

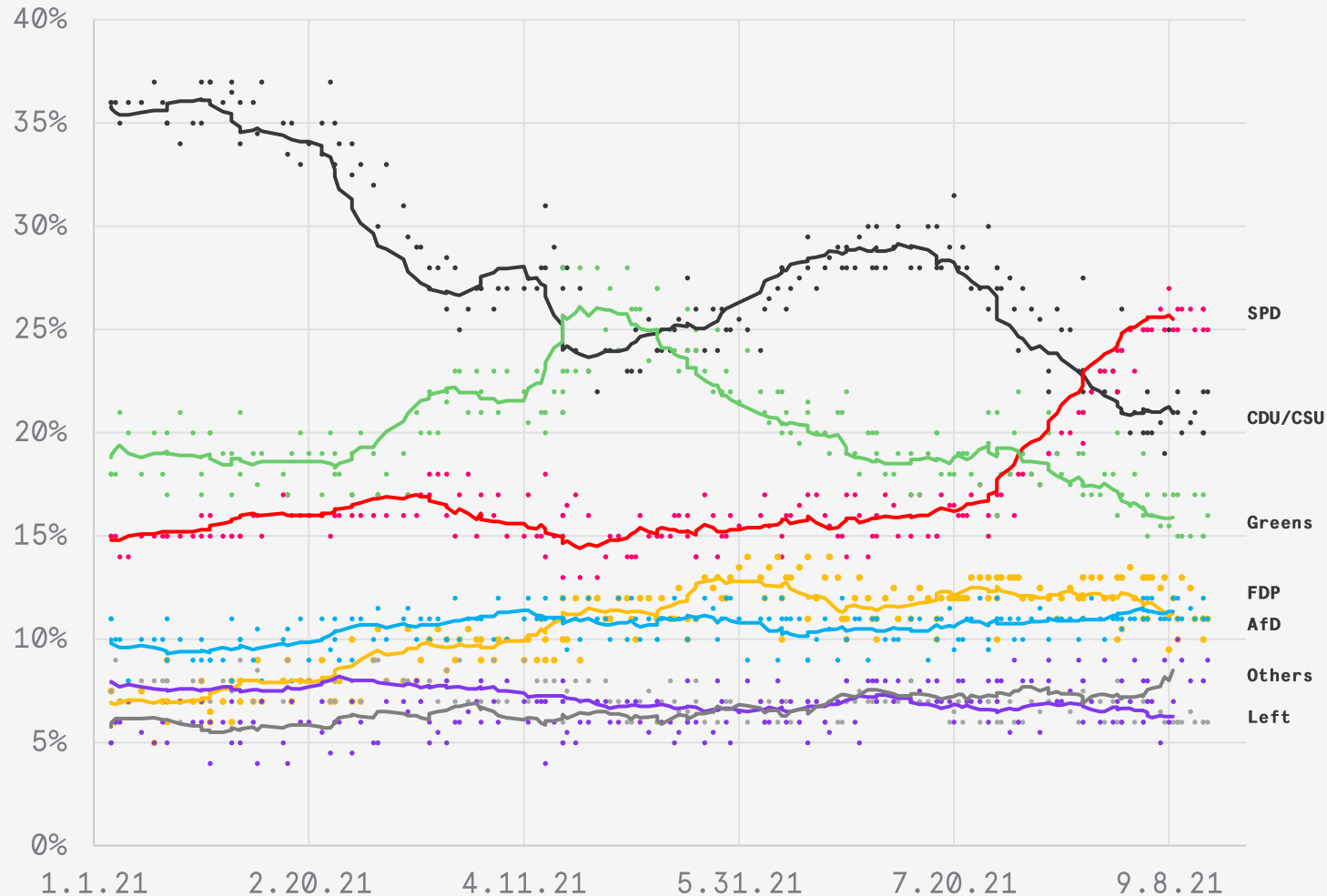


German Federal Elections 2021

Trends, issues, implications

September 20, 2021

WITH 6 DAYS TO GO, THE ELECTION OUTCOME IS TOO CLOSE TO CALL



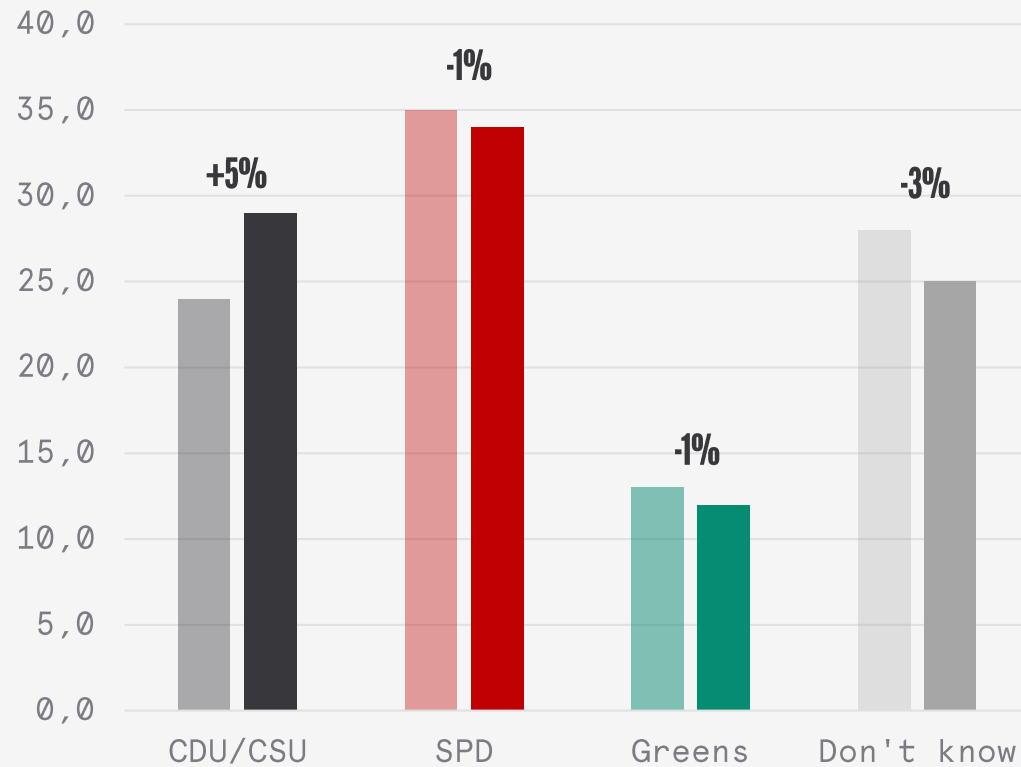
| **SPD momentum stopped /** Conservatives slowly recovering on the back of aggressive campaigning warning of a leftist gov't led by Scholz

| **One third** still undecided

| Polls have proven to be **significantly off** in recent elections (BTW 2017, 2021 regional elections) with voters more flexible than ever.

SPD-LED GOVERNMENT THE PREFERRED CHOICE - BUT CONSERVATIVES PICKING UP

Who should lead the next government?

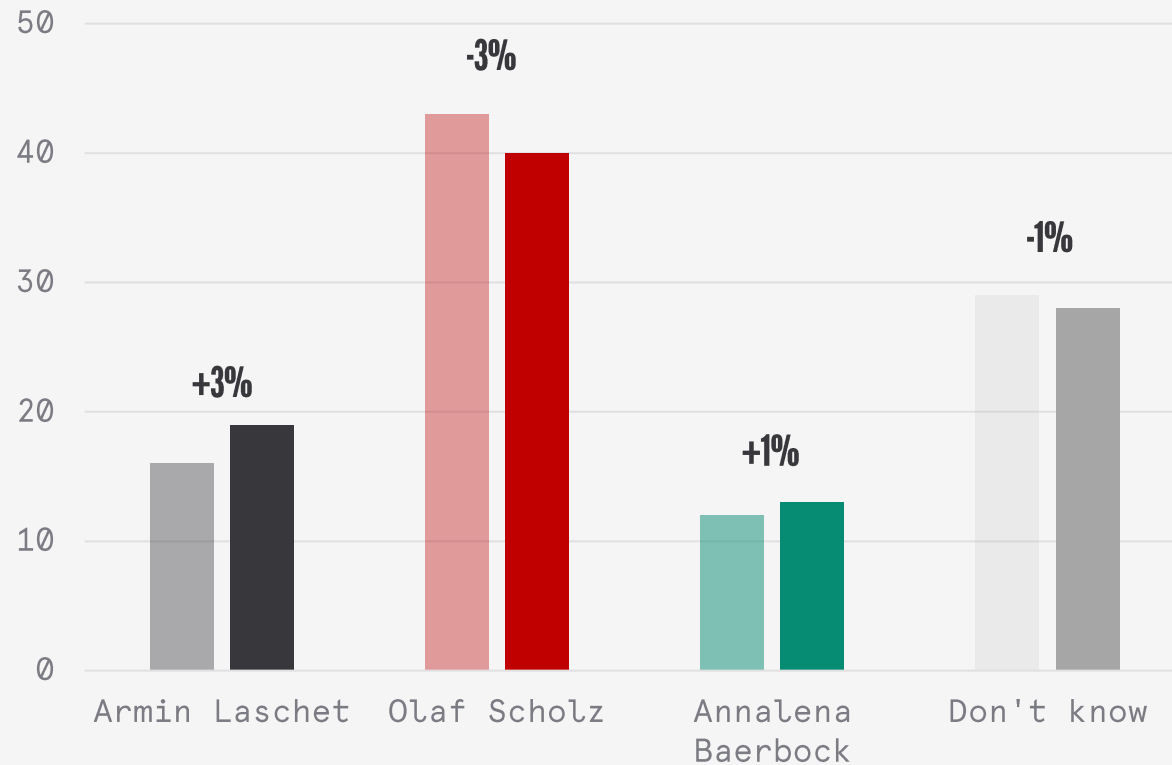


Infratest dimap, Sep 16 vs. Sep 2.



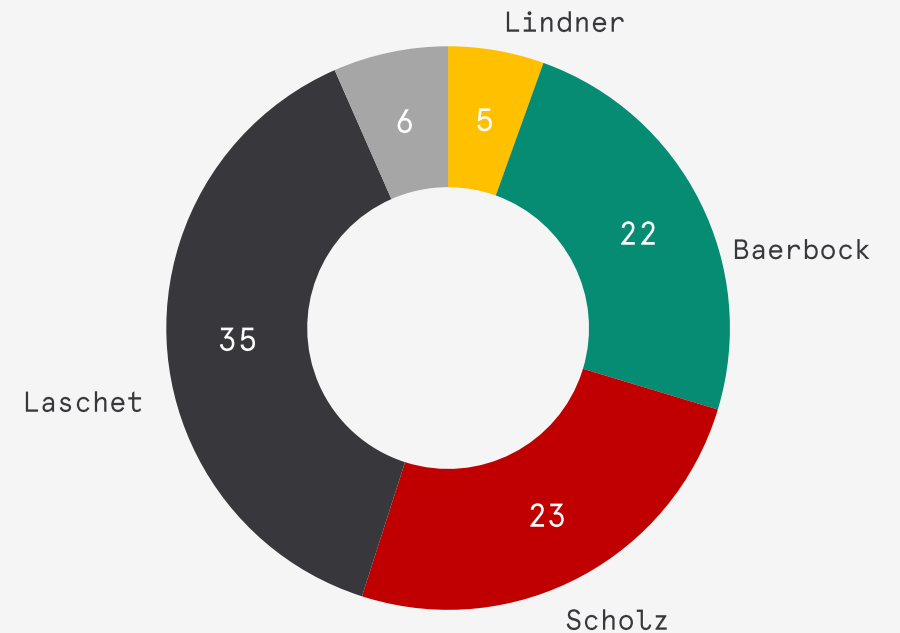
SCHOLZ STILL LEADING CLEARLY, BUT INTEREST IN LASCHET HAS PICKED UP

Which candidate would you vote for?



Infratest dimap, Sep 16 vs. Sep 2.

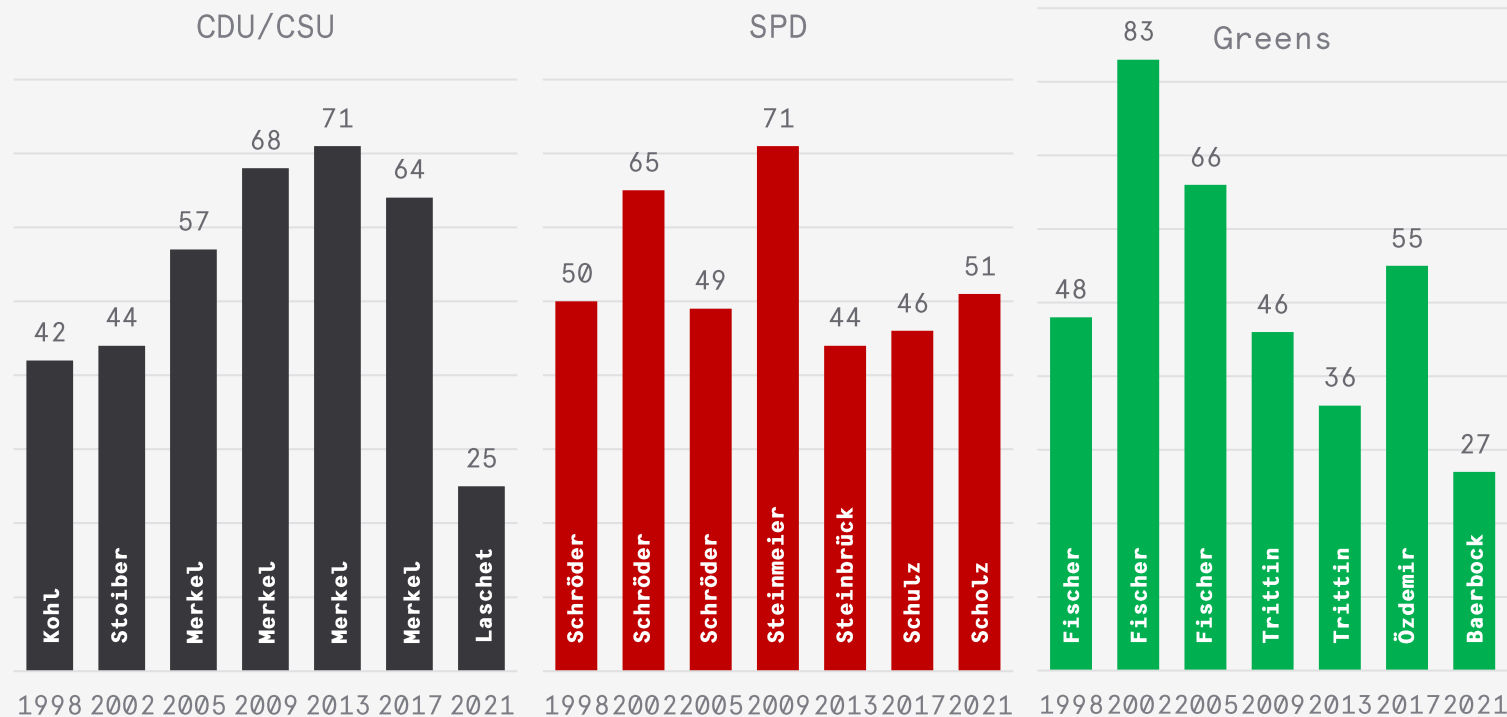
Google search trend (last 7 days)



Google Trends, Sep 17.

SCHOLZ IS BENEFITTING FROM UNDERPERFORMANCE OF COMPETITORS

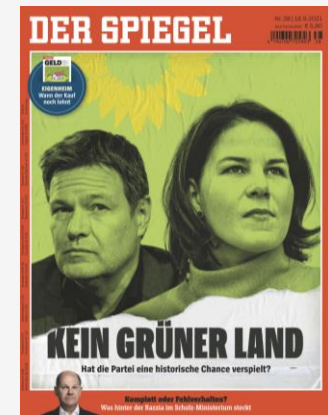
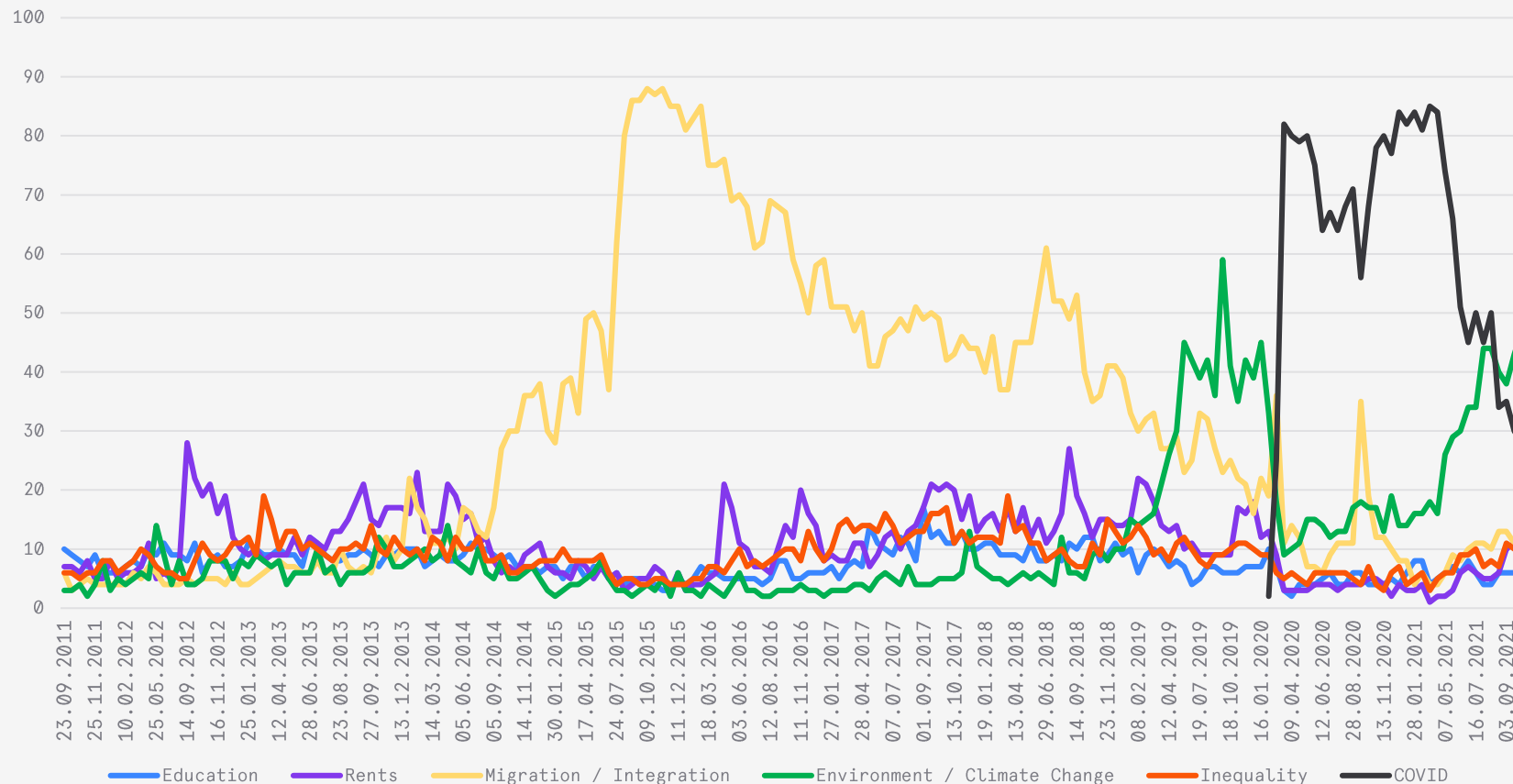
Favourability ratings of lead candidates



- | Laschet in particular underperforming compared against his predecessors
- | Scholz also not a standout candidate
- | Baerbock increasingly viewed as the "wrong candidate" for first green chancellor-bid

THE GREENS FAILED TO CAPITALIZE ON STRONG PUBLIC AWARENESS OF THE CLIMATE CHANGE CHALLENGE

MOST PRESSING CHALLENGE GERMANY FACES

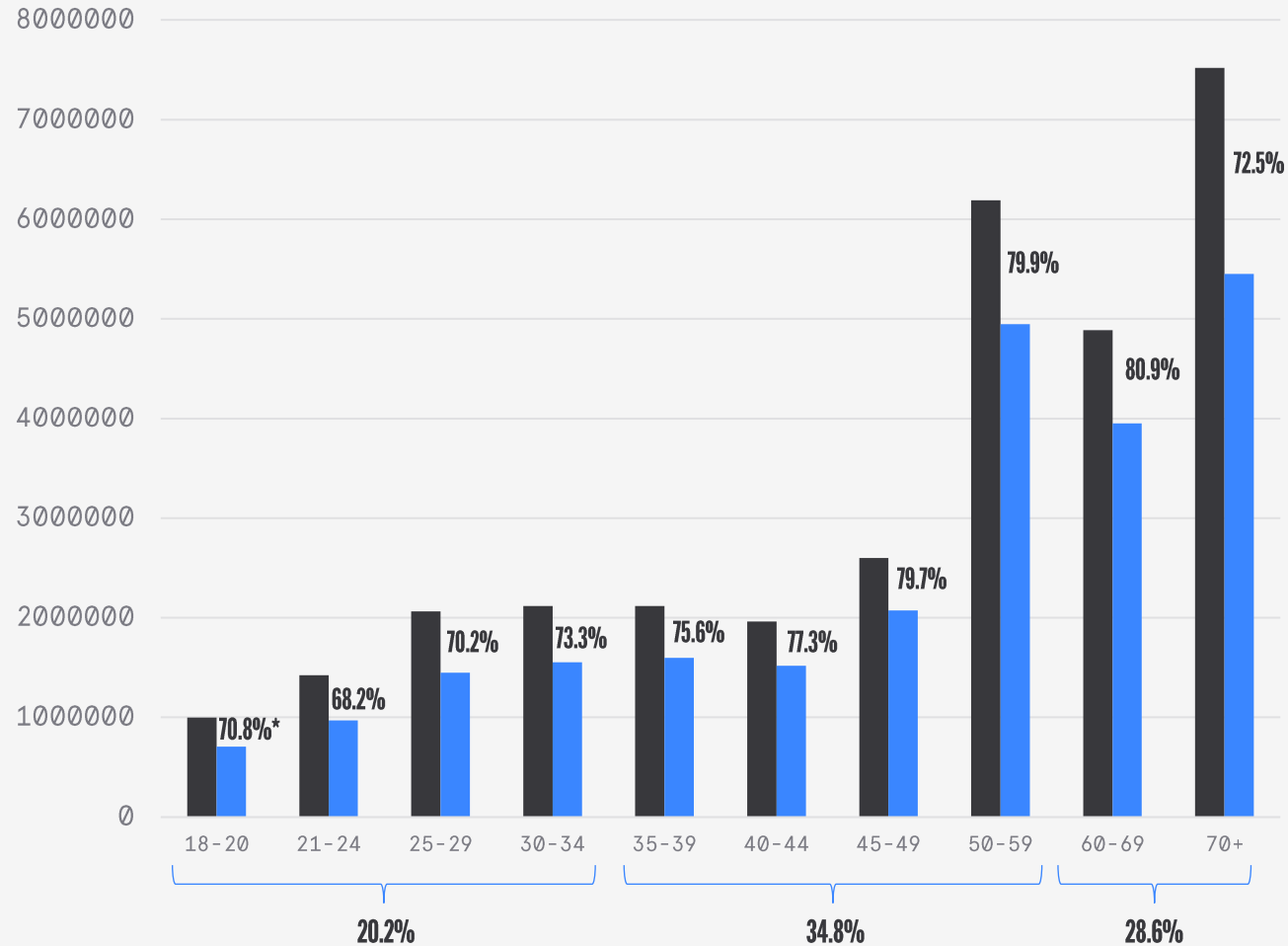


„The fatal flaws of Annalena Baerbock - how the Greens squandered a historic opportunity“

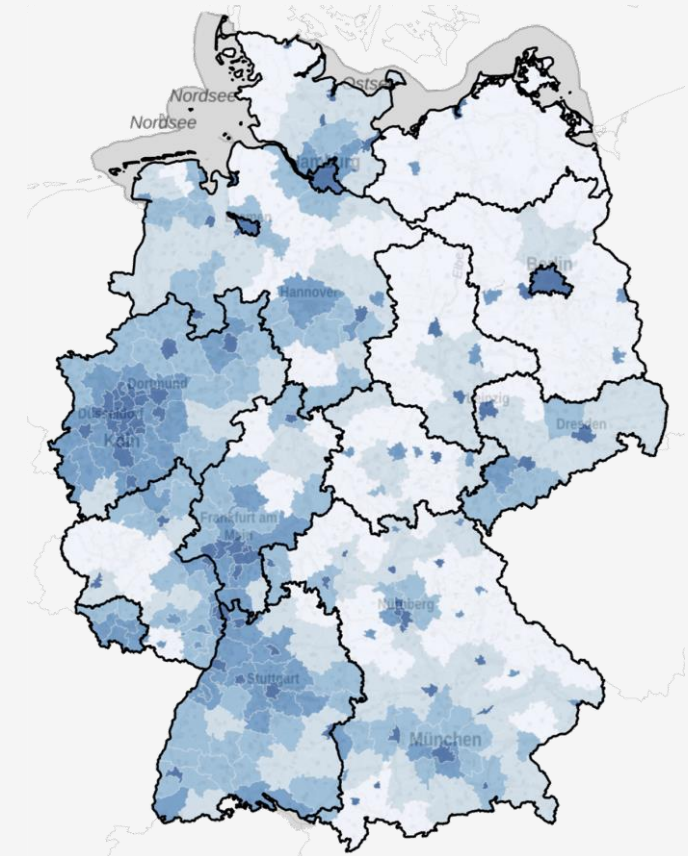
SPIEGEL cover story, Sep 18, 2021.

OLDER, URBANISED, WEST - GERMANY'S ELECTORAL DEMOGRAPHICS

of eligible voters by age group and their typical voting participation (2017)



Population density



Source: destatis

*Voting participation by age group in 2017, Source: Bundeswahlleiter

KEY POSITIONS ON ECONOMIC POLICY



Topics

Key
personnel

- | Rising the income tax rate for top incomes above 150k / 250k for families from 45 to 48% + reintroduction of wealth tax (1%)
- | Strong commitment to pension security
- | Increase of minimum wage to 12 EUR
- | Supporting moves towards a permanent fiscal union with mutualized debt
- | Continued push for an EU financial transaction tax

| Olaf Scholz, Saskia Esken, Lars Klingbeil, Hubertus Heil, Matthias Miersch, Wolfgang Schmidt, Manuela Schwesig, Rolf Mützenich, Carsten Schneider

- | No tax increases, no wealth tax
- | Lower corporate tax rate to 25% (mid-term goal)
- | Return to debt brake and balanced public finances
- | Climate neutrality by 2045 through reformed ETS
- | No accelerated phase-out of internal combustion engines
- | Create fast-track approvals for investments in digital and sustainable projects

| Armin Laschet, Markus Söder, Ralph Brinkhaus, Jens Spahn, Annegret Kramp-Karrenbauer, Alexander Dobrindt, Carsten Linnemann, Friedrich Merz, Nathaniel Liminski

- | 100% electricity from renewable energy by 2035
- | Increase minimum wage to 12 EUR (immediately)
- | Federal initiative to enable rental caps, make rent freezes permanent
- | Temporary change to tax depreciation rules for corporate investments (minum 25%)
- | Phase-out of internal combustion engines by 2030 (for registration of new vehicles)
- | Introduction of opt-out stock-based pension scheme replacing the current private incentive system

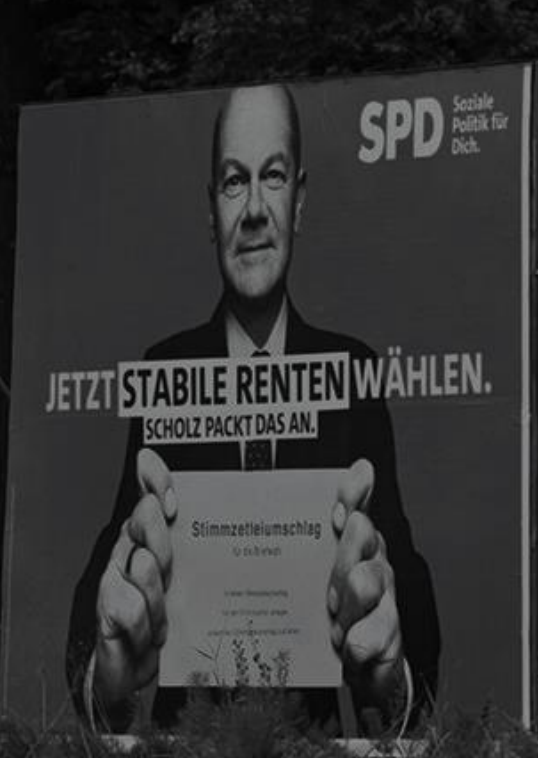
| Annalena Baerbock, Robert Habeck, Konstantin von Notz, Özdemir, Anton Hofreiter, Franziska Brandtner, Konstantin von Notz, Britta Hasselmann

- | No tax increases, introduction of super-depreciation for capital investments
- | No permanent fiscal union/debt mutualization
- | Pension reform, introduction of a Sweden-style stock-based fund complementing the pay-as-you-go system
- | Focus on enabling digital policy – infrastructure to digitisation of public services
- | Divestment of public shareholding in Deutsche Bahn, DTAG, Commerzbank

| Christian Lindner, Volker Wissing, Johannes Vogel, Marie-Agnes Strack-Zimmermann, Marco Buschmann, Michael Theurer, Alexander Graf Lambsdorff

- | Increase minimum wage to 13EUR
- | Prohibit loan work contracts
- | Income tax increases for top-income brackets (60%-75%)
- | Introduction of a progressively designed wealth tax for holders of net owners of +1 Mio EUR (excl. real estate) (1-5%), additional one-off capital levy for net wealth-holders above 2 Mio
- | Replace capital gains tax with income tax rates
- | Structural separation of accounting firms

| Janine Wissler, Susanne Hennig-Wellsow, Dietmar Bartsch, Amira Mohamed Ali, Jan Korte, Katja Kipping



SPD Soziale Politik für Dich.

JETZT STABILE RENTEN WÄHLEN.
SCHOLZ PACKT DAS AN.

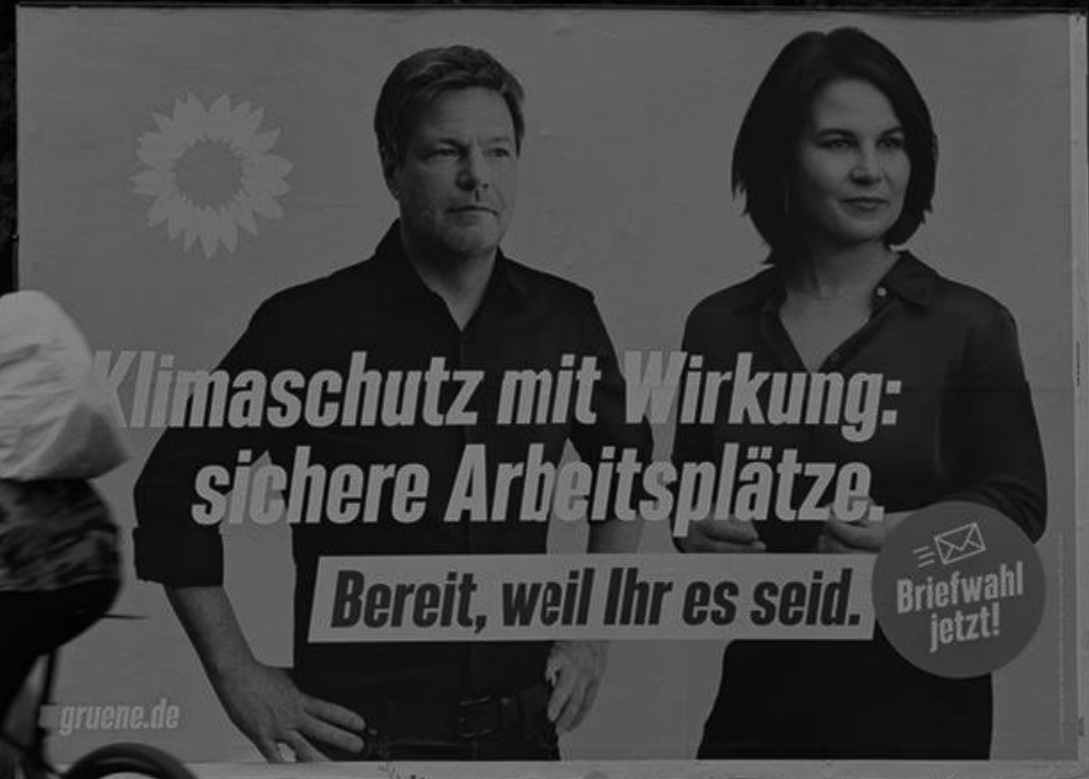
Stimmzetteliumschlag
für dich und dein Geld

in der Bundestagswahl
am 26. September 2021
gegen
Friedrich Merz (CDU)



CDU

Weil es um die Menschen geht,
wenn es um Deutschland geht.



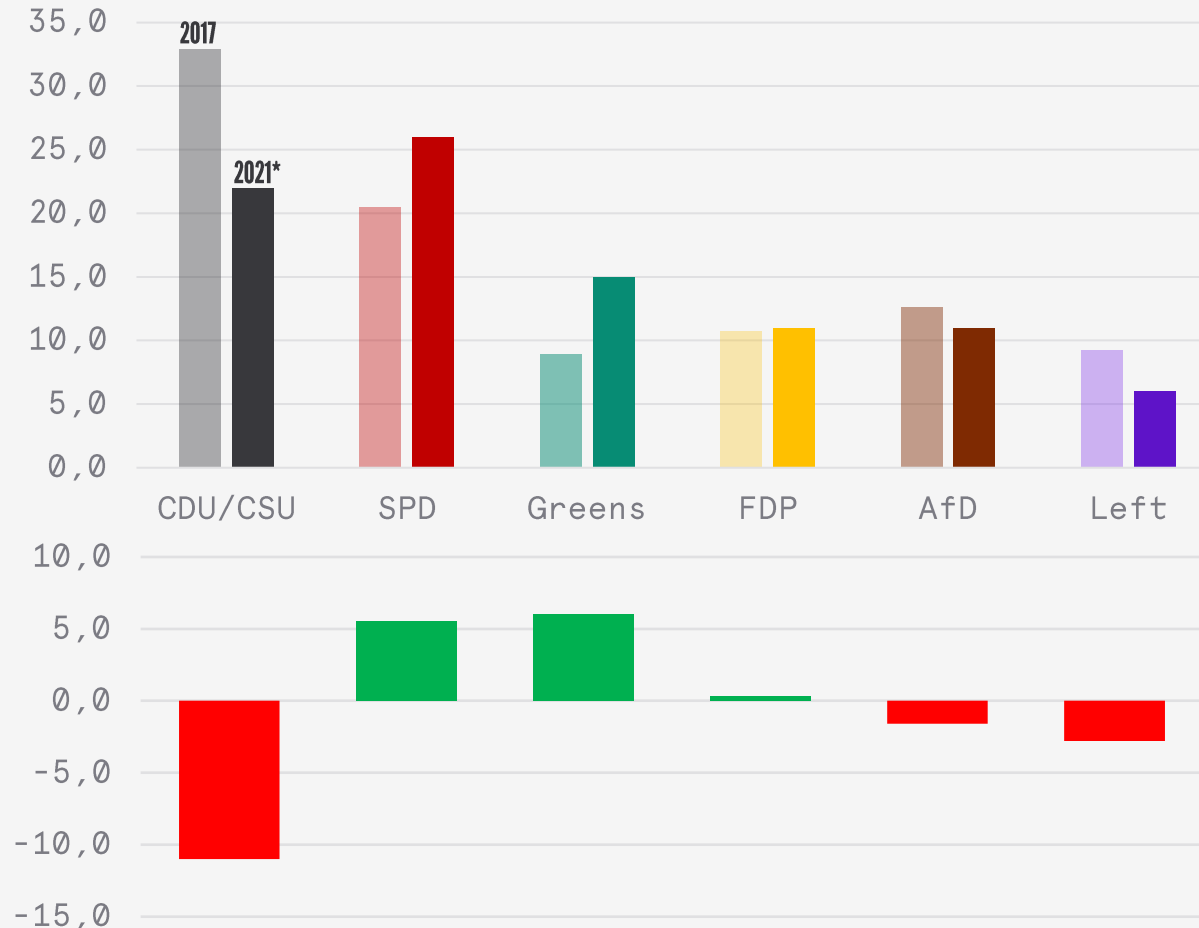
**Klimaschutz mit Wirkung:
sichere Arbeitsplätze.**

Bereit, weil Ihr es seid.

[gruene.de](https://www.gruene.de)

**Briefwahl
jetzt!**

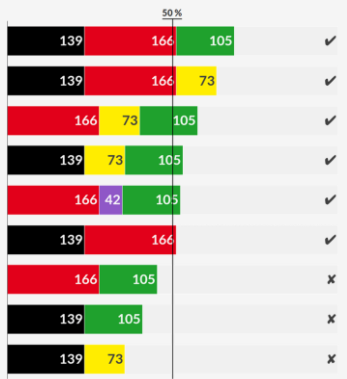
ELECTION NIGHT DYNAMICS



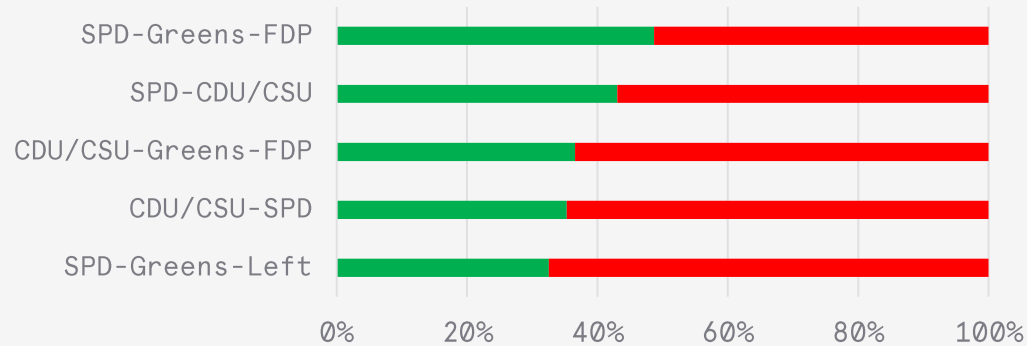
*latest poll infratest dimap, Sep 16, 2021

- | The party coming out on top has the customary right to initiate coalition talks
- | Relative performance vs. the last election result shapes the perception and dynamic of the commentary
- | Expect a lengthy government formation process (at least until Nov)

COALITION SCENARIOS



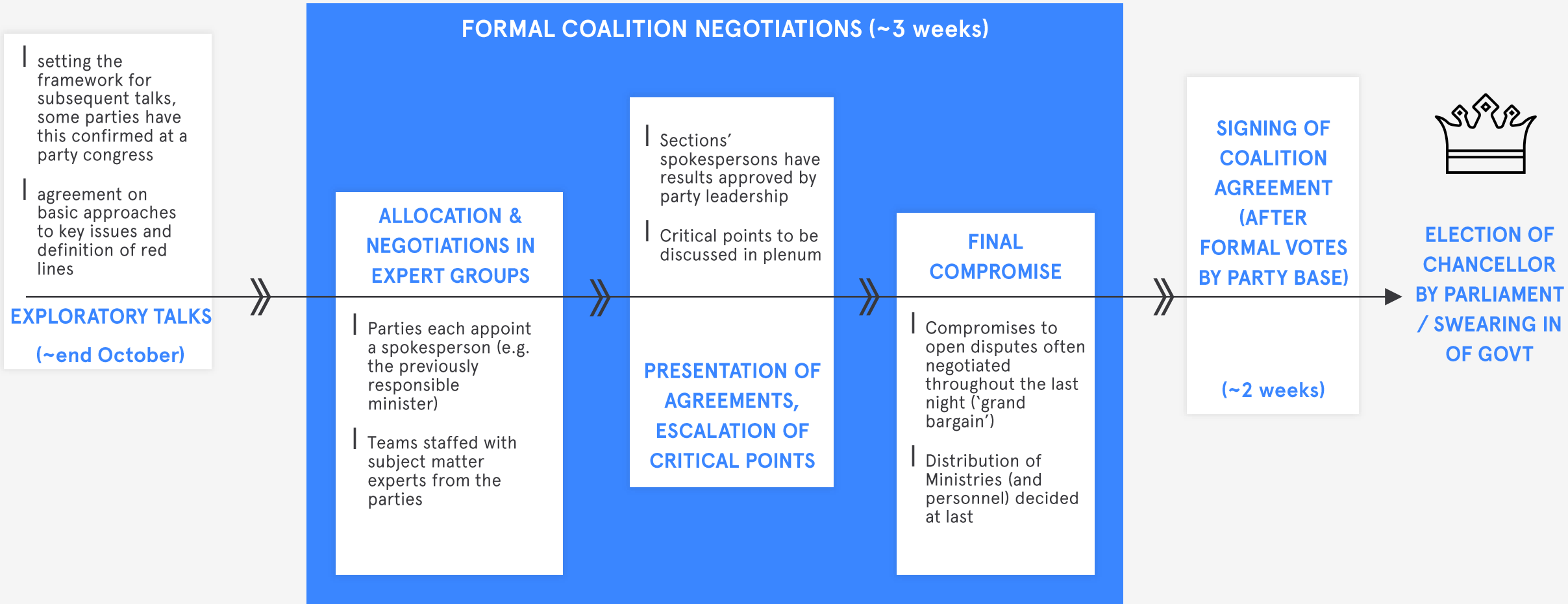
Voters' perceptions of coalition scenarios



- | High probability of first ever three-party coalition
- | Participation of FDP and Greens highly likely – led by whoever comes out on top
- | Leftist coalition highly unlikely (only if all else fails)
- | Key negotiation topics: tax policy, climate policy instruments/ambition, minimum wage



ROADMAP TO GOVERNMENT FORMATION



MERKEL'S LEGACY



Source: infratest dimap

The next German Chancellor will...

- | Oversee the biggest personnel turnover in a generation
- | Have to manage the power dynamics of three-party coalition
- | Rebalance public finances post-COVID while managing needed investment programs
- | Face a significant challenge to implement Germany's ambitious climate change targets (2030)
- | Kickstart preparations for Germany's G7 presidency in 2022
- | Navigate the US-EU-China relationship

BE IN TOUCH

