



## **Dutch Stewardship Code**

**Implementation Progress Report 2019**

December 2019

## Management Summary

On 1 January 2019, the Dutch Stewardship Code (hereafter: the Code) entered into force. With its 11 principles, the Code explains how institutional investors can meet their responsibilities regarding engaged and responsible ownership in a way that contributes to the long-term value creation by Dutch listed companies and consequently to the return on their investments. Participants of Eumedion (hereafter: participants) are expected to apply the principles of the Code and to report on its implementation from book year 2019 onwards.

Since entry into force, the first annual reporting cycle has not yet been completed and no definite conclusions on compliance with the Code should yet be drawn. Rather, by presently producing a progress report, Eumedion aims to initiate a discussion on the development of a monitoring approach which is focused not merely on a tick-the-box compliance with the Code's principles, but rather on real world outcomes to which the Code and its principles seek to contribute. To this end, the progress report focuses for a large part on assessing the participants' translation of the Code's key principles (3 and 7) into two main outcomes: namely the informed exercise of shareholder voting rights on the one hand, and a demonstration of participants' willingness to engage in meaningful dialogue with investee companies on the other. It is Eumedion's intention that future monitoring reports will provide a sound qualitative and quantitative assessment of stewardship practices and their real world outcomes in light of the Code's principles.

The results presented in this progress report show that a majority of participants included in the enquiry already publicly reference the Code. Several produce further explanations or compliance statements. Most already provide up-to-date and easily accessible information on activities pertaining to the Code's provisions. These initiatives allow participants to clarify how their stewardship choices, activities and results echo the Code's principles, or where they not yet do so.

All of the participants included in the enquiry exercise their shareholder voting rights (often through a proxy). Most provide a periodic description of their general voting behaviour, as well as up-to-date disclosure of their voting results per meeting and per voting item. Many participants provide easy access to a voting results database, and some provide generous explanation for all individually voted items. The extent to which participants provide an explanation for votes on significant matters is mixed: about half of the participants provide an explanation to a fixed reference set of voting items in 2018 and 2019.

Lastly, the enquiry shows that almost all participants included in the enquiry engage in dialogue with (a selection of) investee companies. A large majority also reports on the themes and priorities for such engagements, as well as on the results. In general, participants are much less transparent on the goals and objectives for their engagement activities, as well as on the consequences of engagement or on escalation actions taken. Still, the report also provides examples of participants who have found innovative ways of producing meaningful insight into their stewardship activities, progress and outcomes.

## About the Implementation Progress Report 2019

### *The Dutch Stewardship Code*

Institutional investors hold the overwhelming majority of the shares of Dutch listed companies and manage other people's and institutions' money. The beneficiaries and clients of those institutional investors and society at large expect that those investors act as an engaged and responsible shareholder. To help institutional investors meet this expectation, Eumedion drafted the Code in 2018.<sup>1</sup> This Code explains how institutional investors can meet their responsibilities regarding engaged and responsible ownership in a way that contributes to the long-term value creation by Dutch listed companies and consequently to the return on their investments. In addition, the Code offers institutional investors the opportunity to render account to their beneficiaries and clients for the manner in which they have exercised their shareholder rights. The Code incorporates the new stewardship obligations for asset owners and asset managers stemming from the revised Shareholder Rights Directive (see also page 5). On 1 January 2019, the Code entered into force.

As stated in the preamble to the Code, the Eumedion secretariat will annually monitor compliance with the Code by asset owners and asset managers a) that are a participant of Eumedion, and b) that are not a participant of Eumedion but requested the Eumedion secretariat to be included in the monitoring. Compliance with the Code will be monitored on the basis of information provided by the aforementioned parties in the annual report or other public information.

### *The Stewardship Code Implementation Progress Report 2019 and next steps*

Since the Code entered into force on 1 January 2019, the first annual reporting cycle has not yet been completed. This implementation progress report therefore provides a baseline for future monitoring activities, but it should also be considered as a point of departure for the further development of the monitoring approach itself. Eumedion aims to initiate a discussion on the development of a monitoring approach which is focused not merely on a tick-the-box compliance with the Code's principles, but rather on real world outcomes to which the Code and its principles seek to contribute. The discussion will also focus on the governance of the monitoring mechanism and the measurement of awareness amongst non-Eumedion participants.

The Eumedion secretariat and the Dutch Stewardship Code Working Group<sup>2</sup> will commence preparations for the first complete monitoring report early 2020.

### *Methodology*

Given the aim and timing of this report, Eumedion has opted to develop a basic assessment framework. It is centered around three main focus areas: (I) general transparency around the Code and its implementation,

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<sup>1</sup> See <https://www.eumedion.nl/en/public/knowledgenetwork/best-practices/2018-07-dutch-stewardship-code-final-version.pdf>

<sup>2</sup> See <https://en.eumedion.nl/About-Eumedion/Committees-and-Working-Groups.html>

(II) shareholder voting, and (III) engagement practices. Focus area (I) illustrates the participants' awareness of the Code and the state-of-play regarding the implementation of its principles. Focus areas (II) and (III) illustrate if and how participants have translated some of the Code's key principles into two main outcomes: namely the informed exercise of shareholder voting rights on the one hand, and a demonstration of their willingness to engage in meaningful dialogue with investee companies on the other.

The enquiry focused on a sample of 27 asset owners (pension funds and insurers) and asset managers, representing roughly half of Eumedion participants.<sup>3</sup> The sample consisted of 9 asset owners and 18 asset managers. While both groups each constitute approximately half of Eumedion participants, the oversampling of asset managers relative to asset owners is due (I) to some of those asset managers' activities in executing asset management for asset owners that are (also) participants of Eumedion, and (II) to the preferred inclusion of also several non-Dutch asset managers into the sample.<sup>4</sup> Though therefore not per se representative for all participants and their respective approaches to stewardship and the Code's principles, Eumedion feels that this sample fully contributes to an important goal of this report, which is to establish a basis for developing a mature and outcome-oriented monitoring method.

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<sup>3</sup> See Annex 1 for the full list of participants included in the enquiry.

<sup>4</sup> Non-Dutch asset managers constitute about 15% of Eumedion participants.

## THE REVISED SHAREHOLDER RIGHTS DIRECTIVE AND THE DUTCH IMPLEMENTING ACT

On 1 December 2019, the Act implementing the revised Shareholder Rights Directive entered into force in the Netherlands. In addition to a number of new rights for shareholders, the Directive also contains a large number of new obligations for institutional investors.

The Directive requires all institutional investors, on a comply-or-explain basis, to develop and publicly disclose an engagement policy. It should describe among others how they monitor investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social<sup>a</sup> and environmental impact and corporate governance; how they conduct dialogues with companies in which they hold shares; and how they exercise voting rights and other rights attached to shares. The Dutch legislator has made it explicit that it is up to the institutional investor to determine how the aforementioned elements of the engagement policy are implemented. This can, for example, take the form of applying and reporting on compliance with the Stewardship Code prepared by Eumedion.<sup>b</sup>

The Directive also requires institutional investors to publicly disclose how their engagement policy has been implemented. This should include a general description of voting behaviour, an explanation of the most significant votes and the use of the services of proxy advisors. Institutional investors are also required to publicly disclose how they have cast votes in the general meetings of investee companies. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company. The Dutch legislator has stated that it is up to investors to determine their own criteria with respect to the question which votes are insignificant due to the subject matter of the vote or the size of the holding in the company and to apply them consistently.<sup>b</sup> Additionally, the Dutch legislator has clarified that significant votes in any case include votes on matters that have received a lot of media attention and votes on issues that have been designated by the institutional investor as a focus point in the run-up to the general meeting.<sup>d</sup>

Lastly, where an asset manager votes and/or implements the engagement policy on behalf of a pension fund or life insurer, the Directive requires the pension fund or life insurer to make a reference on the website as to where such voting information has been published by the asset manager.

Eumedion has included an exhaustive comparison between the Dutch Stewardship Code and the revised Shareholder Rights Directive in the feedback statement to the consultation of the Code, which can be found on the website.<sup>e</sup>

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<sup>a</sup> In the Dutch Implementing Act translated to “maatschappelijke effecten”.

<sup>b</sup> Parliamentary Papers I 2018/19, 35058, C, p. 5.

<sup>c</sup> Parliamentary Papers II 2018/19, 35058, 3, p. 63.

<sup>d</sup> Parliamentary Papers II 2018/19, 35058, 3, p. 63.

<sup>e</sup> See <https://www.eumedion.nl/clientdata/215/media/clientimages/2018-07-feedback-statement-consultation-document-draft-stewardship-code.pdf?v=191210151225>.

## Results

### A. General transparency around the Code and its implementation

Institutional investors typically present and report on their stewardship activities as part of their responsible investment program. On dedicated active ownership webpages, in periodic reports and/or background articles participants provide information on their stewardship strategy, activities and results. The participants commonly refer also to specific legislation that applies to their activities, or (voluntary) frameworks and guiding principles that form a basis to their stewardship programs. In that light, also specific Stewardship Codes are typically mentioned.

As a point of departure for assessing general transparency around the Dutch Stewardship Code, Eumedion took stock of the number of participants specifically mentioning the Code in their public information.<sup>5</sup> Figure 1 shows that well over half of the Eumedion participants specifically mention the Code. Given that most participants have yet to produce their annual reports over 2019, the first year of entry into force of the Code, Eumedion is pleased to see that many participants already reference the Code.

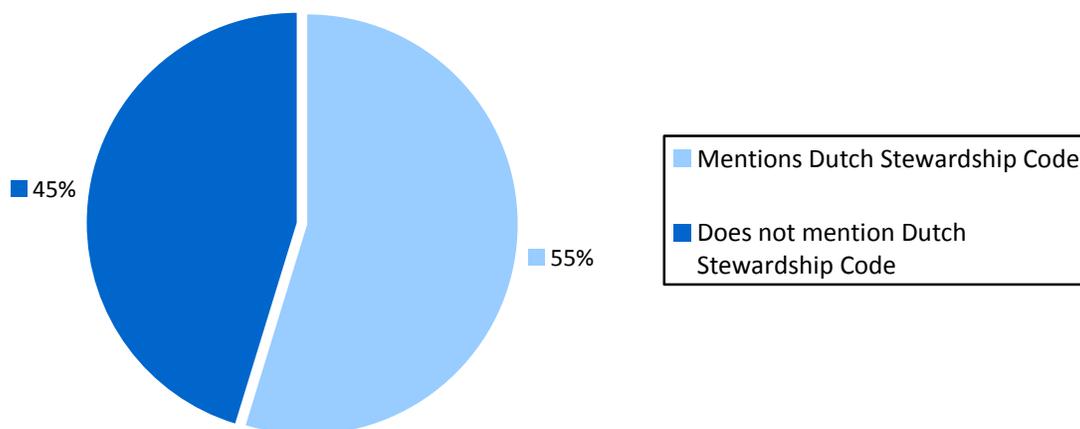


Figure 1: Participants referencing the Dutch Stewardship Code (n=27)

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<sup>5</sup> As encouraged in point 9 of the preamble to the Dutch Stewardship Code.

As explained above, this year's report does not yet aim to assess stewardship performance in terms of real world outcomes. Still, the enquiry shows that, in terms of the current level of transparency, participants that mention the Code tend to be on average slightly more transparent with regard to their stewardship approach and results. This group delivers on average a 72% positive result on this enquiry's transparency assessment criteria, versus 60% for those that do not mention the Code.

#### *Reporting on the implementation of and compliance with the Dutch Stewardship Code*

Many participants already deliver **up-to-date and easily accessible information** on activities pertaining to the Code's provisions. A few publish a separate **explanation or compliance statement** on the implementation of the Code's principles. Such initiatives allow participants to clarify how their choices, activities and results echo the Code's principles, or where they *not yet* do so. A compliance statement without any more detailed information on the exact nature of this compliance (as provided by some participants) may actually constitute a missed opportunity to also draw attention to real world efforts their compliance with the Code could contribute to.

Since the Code asks participants to exercise stewardship towards listed companies incorporated in the Netherlands, some reflect or **report specifically on their stewardship activities towards these Dutch investee companies**. The majority of participants does not yet structurally report on Dutch companies, although Dutch companies regularly feature in case studies or examples of stewardship activities highlighted in (periodic) publications. Given the Code's requirements, Eumedion expects to see a sharp increase in reporting activity on Dutch investee companies in the annual reports over 2019.

## **B. Shareholder voting and voting results<sup>6</sup>**

### *Exercising voting rights*

The enquiry shows that all of the participants included in this enquiry exercise their voting rights (often through a proxy), with high levels of transparency on their voting behaviour. As illustrated in figure 2, about three quarters of participants provide a (periodic) description of their general voting behaviour, such as a qualitative summary and overall statistics on e.g. the number of votes cast with or against management, topics and themes, or industry. Similar numbers can be observed where it concerns the publication of individual voting results on equity portfolios, with about 80% of participants providing comprehensive (periodic) overviews or online database access.<sup>7</sup> Only a few participants included in the enquiry currently provide no information on both general or per meeting / per item voting results.

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<sup>6</sup> Principle 7 of the Dutch Stewardship Code.

<sup>7</sup> The ease with which voting reports or online databases can be found on participants' websites varies greatly.

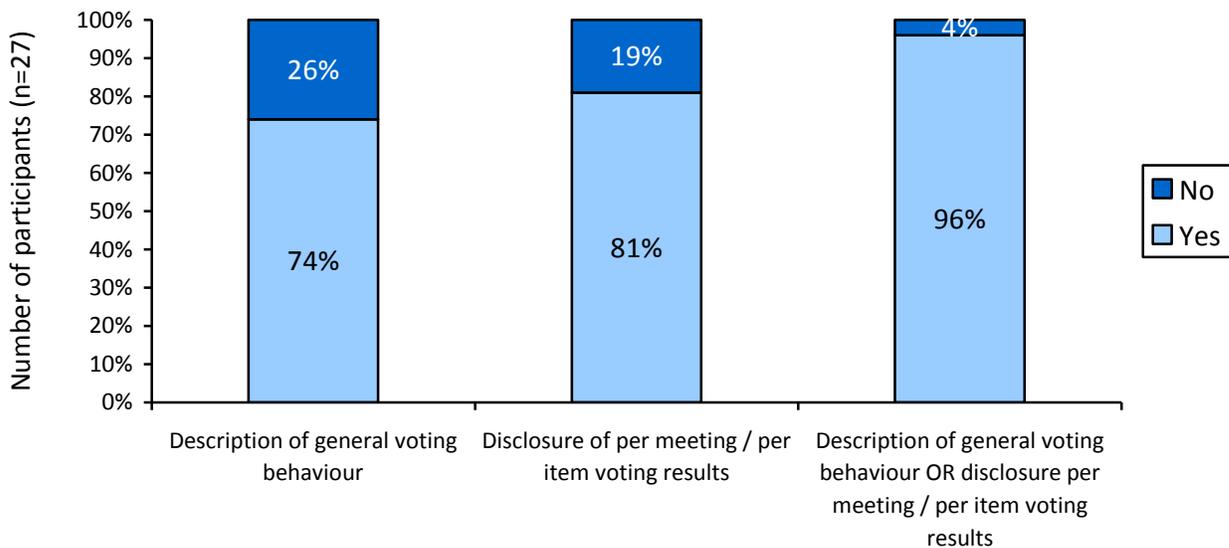


Figure 2: Disclosure of voting behaviour by participants

#### *Explaining significant votes*

The Code requires participants to publish an explanation of the most significant votes (Principle 7). The guidance to the Code states that a vote can be considered to be significant due to the subject matter of the vote or the size of the holding in the company. The asset owner or asset manager determines what is considered to be a significant matter, but it includes at least a proposal tabled at the agenda of a general meeting:

- that is of economic or strategic importance;
- the voting outcome of which is anticipated to be close or controversial; or
- where the asset owner or asset manager disagrees with the recommendation of the company's board.

In order to enable a comparison between the level of disclosure of such explanations, Eumedion has taken its alert service for participants in the calendar years 2018 and 2019 (up to October 31, 2019) as a reference for establishing a fixed set of significant voting items on which a vote has actually been held in said period.<sup>8</sup> Even though this reference set of Eumedion alerts does not necessarily overlap with the individual participants' definition of significance, for reasons of comparison each alerted voting item carries equal weight for participants unless they were not invested in a specific company's shares in said period. This

<sup>8</sup> It is Eumedion's policy to issue an alert to participants when the agenda of a general meeting of a Dutch listed company contains a controversial voting item. The Eumedion alert service does *not* constitute a voting advice for participants.

method thus does not lead to *definite* conclusions on participants' disclosure practices, but it does enable a rough comparison between current practices.<sup>9</sup> Figure 3 shows the outcome of the assessment.

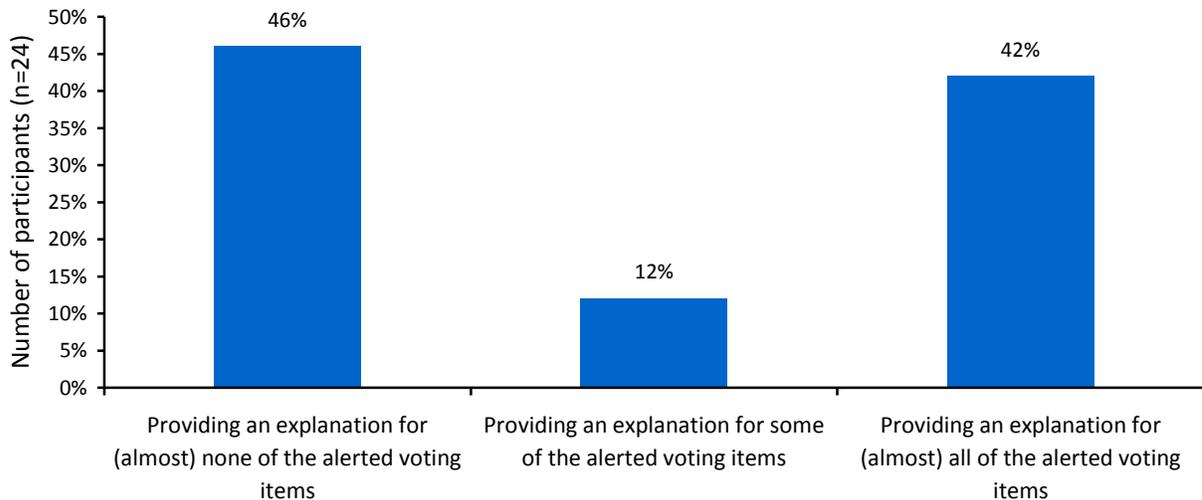


Figure 3: Number of participants providing an explanation for alerted voting items (n=24)

The comparison shows, first of all, that more than half of the participants included in the enquiry provide an explanation for some or most of their voting on the alerted voting items. But most of all, the graph presents an almost perfectly symmetrical picture of participants providing an explanation on either (almost) *all* of the alerted items, or (almost) *none* of the alerted items. A simple explanation for this could be that half of the participants either use different criteria for defining significant votes as compared to the Eumedion alerts, or do not have provisions in place (or have not had them in place long enough yet) for systematic disclosure of explanations on significant voting items. But between participants who *do* provide an explanation for most of the alerted items, there seems to be at least some degree of convergence in the criteria used for identifying items to provide a rationale for. Again, the set of Eumedion alerts could never constitute *the* reference set for identifying significant voting items. Therefore, given that Eumedion has not analyzed the individual participants' voting or disclosure policy, no definite conclusions can for now be drawn regarding this outcome. Such would require further investigation of participants' policies vis-à-vis their actual disclosure practices, thereby going well beyond a mere reference set of alerted voting items.

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<sup>9</sup> Based on the disclosure of per meeting / per item voting results of three participants, Eumedion had to assume that these participants were not invested in any of the companies for which an alert has been issued in said period. The disclosure practices of these participants have therefore not been included in the results of the comparison (giving n=24).

*Pros and cons of various voting explanation practices*

Some participants provide an **explanation on significant votes *within the voting result databases***, e.g. through a dedicated explanation text box or column. Others only highlight a selection of voting items in (periodic) stewardship reports. The advantage of the first method is that it is immediately clear which votes were selected for further explanation, since all the basic information is presented in one spot. A disadvantage of the first method is that some pre-filled databases are apparently not automatically updated when a participant's position, meeting agenda or voting items are amended, occasionally resulting in voting explanations contradictory to the vote cast.

Several participants tend to provide only an explanation when an 'against'-vote has been cast. While in practice this is often a vote 'against management' and therefore presumably to be aligned with a participant's policy on explaining significant votes, an observer finds him- or herself in doubt whether a non-explained 'for'-vote necessarily means that a participant considered it non-significant. This can be the case with any 'for'-voted items that received a lot of media attention (a transparency requirement also per the implementing Act of the revised Shareholder Rights Directive, see page 5), or in case of shareholder resolutions (where a 'for'-vote might well go against management's advice). Other participants tackle this issue by **providing generous explanation not *only* for 'against'-votes**, and even by being transparent about any doubts or discussion regarding significant items that were eventually deemed best to be voted 'for' management.

A handful of participants provide an (at least brief) **explanation for *all* individually voted items**. The votes considered more significant are then accompanied by an also more elaborate explanation, and sometimes even by a brief analysis of a company's (recent) history of activities, performance or behaviour.

## BEHIND THE DUTCH STEWARDSHIP CODE: SHAREHOLDER VOTING

In its evaluation of the 2019 AGM season, Eumedion reported that the average number of votes cast at the AGMs of the largest listed (AEX) companies in the Netherlands reached for the sixth year in a row a new record: 73.2% against 72.4% in 2018.<sup>a</sup> This result shows the still increasing interest of in particular institutional investors to participate in the decision-making process at AGMs and the value they attach to casting their votes.

This year 14 board resolutions were voted down or withdrawn ahead of shareholders voting, due to concerns over significant shareholder dissent. This number was much higher than in previous years (2018: 5; 2017: 8). At the same time, the number of resolutions that received significant shareholder dissent (over 20%) decreased from 36 in 2017 and 29 in 2018 to 26 in 2019. According to Eumedion, this shows a dichotomy between listed companies that do and do not actively consult shareholders and other stakeholders ahead of the publication of the final proposal. If such consultations are held, the risk of rejecting the proposal or of a high number of dissent votes is much lower.

One of the important votes this year took place at the AGM of ING Groep, where a majority (63%) voted against the discharge of the Executive and Supervisory Board. In this way, the AGM expressed its dissatisfaction with two important issues that had a negative impact on ING's reputation in 2018 and that led to negative public sentiment about the bank. The first issue was the Supervisory Board March 2018 proposal to increase the fixed salary of the CEO by more than 50%, which was soon withdrawn following strong criticism from many stakeholders. The second was ING's settlement with the Netherlands Public Prosecution Service relating to shortcomings in the execution of policies to prevent financial economic crime at ING Netherlands in the period 2010-2016. ING agreed to pay a fine of EUR 775 million. The AGM's refusal to discharge the Executive and Supervisory Board underlined the important task of the Executive Board to safeguard, under the supervision of the Supervisory Board, the public confidence in, and the reputation of, a systemic bank.

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<sup>a</sup> See <https://en.eumedion.nl/clientdata/217/media/clientimages/2019-proxy-season-evaluation.pdf?v=191128154317>

### C. Engaging in meaningful dialogue<sup>10</sup>

The Code stipulates that institutional investors need to be prepared to engage in dialogue with their investee companies (Principle 3). The enquiry shows that almost all participants included in the enquiry engage in dialogue with (a selection of) investee companies (figure 4), either as part of their own investment operations or through an external service provider.<sup>11</sup> Eumedion considers engaging in meaningful dialogue with investee companies a very important aspect of investor stewardship.

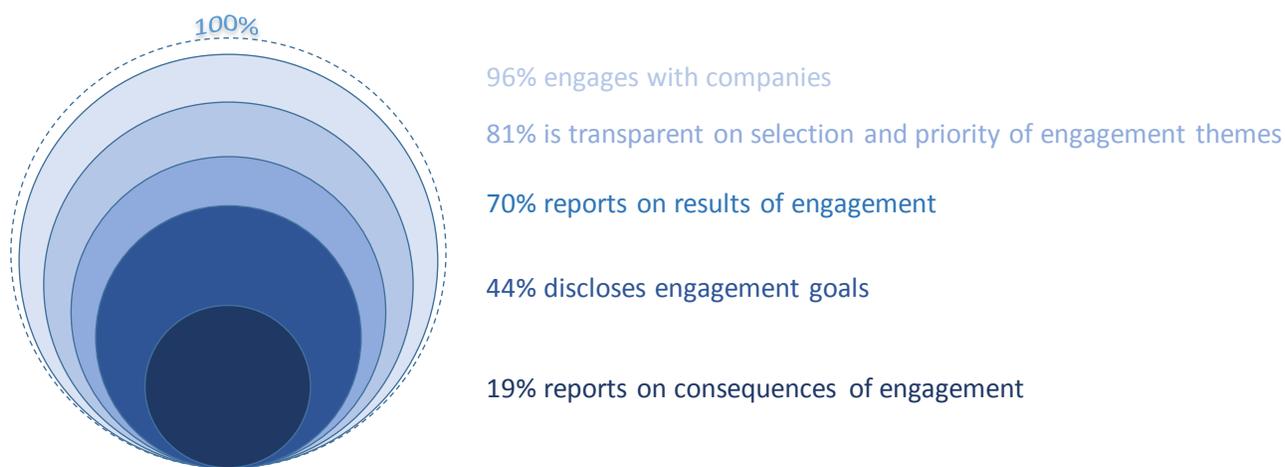


Figure 4: Engagement and level of transparency by participants (n=27)

#### *Transparency around engagement programs*

A large majority of participants included in the enquiry reports on the themes and priorities for engaging into dialogue with investee companies. Many include extensive lists of companies, with engagement activities marked out per theme, per *sustainable development goal*, or even per type of (ESG-)controversy. Also on the results of engagement participants tend to be fairly communicative, with 70% of participants providing some sort of report on engagement results. These reporting practices are useful in establishing the extent to which participants are indeed engaging in meaningful dialogue.

Figure 4 also shows that there is a sharp distinction in the level of transparency between the actual engagement activities on the one hand, and the goals and objectives, as well as the consequences, of

<sup>10</sup> Principle 3 of the Dutch Stewardship Code.

<sup>11</sup> About 73% of participants (mostly asset managers) included in this enquiry, engaging in dialogue with investee companies, operate their own engagement program, while the rest (all of them asset owners) does so through a service provider.

engagement programs on the other. Since it appears to be a rather common practice among participants to build the reports around engagement efforts that have led to some sort of positive result, the reports generally seem to lack a certain balance in their presentation. After all, it does not seem fair to assume that engagement programs would lead in almost all cases and in a straightforward way to previously set goals or objectives. This gives rise to the question of what should be considered a reasonable level of transparency on engagement results and outcomes, and of how to assess the meaningfulness of the results presented. The enquiry in any case shows significantly lower levels of transparency on the participants' goals and objectives for their engagement programs, as well as on the consequences of, most of all, failing to meet such goals or objectives. Often, participants conclude general or even case-specific reporting on engagement activities in terms of 'remaining engaged', 'closing an engagement program unsuccessfully', or similar. A handful of participants produce (theme-based) statistics on e.g. the number of companies in a dialogue program being divested or excluded. But generally speaking, not much information is given on any kind of escalation actions by asset owners or asset managers.

#### *Reporting on engagement programs and outcomes*

A few participants report on an engagement program structured around a **multi-year stewardship roadmap**, mapping the road ahead while allowing for flexibility in how to get there. The roadmap provides a coherent framework for selection and prioritizing of themes, for (intermediate and long term) goal and target setting, and for more effective collaboration with shareholders and other stakeholders. It also allows for a reporting structure that is matched to the roadmap.

Other participants report on the cycle of a **pre- and post-engagement program benchmarking exercise of investee companies**. Such an approach can make it easier to analyze and describe changes or improvements realized with investee companies included in a dialogue program as compared to their peers.

Lastly, the enquiry finds that some participants report in a transparent way on the **difficulties and dilemmas** that a focused engagement program can pose for an institutional investor. This can concern e.g. the process of how to determine if engagement was successful and whether goals have been reached. But it can also discuss the practical difficulties in executing successful engagement, e.g. how to keep the (voluntary) communication channels with investee companies open and constructive, while at the same time being sufficiently focused on obtaining meaningful engagement results as an investor.

## BEHIND THE DUTCH STEWARDSHIP CODE: COLLECTIVE ENGAGEMENT

The 3<sup>rd</sup> of December 2018 marked a unique event in collective shareholder engagement with investee companies. On that day, Royal Dutch Shell plc and a leadership group of institutional investors on behalf of Climate Action 100+, including representatives of Eumedion, issued a first-of-its-kind joint statement. In this statement, the company and the institutional investors announced the steps that Shell had decided to take in order to demonstrate further industry leadership and alignment with the goals of the Paris Agreement on climate change. It included setting public short-term Net Carbon Footprint targets, in addition to the previously established long-term ambitions of reducing the footprint associated with the energy products the company sells. The performance on these transition targets will also be linked to long-term remuneration.

The event underlines the importance of partnerships and collaboration, not only between institutional investors and investee companies, but also between institutional investors. The joint statement is an example of collaborative engagement in the spirit of the Dutch Stewardship Code, which can be considered an effective way to bring about change.

The joint statement can be found on the website of Shell<sup>a</sup> and it is referenced on the websites of institutional investors involved, such as Robeco, APG and USS. It also generated a fair amount of positive media attention.

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<sup>a</sup> See <https://www.shell.com/media/news-and-media-releases/2018/joint-statement-between-institutional-investors-on-behalf-of-climate-action-and-shell.html>

## **Annex 1: List of Eumedion participants included in the enquiry**

- 1 Aberdeen Standard Investments
- 2 Achmea Investment Management
- 3 Actiam
- 4 Aegon Asset Management
- 5 Algemeen Pensioenfonds Stap
- 6 APG Asset Management
- 7 AXA Investment Managers
- 8 BlackRock
- 9 BMO Global Asset Management
- 10 BNP Paribas Asset Management
- 11 DoubleDividend
- 12 Kempen Capital Management
- 13 Menzis
- 14 MN
- 15 NN Investment Partners
- 16 Pensioenfonds van de Metalektro PME
- 17 Pensioenfonds voor Werk en (re)Integratie
- 18 PGGM
- 19 Robeco
- 20 Schroder Investment Management
- 21 Stichting Pensioenfonds ABP
- 22 Stichting Pensioenfonds Hoogovens
- 23 Stichting Pensioenfonds IBM Nederland
- 24 Stichting Shell Pensioenfonds
- 25 Stichting Telegraafpensioenfonds 1959
- 26 Teslin Capital Management
- 27 Triodos Investment Management

## Annex 2: Illustrating current market practices<sup>12</sup>

Results, section A: General transparency around the Code and its implementation (see page 7)



Figure 5: Reporting on implementation and/or compliance (Achmea IM, [link](#))

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<sup>12</sup> The examples provided in Annex 2 serve to illustrate current market practices of public communication as described in the various sections of this Report. They do not constitute an endorsement of the information provided or the views expressed.

## Statement on compliance with the Dutch Stewardship Code

As a fiduciary asset manager, BlackRock's pursuit of good corporate governance stems from our responsibility to protect and enhance the long-term economic value of our clients' assets. Investment Stewardship is focused on assessing the quality of management, board leadership and standards of operational excellence – in aggregate, corporate governance – at the public companies in which we invest on behalf of our clients. We see this responsibility as part of our fiduciary duty, through which we contribute to BlackRock's mission to create a better financial future for our clients. BlackRock's Investment Stewardship (BIS) team of dedicated specialists engage with the management and boards of companies in which we invest to encourage governance and business practices consistent with generating long-term value for our clients.

We set out below our approach to the recommendations of the Dutch Stewardship Code and explain our reasons for taking a different approach where relevant. Any questions on this statement or

Figure 6: Reporting on implementation and/or compliance (BlackRock, [link](#))



## 5.5. ESG Nederland

Nederlandse beursgenoteerde ondernemingen hebben de speciale aandacht van Nederlandse institutionele beleggers, vanwege de directe sociaaleconomische belangen die de bedrijfsactiviteiten met zich mee brengen. Belangrijke strategische besluiten van de Nederlandse beursgenoteerde ondernemingen zoals fusies en overnames, kunnen significante effecten hebben op lokale werkgelegenheid, de concurrentiepositie van de onderneming en langetermijn waarde creatie. Ook remuneratievoorstellen of (her)benoemingen van bestuurders leiden regelmatig tot maatschappelijk discussie. Wij hechten er dan ook grote waarde aan om op structurele wijze de dialoog te voeren met de Nederlandse beursgenoteerde ondernemingen. Hierbij toetsten wij de beleidsvoorstellen aan de uitgangspunten en best-practices van de Nederlandse Corporate Governance Code (herzien in 2016), en vanaf 1 januari 2019 aan de Nederlandse Stewardship Code. Bij het voeren van de dialogen trekken wij zoveel mogelijk op in collectief verband, verenigd in Eumedion.

De principes uit de Stewardship Code bieden institutionele beleggers de mogelijkheid verantwoording af te leggen aan hun deelnemers en klanten over de wijze waarop zij als betrokken belegger invulling geven aan hun aandeelhoudersrechten. De Stewardship Code is in lijn met de verantwoordelijkheden die voor aandeelhouders gelden

TABEL 5.5.1 DIALOGEN MET NEDERLANDSE BEURSGENOTEERDE ONDERNEMINGEN H1 2019

| Onderneming       | Besproken onderwerpen  |
|-------------------|--|
| Ahold-Delhaize    | Lange termijn waardecreatie model, diversiteit, strategie, remuneratiebeleid.  |
| DSM               | Langetermijnwaardecreatie model, competentie- en diversiteitsmatrix, remuneratiebeleid.  |
| Heineken          | Lange termijn waardecreatie model, competentie- en diversiteitsmatrix, strategie en risico's, duurzaamheid, gedragscode, bier promotors. |
| Philips           | Langetermijnwaardecreatie model, competentie- en diversiteitsmatrix, Remuneratie, externe auditor, risicomanagement.                     |
| Royal Dutch Shell | Klimaatbeleid, remuneratiebeleid.  |
| Unilever          | Strategie, remuneratiebeleid, duurzaamheid, corporate governance.  |
| Wolters Kluwer    | Langetermijnwaardecreatie model, competentie- en diversiteitsmatrix, Remuneratiebeleid.  |

### Relevante ontwikkelingen

Dit jaar waren er diverse agendapunten op de aandeelhoudersvergadering geagendeerd die tot discussie leidden bij investeerders. Zo is er met ondernemingen gesproken over remuneratiebeleid, diversiteit, risicomanagement en cultuur.

Vorig jaar stemde 12,7% van de aandeelhouders van Royal Dutch Shell (hierna: Shell) voor de door *Follow This* geagendeerde klimaatresolutie. In 2019 besloot *Follow This*

Figure 7: Reporting on engagement with Dutch investee companies H1 2019 (Achmea IM, [link](#))

Results, section B: Shareholder voting and voting results (see page 10)

|  |  |                                |  |   |                         |
|---|--|--------------------------------|--|---|-------------------------|
| Proxy Voting Records  |  |                                |  |   |                         |
| <b>Company:</b><br>ING Groep N.V.<br>Ticker:<br>INGA                              |  | <b>Country:</b><br>Netherlands | <b>Fund:</b><br>NN Dutch Fund<br>Meeting Date:<br>04/23/2019 | <b>Meeting Type:</b><br>Annual              | <b>Contested:</b><br>No |
|   | Proposal                               | Mgmt Rec                       | Our Vote   | Rationale                                   | Status                  |
| 1   | Non-Voting Agenda Item                 |                                |  |   | Voted                   |
| 2   | Non-Voting Agenda Item                 |                                |  |   | Voted                   |
| 3   | Non-Voting Agenda Item                 |                                |  |   | Voted                   |
| 4   | Non-Voting Agenda Item                 |                                |  |   | Voted                   |
| 5   | Non-Voting Agenda Item                 |                                |  |   | Voted                   |
| 6   | Accounts and Reports                   | For                            | For  |   | Voted                   |
| 7   | Non-Voting Agenda Item                 |                                |  |   | Voted                   |
| 8   | Allocation of Dividends                | For                            | For  |   | Voted                   |
| 9   | Ratification of Management Board Acts  | For                            | Abstain  | Oversight failure/internal control concerns | Voted                   |
| 10  | Ratification of Supervisory Board Acts | For                            | Abstain  | Oversight failure/internal control concerns | Voted                   |
| 11  | Appointment of Auditor                 | For                            | For  |   | Voted                   |

Figure 8: Dedicated explanation text column within voting results database (NNIP, [link](#))

## Akzo Nobel NV

**Ticker:** AKZA                      **Security ID:** N01803100  
**Meeting Date:** 4/26/2018        **Meeting Type:** Annual  
**Record Date:** 3/29/2018

| #                            | Proposal   | Mgt Rec | Vote    |
|------------------------------|--|---------|---------|
| <b>Annual Meeting Agenda</b> |  |         |         |
| 1                            | Open Meeting   | None    | None    |
| 2.a                          | Receive Report of Management Board (Non-Voting)  | None    | None    |
| 2.b                          | Discussion on Company's Corporate Governance Structure   | None    | None    |
| 2.c                          | Discuss Remuneration Report Containing Remuneration Policy for Management Board Members  | None    | None    |
| 3.a                          | Adopt Financial Statements and Statutory Reports   | For     | For     |
| 3.b                          | Discuss on the Company's Dividend Policy   | None    | None    |
| 3.c                          | Approve Dividends of EUR 2.50 Per Share  | For     | For     |
| 4.a                          | Approve Discharge of Management Board  | For     | Against |
|                              | <b>Notes:</b> We voted against due to concerns regarding the board's conduct in 2017 when the company failed to appropriately inform shareholders on the rejections of PPG's offers.   |         |         |
| 4.b                          | Approve Discharge of Supervisory Board   | For     | Against |
|                              | <b>Notes:</b> We voted against due to concerns regarding the board's conduct in 2017 when the company failed to appropriately inform shareholders on the rejections of PPG's offers.   |         |         |
| 5.a                          | Elect N.S. Andersen to Supervisory Board   | For     | For     |
| 5.b                          | Reelect B.E. Grote to Supervisory Board  | For     | For     |
|                              | <b>Notes:</b> Although we have concerns over the decision-making of incumbent directors, we voted for in view of the need for continuity on the board in a year of significant change. We will expect the board to continue to review its composition in the future.   |         |         |
| 6                            | Amend the Remuneration Policy of the Management Board  | For     | Abstain |
|                              | <b>Notes:</b> We abstained rather than vote against given the unique circumstances around the departure of the former CEO. In general, we expect termination awards to be time pro-rated. Furthermore, the remuneration committee should not allow vesting of incentive awards for below median performance. Furthermore, incentive awards to executives should be clearly disclosed and include robust and stretching performance targets to reward strong performance and drive shareholder value over a sufficiently long period of time. |         |         |
| 7.a                          | Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital   | For     | For     |
| 7.b                          | Authorize Board to Exclude Preemptive Rights from Share Issuances  | For     | For     |
| 8                            | Authorize Repurchase of Up to 10 Percent of Issued Share Capital   | For     | For     |
| 9                            | Approve Cancellation of Repurchased Shares   | For     | For     |
| 10                           | Close Meeting  | None    | None    |

Figure 9: Explanations not limited to 'against' or 'abstain' votes (BMO GAM, [link](#))

| <a href="#">← Back</a> <b>ING Groep NV</b> |   |             |             |              |                 |             |
|--|---|-------------|-------------|--------------|-----------------|-------------|
| Ticker                                     | Meeting Date  | Record Date | Security ID | Meeting Type | Industry Sector | Country     |
| INGA                                       | 23-Apr-2019   | 26-Mar-2019 | N4578E595   | Annual       | Banks           | Netherlands |
| ↑ Item #                                   | Proposal  | Proponent   | Mgmt Rec    | Vote         |                 |             |
| Annual Meeting Agenda                      |   |             |             |              |                 |             |
| 1  | <b>Open Meeting</b><br><br><i>Rationale:</i><br>STAP RE PK D RE EQ : No vote is required for this item.<br>TKPI MM European Equity Fund : No vote is required for this item.<br>TKPI MM World Equity Fund : No vote is required for this item.<br>TKPI MM World Equity Index Fund : No vote is required for this item.  | Management  | None        | None         |                 |             |
| 2.a  | <b>Receive Report of Management Board (Non-Voting)</b><br><br><i>Rationale:</i><br>STAP RE PK D RE EQ : No vote is required for this item.  | Management  | None        | None         |                 |             |
|  | <i>voting item.</i><br>TKPI MM World Equity Index Fund : This is a non-voting item.   |             |             |              |                 |             |
| 3.b  | <b>Approve Dividends of EUR 0.68 Per Share</b><br><br><i>Rationale:</i><br>STAP RE PK D RE EQ : A vote FOR this dividend proposal is warranted because the proposed payout ratio is adequate without being excessive.<br>TKPI MM European Equity Fund : A vote FOR this dividend proposal is warranted because the proposed payout ratio is adequate without being excessive.<br>TKPI MM World Equity Fund : A vote FOR this dividend proposal is warranted because the proposed payout ratio is adequate without being excessive.<br>TKPI MM World Equity Index Fund : A vote FOR this dividend proposal is warranted because the proposed payout ratio is adequate without being excessive. | Management  | For         | For          |                 |             |
| 4.a  | <b>Approve Discharge of Management Board</b><br><br><i>Rationale:</i><br>STAP RE PK D RE EQ : A vote AGAINST the discharge of the management board (Item 4a) and the supervisory board (Item 4b) is warranted because: * The substantial monetary and reputational costs to the company borne by shareholders as a result of the failing execution of anti-money laundering   | Management  | For         | Against      |                 |             |

Figure 10 and 11: Explaining every agenda item (TKP Investments/ STAP, [link](#))

## PART 2.

# SUSTAINABLE INVESTMENT ROADMAP (2019-2022)

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The previous section outlined our sustainable-investment philosophy, beliefs and approach, as well as our aspirations for enhancing this activity as a different starting point, questions about environmental and, how those large, multi-part of the clients.

one whose bon, more and more also believe cluding both hers - have obligation, to

take action to help achieve the Sustainable Development Goals and Paris Agreement (see the mapping of our objectives with the SDGs p34-35). That is to say, we commit to being a future maker, using our investments, our voice and our leverage to shape a better future. The alternative is to sit on the sidelines as a future taker, foregoing our ability to influence, arguably in breach of our obligations to clients and to society as a whole. Trust in the financial sector has eroded, in part because of the unwillingness of financial institutions to understand and embrace their role as part of the real economy, and to use their leverage for the good of all - as opposed to the good of a few.

The purpose of this section is to outline our roadmap and commitments for the next three years.

**ENVIRONMENTAL SUSTAINABILITY:  
OBJECTIVES AND TARGETS**

**Our overall objective is to improve the environmental impact of our investments. We have two targets to improve our water and forest footprints in the next three years:**

**-1-**

To improve the water efficiency of our investment portfolios, in particular in water-stressed areas, as well as to measure and disclose the water footprint of our portfolios;

**We will encourage water-intensive sector companies operating in water-stressed areas to significantly improve their water efficiency while ensuring water access to local communities.**

**-2-**

To support global efforts to halve forest loss by 2020 and end forest loss by 2030. Our target is for relevant companies in our portfolios to comply with:

**No Deforestation, No Peat and No Exploitation (NDPE) commitments by 2020 for agricultural commodities (palm oil, soy, paper, timber and beef products).**

**NDPE commitments by 2030 from non-agricultural sectors (mining, metals, infrastructure, etc.).**

Figure 12 and 13: Multi-year Sustainability Roadmap and objectives for stewardship (BNP Paribas AM, [link](#))

## 4.1. ENGAGEMENTS

In het tweede kwartaal van 2019 werden twee engagement initiatieven afgesloten waarbij ACTIAM betrokken was:

### Waterrisico's en -management

Na twee jaar werd er het afgelopen kwartaal een groot engagementinitiatief gericht op waterrisico en -management gesloten. ACTIAM speelde een actieve rol in dit engagement. Het startschot van dit engagement was een benchmarkonderzoek in 2017 naar 299 bedrijven in de voedsel- en drankenindustrie, de mijnbouwsector en de kledingindustrie. Deze sectoren zijn relatief afhankelijk van water voor hun productieprocessen en zijn daardoor gevoelig voor veranderingen in de beschikbaarheid en kwaliteit van water. Het engagement werd in samenwerking met andere beleggers en een derde partij (Sustainalytics, voorheen GES) gevoerd. De focus van het initiatief lag op bedrijven waarvan uit het benchmarkonderzoek naar voren kwam dat zij een hoog waterrisico hebben, in combinatie met slecht management van deze risico's. Daarnaast werden gesprekken gevoerd met vijf koplopers in de verschillende sectoren, om te leren hoe zij omgaan met waterrisico's. Ter afronding van het engagement en het onderwerp werd opnieuw een benchmarkonderzoek uitgevoerd. Hieruit kwam naar voren dat de bedrijven die in de periode 'engaged' werden door ACTIAM en de andere beleggers meer verbeteringen in hun benadering van waterrisico's hebben doorgevoerd dan de andere bedrijven. Een indicatie van de toegevoegde waarde van engagement en een positieve verbetering, omdat het de risico's die de bedrijven lopen verkleint.

Figure 14: Pre- and post-engagement benchmarking exercise (ACTIAM, [link](#))

## Challenges of engagement

Engagement is not a straightforward process; research<sup>24</sup> shows that it is most likely to succeed if a company has concerns about its reputation – and has the management capacity to implement change. A strong business case also plays an important role. Of course, companies do not necessarily share our opinions – sometimes, they are reluctant to deal with sensitive issues. If a company becomes defensive, it is hard to engage effectively.

In our approach, we try to strike the right balance – we want to be positive, encouraging, but our engagement must also be

firm and fact-based. Our aim, ultimately, is to build constructive, long-term relationships with the companies we invest in. The way we engage also varies. Some issues can be solved in a few telephone calls; others require more persistence. In some cases, we engage alone; in others, it is more effective to engage collaboratively – alongside other investors. Research in this area is still in its infancy, so we are working with peers and getting more involved in academic research. We have restructured our engagement database, and we will be expanding our team and using research to start measuring progress within our engagement program.

Figure 15: Describing the challenges of engaging in meaningful dialogue (AEGON AM, [link](#))