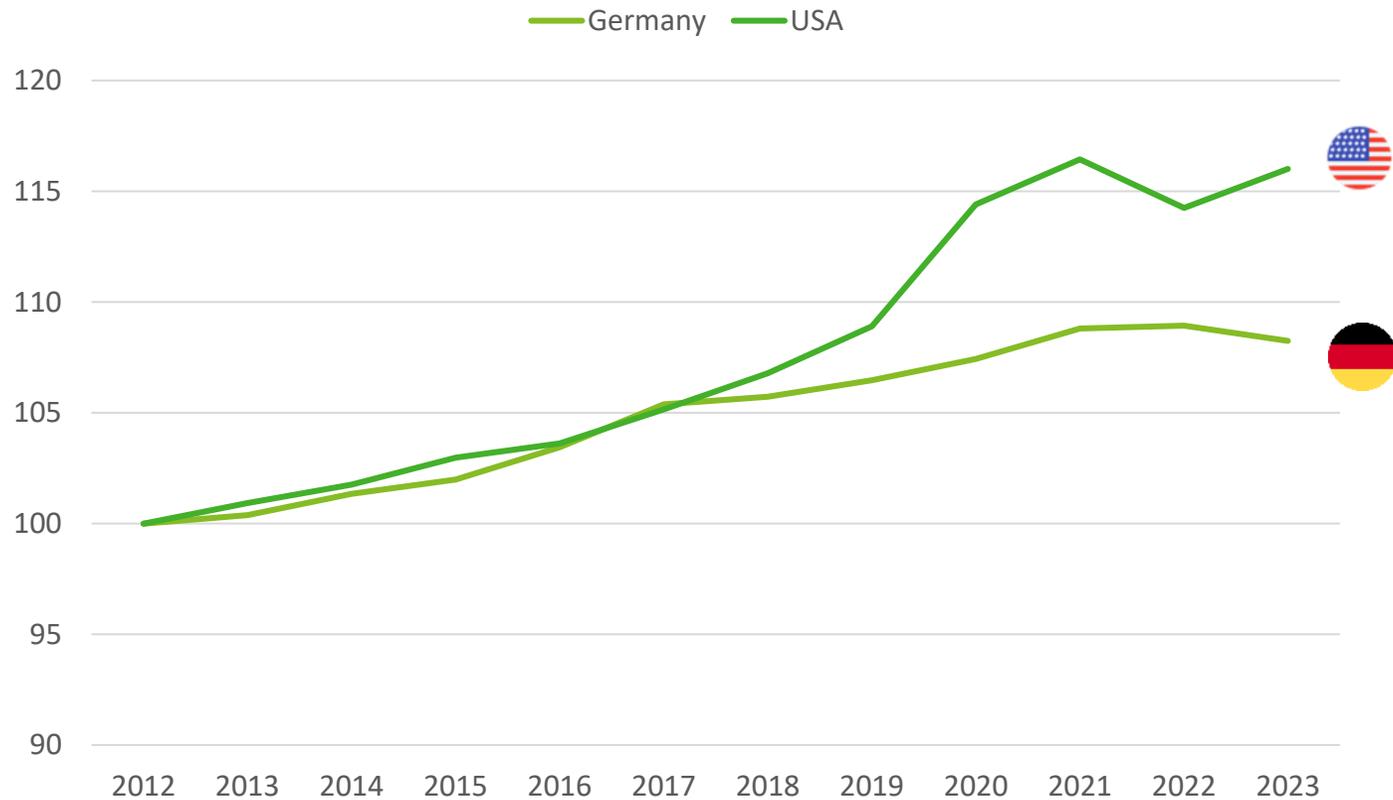
% growth in 2025

Bubble sizes denote the level of GDP in US\$ in 2024

Economic challenges | Productivity growth

Productivity growth is stagnating and falling far behind the US

Labor productivity (output per work hour), 2012 = 100.



Sources: Eurostat, FRED, Deloitte

Drivers

- Role of the tech sector
- Deeper capital markets
- Digitization of companies
- Regulation and Taxes
- ...
- **"a country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker"**



Paul Krugman

Economic Challenges | Economic policy platform U.S. Government

Taxes, tariffs and migration are at the center of Republican economic policy plans

Taxes

- Reduction of corporate tax to 15%
- Continuation of TCJA
- Increase in Child Tax Credit

Migration policy

- Strict control of migration
- Deportation of 1.3 million (Low) / 8.3 million (High) illegal immigrants

Industrial policy

- Strict decoupling from China
- Reshoring of U.S. industry / Attracting foreign companies
- Continuation of IRA unclear
- Focus on fossil energies, exit from Paris agreement

Trade policy

- Tariffs of 10-20% on all imports
- Tariffs of 60 - 100 percent on all Chinese imports

"To me, the most beautiful word in the dictionary is 'tariff,' and it's my favorite word"

Trump's 'Beautiful' Tariffs Foreshadow a Big Policy Experiment



Former US President Donald Trump. Photographer: Christopher Diltz/Bloomberg

By Chris Anstey

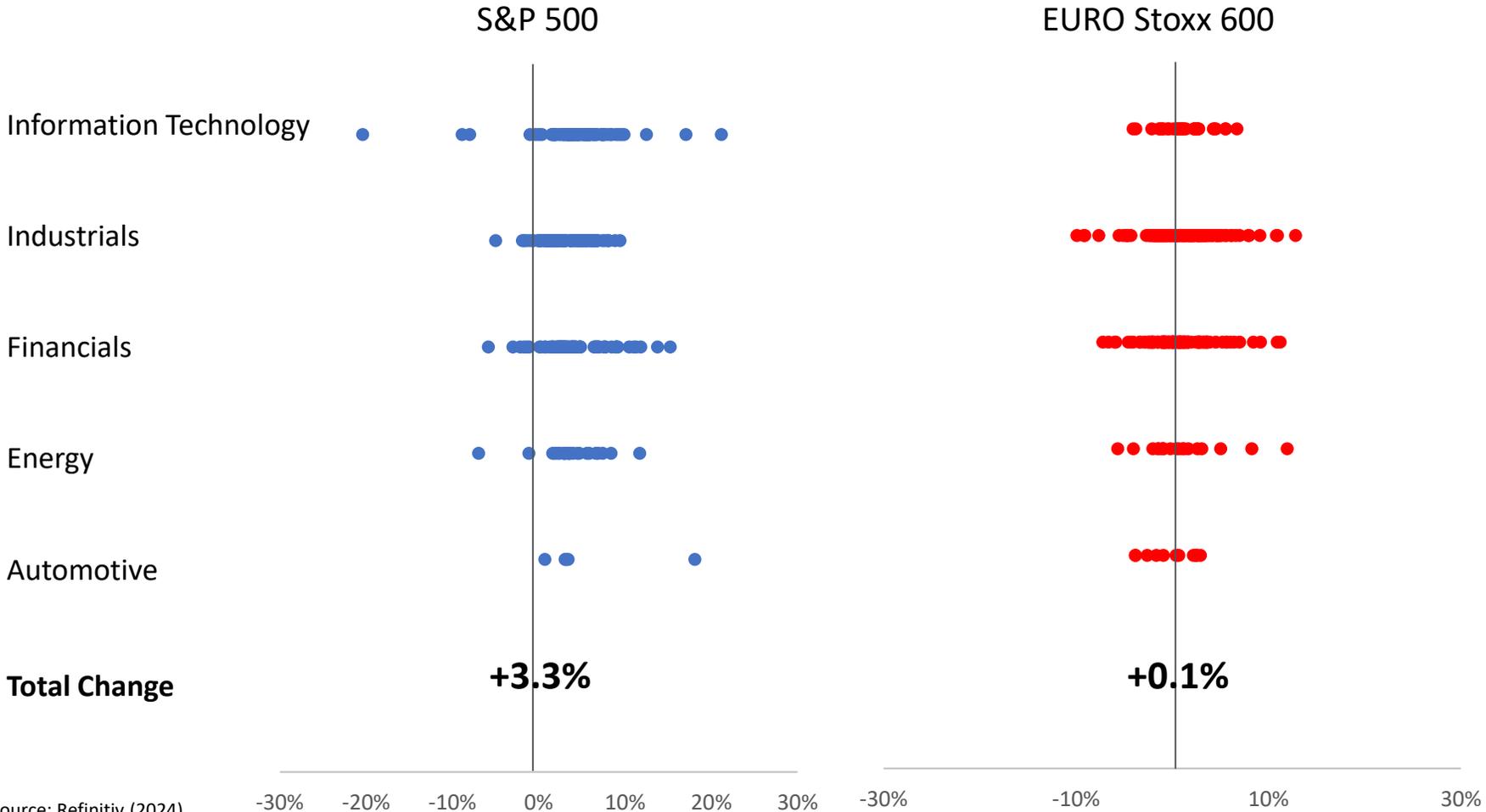
October 16, 2024 at 1:00 PM GMT+2

Trade deficits with Europe are *"crazy and we are not going to have them anymore"*

Economic challenges | U.S. tariff policy

Financial markets expect tailwinds for U.S. sectors from deregulation and tax cuts -
 Impact of tariffs on Europe very sector- and company-dependent

Election Impact: Sector-wise Stock Returns (Change: Nov 5th to 7th)



Source: Refinitiv (2024)

Impact of tariffs

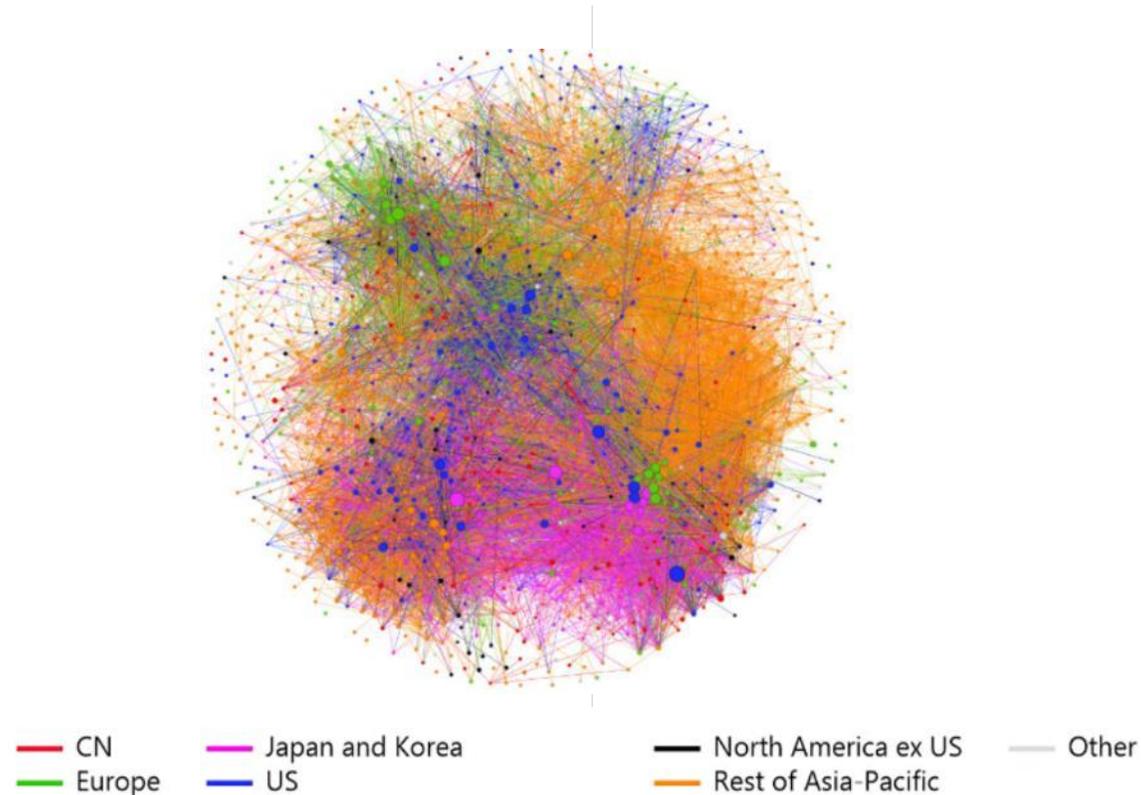
- Dependent on **who bears the burden** - producers, retailers or consumers
- **Disruption for supply chains**, possibly **higher investment** in the U.S.
- **Higher tariffs for Chinese products** (60% vs. 10%) on the U.S. market would mean relative advantages for Europe - sectoral opportunities
- **Indirect effects:** higher competition with Chinese companies in Europe and third markets

Economic challenges | Supply Chain Trade

Trade conflicts and rising tariffs will have a lot of unforeseen and unintended consequences

Direct and indirect linkages by geographical location of companies (September 2023)

Two-step supplier-to-customer linkages



Source: OECD, S&P Capital IQ, BIS (2023)

Global Supply Chains

- **Traditional view of trade:** Each country produces goods that are exported as final products to consumers abroad
 - Accounts for around 30% of total trade
- **70% of international trade today involves global supply chains**
 - Services, raw materials, parts and components cross borders - often multiple times.

Q&A



Hidden Movers

Fundraising camp



SpreuWeizen (Die Rederei gUG)

Hidden Mover 2024 | Deloitte Foundation

About the project

The "SpreuWeizen" project strengthens young people's news skills through interactive, game-based workshops. As the name suggests, the aim is to be able to distinguish reliable reporting from fake news, conspiracy narratives, targeted opinion making and advertising. Although young people are digital natives and intensive social media users, they are insufficiently armed against disinformation and filter bubble effects. Only a few young people know how journalism works, what differences there are in reporting and what deliberately spread disinformation and political influencing can do. The project aims to change this and raise awareness of the issue.

The Deloitte Foundation has honored the project with the Hidden Movers Award in the **growth phase** prize category, which is endowed with 25,000 euros, pro bono consulting from Deloitte and coaching from the Social Entrepreneurship Academy.

Contact us

Website: <https://spreu-weizen.de>

If you are interested in the project, please contact Jessica Sandler at the Deloitte Foundation (jsandler@deloitte.de)

Further information

You can find the video and a profile of the project on our website: [Current winning projects - Hidden Movers Award](#)





**Thank you very
much**
for your attention

Deloitte Legal

Your contact



Dr. Julia Petersen
Deloitte Legal
Partner | Corporate/ M&A
Lawyer and notary

Phone: +49 30 254685796
E-mail: jpetersen@deloitte.de



Dr. Alexander Boersch
Deloitte
Director | Chief Economist & Head of Research,
Deloitte Germany

Phone: +49 89 290368689
E-mail: aboersch@deloitte.de



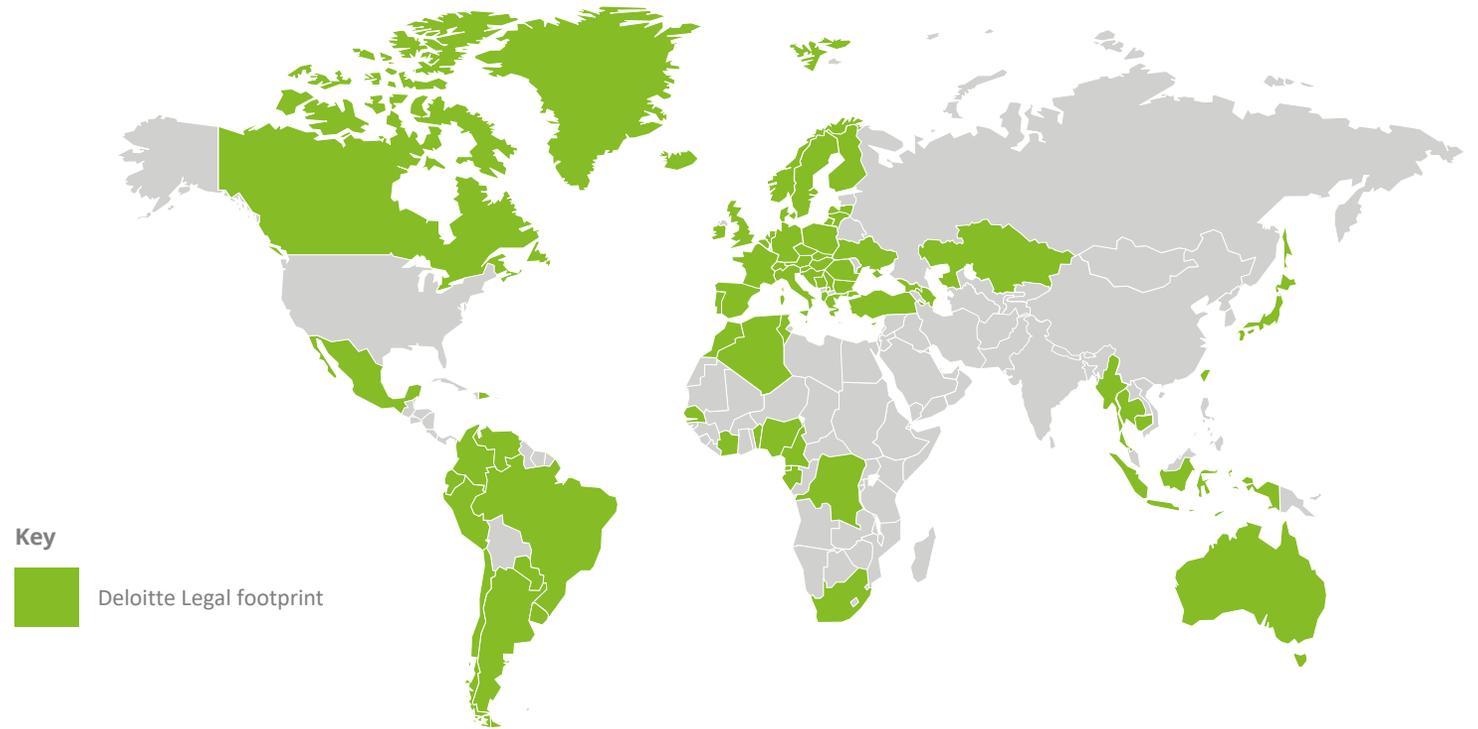
Anna Reshetina-Korkhova, LL.M. (KCL)
Deloitte Legal
Counsel | Corporate/ M&A
Lawyer

Phone: +49 30 25468 5917
E-mail: areshetina-khorkova@deloitte.de

Deloitte Legal has a strong global presence

It can be very challenging to coordinate a large number of legal advisors around the world without losing sight of individual aspects.

As one of the world's leading legal consultancies, Deloitte Legal helps you overcome challenges and realize your vision by being your single point of contact for your global legal needs.



Deloitte Legal practices

- | | | | | | |
|---------------|------------------------|--------------------------|-----------------|------------------|--------------------|
| 1. Albania | 15. Chile | 29. Gabon | 43. Kazakhstan | 57. Peru | 71. Thailand |
| 2. Algeria | 16. Colombia | 30. Georgia | 44. Kosovo | 58. Poland | 72. Tunisia |
| 3. Argentina | 17. Costa Rica | 31. Germany | 45. Latvia | 59. Portugal | 73. Turkey |
| 4. Australia | 18. Croatia | 32. Greece | 46. Lithuania | 60. Romania | 74. Ukraine |
| 5. Austria | 19. Cyprus | 33. Guatemala | 47. Malta | 61. Senegal | 75. Uruguay |
| 6. Azerbaijan | 20. Czech Rep. | 34. Honduras | 48. Mexico | 62. Serbia | 76. United Kingdom |
| 7. Belgium | 21. Dem Rep of Congo | 35. Hong Kong SAR, China | 49. Montenegro | 63. Singapore | 77. Venezuela |
| 8. Benin | 22. Denmark | 36. Hungary | 50. Morocco | 64. Slovakia | |
| 9. Bosnia | 23. Dominican Republic | 37. Iceland | 51. Myanmar | 65. Slovenia | |
| 10. Brazil | 24. Ecuador | 38. Indonesia | 52. Netherlands | 66. South Africa | |
| 11. Bulgaria | 25. El Salvador | 39. Ireland | 53. Nicaragua | 67. Spain | |
| 12. Cambodia | 26. Equatorial Guinea | 40. Italy | 54. Nigeria | 68. Sweden | |
| 13. Cameroon | 27. Finland | 41. Ivory Coast | 55. Norway | 69. Switzerland | |
| 14. Canada | 28. France | 42. Japan | 56. Paraguay | 70. Taiwan | |



Deloitte Legal refers to the legal practices of Deloitte Touche Tohmatsu Limited member firms, their affiliates or partner firms that provide legal services.

Deloitte refers to Deloitte Touche Tohmatsu Limited (DTTL), its worldwide network of member firms and their affiliates (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliates are legally separate and independent entities that cannot bind or obligate each other to any third party. DTTL, each DTTL member firm and its affiliates are liable only for their own acts and omissions and not for those of others. DTTL does not itself provide services to clients. Further information can be found at www.deloitte.com/de/UeberUns.

Deloitte provides industry-leading audit and assurance, tax, consulting, financial advisory and risk advisory services to nearly 90% of the Fortune Global 500® companies and thousands of private companies. Legal services are provided in Germany by Deloitte Legal. Our people deliver measurable, long-term results that help build public confidence in the capital markets, support our clients' transformation and growth, and lead the way to a stronger economy, a fairer society and a sustainable world. Deloitte builds on over 175 years of history and operates in more than 150 countries. Learn more about how Deloitte's approximately 457,000 employees live the mission statement "making an impact that matters" every day: www.deloitte.com/de.

This publication contains general information only and neither Deloitte Legal Rechtsanwaltsgesellschaft mbH nor Deloitte Touche Tohmatsu Limited ("DTTL"), its worldwide network of member firms nor their affiliates (collectively, the "Deloitte Organization") are providing a professional service with this publication. This publication is not intended for use in making business or financial decisions or actions. You should consult a qualified advisor on a case-by-case basis.

No statements, warranties or representations (express or implied) are made as to the accuracy or completeness of the information in this publication and neither DTTL nor any of its member companies, affiliates, employees or agents shall be liable or responsible for any loss or damage of any kind incurred directly or indirectly in connection with any person relying on this publication. DTTL and each of its member companies and affiliates are separate and independent legal entities.