



# **Dutch Stewardship Code**

## **Implementation Progress Report 2023**

**April 2023**

## Executive Summary

This is the third Dutch Stewardship Code Implementation Progress Report. Building on the results presented in the first (2019) and second report (2021), the present report assesses and discusses the various ways in which Eumedion members (hereafter: members) seek to comply with the principles set out in the Dutch Stewardship Code (hereafter: the Code).

The four main focus areas of the 2021 review have been retained: (I) general transparency around the Code and its implementation, (II) shareholder voting, (III) engagement practices, and (IV) collaboration with shareholders and communication with other stakeholders. Various illustrations of current market practices and stewardship highlights are presented throughout the report in text boxes and in a separate annex.

The results continue to show a gradual increase in general transparency around the Code and its provisions. An increasing but still limited number of members publishes an implementation report, which can contribute to assessing stewardship practices and locating information.

On shareholder voting and voting transparency, the enquiry shows a steady high number of members that periodically publish a description of their general voting behaviour, as well as voting results on a per meeting / per voting item basis. Regarding explaining significant votes, the results show a shift in preference from periodic reports to (brief) explanations provided in proxy voting databases. This shift comes with pros as well as cons, which reiterates the importance of providing adequate and easily accessible information. This way, members can show how they use their voting rights to contribute to meaningful stewardship outcomes, better checks and balances within Dutch listed companies and sustainable long-term value creation.

On engagement and engagement results, the report shows a surprising decline in consistent reporting on targets and objectives, as well as outcomes of engagement strategies. The report hypothesises that this may be partly due to the inherent difficulties with respect to reporting on engagement outcomes. It may also signal that reporting practices on engagement programs will become increasingly weaved into the broader disclosures on responsible investment strategies and their performance, driven by the European legislative context as well as other international Stewardship Codes. It is in any case encouraging that the review shows that a significantly larger number of members report on the options of escalating their engagement.

Lastly, the results again confirm that collaboration with *other shareholders* is common practice among members. Encouragingly, the willingness to communicate with *other stakeholders of an investee company* is now included in the stewardship policies of almost half the members. However, concrete examples of how the communication with such stakeholders informs their engagement efforts are still few.

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## About the Implementation Progress Report 2023

### *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 engaged and responsible shareholders. To help institutional investors, and in particular Eumedion members (hereafter: members) meet this expectation, Eumedion drafted the Dutch Stewardship Code (hereafter: 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 sustainable 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. On 1 January 2019, the Code entered into force. The Code incorporates the stewardship obligations for asset owners and asset managers stemming from the revised Shareholder Rights Directive (see Implementation Progress Report 2019, page 5). Given the partial overlap, it is likely that this Directive, which entered into force 1 December 2019, has had a positive effect on compliance with requirements of the Code.

### *Integration into the Dutch Corporate Governance Code per 1 January 2023*

Per the 1<sup>st</sup> of January 2023, important parts of the Code have been incorporated into the Dutch Corporate Governance Code.<sup>2</sup> This concerns e.g. exercising voting rights on an informed basis, transparency around the engagement policy and its implementation, the abstention of voting when a short position in a company is larger than the long position, and the requirement to recall lent shares if the agenda for a general meeting includes one or more significant matters. The integration of these principles underlines Eumedion's belief that the engagement and voting policy of shareholders should also (ultimately) facilitate the strategy of Dutch listed companies aimed at long-term value creation; the central focus of the Corporate Governance Code. This integration is also appropriate from the perspective of the revised European Shareholders' Rights Directive, adopted in 2017. According to its recitals, "effective and sustainable shareholder engagement is one of the cornerstones of the corporate governance model of listed companies".

In light of these developments, Eumedion will separately communicate on the future of the Dutch Stewardship Code as well as the monitoring process in the course of 2023.

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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> The revised Dutch Corporate Governance Code can be found here: <https://www.mccg.nl/publicaties/codes/2022/12/20/dutch-corporate-governance-code-2022>.

## *Methodology*

Compared to the 2021 review,<sup>3</sup> Eumedion has retained the assessment framework, consisting of four main focus areas: (I) general transparency around the Code and its implementation, (II) shareholder voting, (III) engagement practices, and (IV) the collaboration with other shareholders and the communication with relevant stakeholders (following principles 4 and 5).

As discussed in the 2021 report, focus area (I) illustrates members' awareness of the Code and the state-of-play regarding the implementation of its principles. Focus areas (II) and (III) illustrate if and how members 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. However, both focus areas have been modified to reflect variations and innovations used by members to comply with the Code. Regarding the assessment of transparency on voting results and the description of significant votes, the review focuses on the different ways members provide both quantitative as well as qualitative insight into their voting behaviour. Regarding the focus area of engagement, the review focuses on whether members consistently report on engagement themes, objectives and subsequent results. Finally, the fourth focus area a.o. explores the aspect of communication with stakeholders. This follows from principle 5, which asks Eumedion members to communicate with relevant stakeholders of Dutch listed investee companies, where appropriate and at their discretion. It follows from the guidance to this principle, that understanding the aspirations and motivations of other relevant stakeholders can be closely linked to focus areas (II) and (III), since it can help shape and prioritise engagement with investee companies as well as advance the goals of the stewardship activities.

Similar to the 2021 report, various illustrations of stewardship highlights and current market practices are presented throughout the report in text boxes as well as in Annex 2.

## *Sample and sources*

The report assesses the same sample of 27 asset owners and asset managers as for the first two Implementation Progress Reports. This sample represents more than half of Eumedion members and consists of 10 asset owners and 17 asset managers.<sup>4</sup> The enquiry spans two reporting years (2021 and 2022), and includes all relevant publicly available information on websites and in annual and other periodic reports as per January 2023. This means that annual reports for 2022 were not yet available, but use has been made of the most recent information in quarterly and half-year reports, policy documents and on websites.

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<sup>3</sup> The 2021 Implementation Progress Report can be found here:

<https://www.eumedion.nl/clientdata/215/media/clientimages/Dutch-Stewardship-Code-Implementation-Progress-Report-2021---final.pdf?v=210616175048>.

<sup>4</sup> See Annex 1 for the full list of members included in the enquiry. Since publication of the 2021 report, Columbia Threadneedle has acquired BMO Global Asset Management and Goldman Sachs Asset Management has acquired NN Investment Partners. Shell Pension Fund has transferred its membership of Eumedion to Shell Asset Management Company. These three new entities have taken the place of the former three members included in this review, as shown in Annex 1.

## Results

### A. General transparency around the Code and its implementation<sup>5</sup>

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 members provide information on their stewardship strategy, activities and results. The members 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.

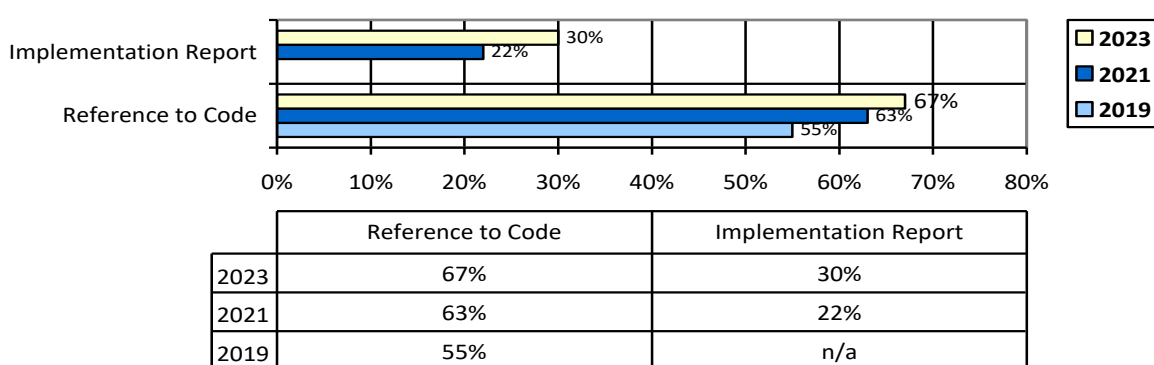


Figure 1: Members referencing the Code (2019-2023) and providing an implementation report (2021-2023) (n=27)

Compared to 2019, there is a gradual increase in the number of members referencing the Dutch Stewardship Code, from 55% in 2019 to 67% in 2023. In addition, about one third of the members explicitly reports on the implementation of the Code. While reporting on the implementation of the Code itself is not required per se, the first principle of the Code does stipulate that members need to have a stewardship policy in place that addresses all the elements of the Code and to report at least annually on the implementation of their own stewardship policy. An increasing number of members support their compliance with this requirement by publishing a document outlining the implementation of the Code in their own policies and reporting practices. Conducting and publishing an implementation analysis allows members to periodically self-evaluate their policies and to publicly show how the Code's principles have been translated into their own policies and reporting practices – or to explain in case they have not. It may also help readers in locating certain information, which can prove to be challenging especially with members increasingly providing extensive documentation on their wider responsible investment activities.

<sup>5</sup> Pertaining to principle 1 of the Dutch Stewardship Code.

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

### *Exercising voting rights*

As in 2021, the review shows that all of the members included in this enquiry exercise their voting rights (or through a proxy), with high levels of transparency on their voting behaviour. As illustrated in figure 2, the number of members providing 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, has remained steady at 89%.

Compliance with the requirement to publish individual voting results has remained steady at around 80%. As in previous reviews, the current enquiry again shows varying degrees of ease of access to reports and databases with voting results. Easy access can, for example, be realised through sufficiently ubiquitous linking to the location of this information on a dedicated resources webpage, in (periodic) stewardship reports, and in the stewardship policy documents and/or implementation reports themselves. The review also found a case of non-compliance due to an error while trying to open a proxy voting database, thus preventing stakeholders to access this information.

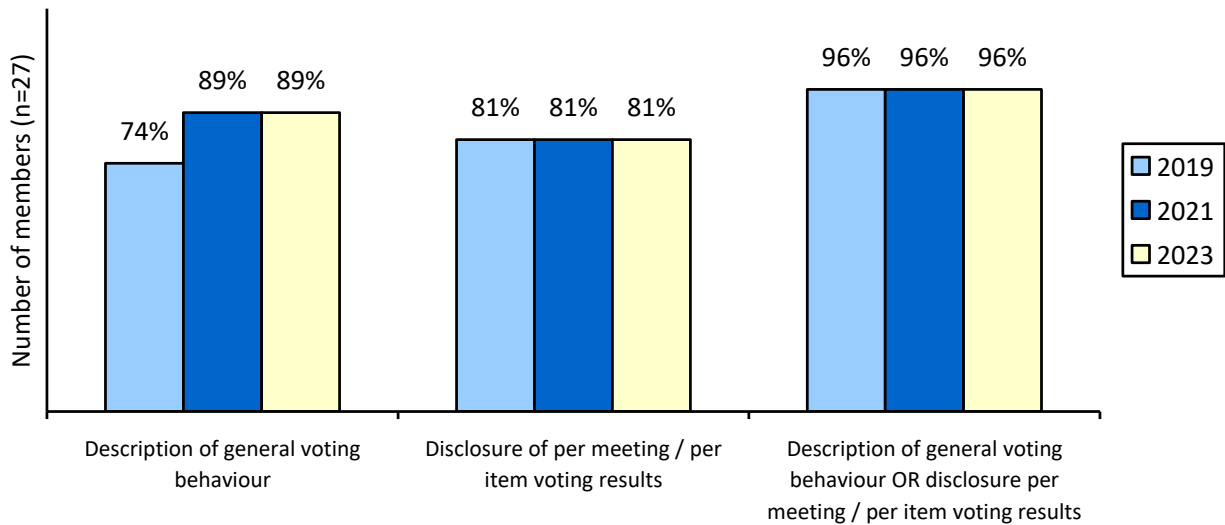


Figure 2: Disclosure of voting behaviour by members (n=27)

<sup>6</sup> Principle 7 of the Dutch Stewardship Code. Reference is also made to article 5:87c (3) of the Dutch financial supervision act. This article implements article 3g (1) (b) of the revised Shareholders' Rights Directive. According to the latter, "Institutional investors and asset managers shall, on an annual basis, publicly disclose how their engagement policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the use of the services of proxy advisors".

### Explaining significant votes

The Code also requires members to publish an explanation of the most significant votes (principle 7).<sup>7</sup> 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 institutional investor determines what is considered to be a significant vote, 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.

As in 2021, the current review aims to provide further insight into the various ways members explain significant votes. Figure 3 (below) shows that compared to 2021 an increasing number of members employ a combination of the following three options to explain significant votes:

1. Explaining a selection of votes in a periodic (voting, stewardship or general annual) report, *and/or*
2. Explaining a selection of votes in an online voting results database, *and/or*
3. Explaining all votes in an online voting results database.

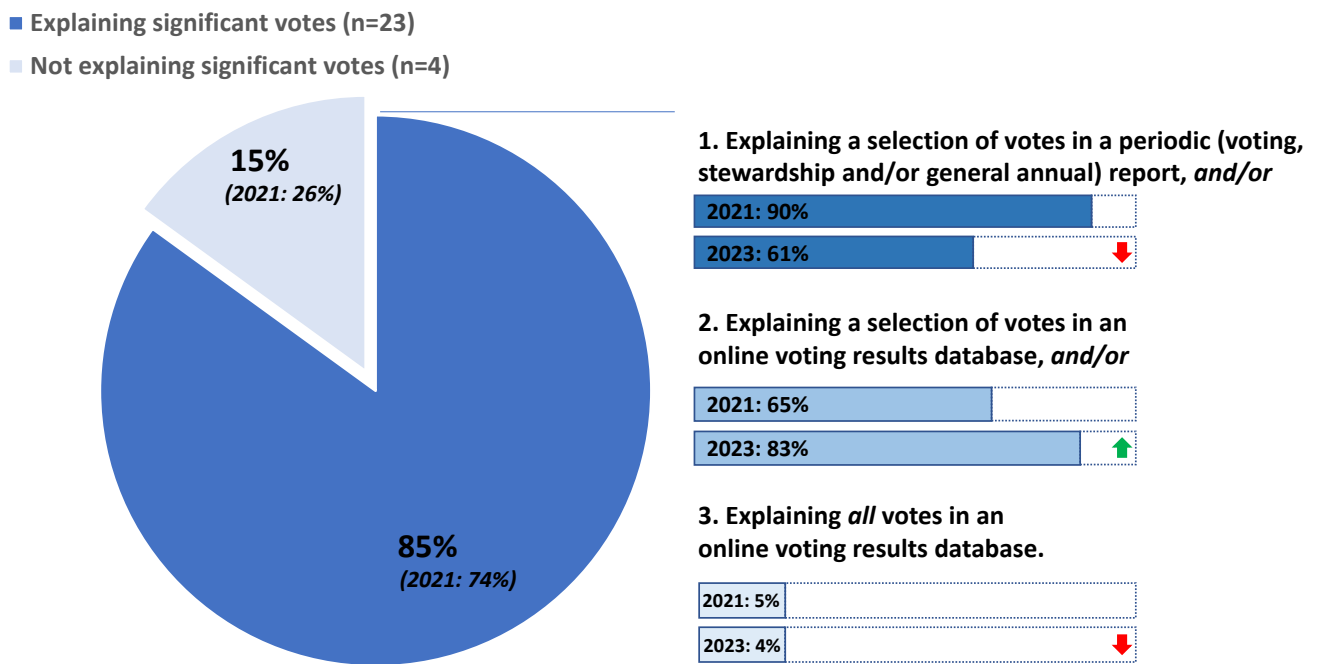


Figure 3: Members explaining significant votes (2021 and 2023)

<sup>7</sup> Reference is also made to article 5:87c (3) of the Dutch financial supervision act, as per the previous footnote.



Compared to 2021, figure 3 reveals a shift from highlighting a selection of votes in a periodic report to a voting database. This shift might have positive as well as negative consequences. When members explain their votes in a voting database, the review finds that generally *only votes against management proposals or abstentions* are explained. The advantage of this straight-forward method over explaining a selection of votes in a periodic report is that it will not leave the reader wondering which selection criteria were applied in order to specifically highlight *these* votes. However, voting rationales provided in databases are usually very brief and not very detailed. And what is more, as outlined above, not only votes *against* management proposals should potentially be considered significant. In these cases, it makes sense to additionally highlight specific votes (also) in a periodic report.<sup>8</sup>

The review finds that, while most members explain significant votes, few members give their stakeholders guidance to their process and presentation choices in this respect. While the Code does not prescribe one specific way of clarifying significant votes, members are encouraged to describe or summarise how they define significant votes, and to also clearly link this information to their preferred method of explaining these votes. Providing stakeholders with sufficient and easily accessible contextual information - regardless of the disclosure method preferred - will contribute to showing how members use their voting rights to contribute to meaningful stewardship outcomes.

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<sup>8</sup> In the 2023 review, contrary to 2019 and 2021, we did not come across instances where a voting rationale provided as explanation to a significant vote in a voting database, did not match the actual vote recorded. The 2019 report pointed out that this might happen when pre-filled databases are not automatically updated when a meeting agenda, voting items or a member's position are amended.

## SHAREHOLDER VOTING IN 2022

In its evaluation of the 2022 AGM season,<sup>a</sup> Eumedion reported that the average voter turn-out at the AGMs reached new record levels at AEX and AMX companies. In total, 1,049 voting items were tabled at AGMs, one being a shareholder resolution. Seven resolutions were withdrawn prior to or at the AGM, while one was amended before it was put to the vote. More than 50 board resolutions received significant shareholder dissent (over 20%). Ten board resolutions and the only shareholder resolution were voted down. One resolution could only be adopted with the help of a "friendly" Trust Office.

Remuneration-related resolutions continued to represent the category of resolutions most contested: 39% of all controversial resolutions, very similar to the level in 2021. Executive and supervisory director elections represent the second largest part of the controversial resolutions: 23% in 2022 against 'only' 8% in 2021.

Eumedion concluded that supervisory directors of Dutch listed companies do not take sufficient responsibility and actions to address the concerns of shareholders when the shareholders' meeting rejects a remuneration report. In order to increase supervisory directors' accountability, Eumedion believes that next steps should be taken. As from the 2023 AGM season onwards, Eumedion will issue alerts regarding the (reappointment of) supervisory directors who do not take sufficient action to address shareholders' concerns.

In view of this, Eumedion commissioned the not-for-profit remuneration research firm Reward Value Foundation to conduct qualitative international research into the operation and effects of 'say-on-pay' legislation.<sup>b</sup> This legislation gives shareholders of listed companies the power to vote on the remuneration of executives. One of the focus points of the research was whether the introduction of a binding - instead of an advisory - vote of the AGM on executives' remuneration would lead to fewer remuneration excesses. France and Switzerland already have such a binding vote. One of the main insights of the study is that say-on-pay legislation does not lead to a reduction in remuneration excesses, but also that shareholders and supervisory directors should enter into dialogue about top remuneration and excesses more frequently and intensely and on an equal basis.

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<sup>a</sup> The 2022 AGM season evaluation report can be found here: <https://en.eumedion.nl/Latest-news/large-investors-will-hold-supervisory-directors-to-account-for-too-generous-executive-remuneration-policies.html>.

<sup>b</sup> The research report can be found here: <https://en.eumedion.nl/Latest-news/shareholders-and-supervisory-directors-should-have-a-more-frequent-dialogue-about-executive-remuneration.html>.

### C. Engaging in meaningful dialogue<sup>9</sup>

Eumedion considers engaging in a meaningful dialogue with investee companies an important aspect of investor stewardship.<sup>10</sup> The Code therefore stipulates that institutional investors need to be prepared to engage in dialogue with their investee companies (principle 3). The 2019 report already showed that almost all members engage in dialogue with (a selection of) investee companies, including Dutch listed companies, either as part of their own investment operations or through an external service provider.<sup>11</sup> The 2021 report then assessed in more depth how members demonstrate the aspect of meaningfulness of their dialogue program. To that end, it assessed if members report not only in general terms on engagement activities and their outcomes, but also whether they consistently report on (1) the selection and prioritisation of engagement themes, (2) the targets and objectives related to the prioritised themes, and (3) the performance of the engagement program in relation to these targets and objectives.

Figure 4 shows how this has developed from 2021 to 2023.

#### Reporting on:

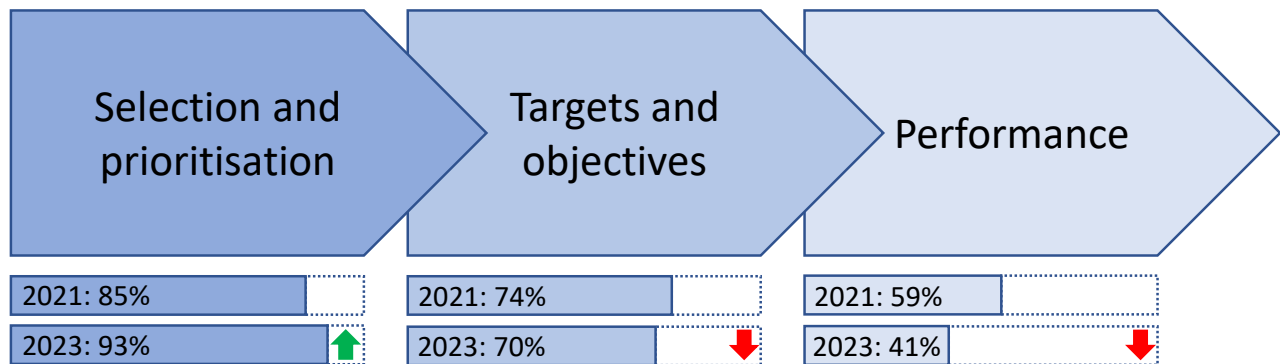


Figure 4: Percentage of members consistently reporting on engagement programs (2021 and 2023; n=27)

Compared to 2021, we found a slight increase to 93% (2021: 85%) of members reporting on the selection and prioritisation of engagement themes. Regarding these prioritised themes, fewer members report on related targets and objectives compared to 2021. Further decline still is visible where it concerns reporting on the outcomes in relation to the targets and objectives they themselves communicate. This is an unexpected outcome. Where the 2021 report already concluded that there was an opportunity for members to further enhance their reporting by establishing a more consistent reporting line between the various building blocks of the engagement programs, this now holds true even more.

<sup>9</sup> Principle 3.

<sup>10</sup> The preamble to the Code (recital 2) defines the concept of ‘engagement’ as conducting a meaningful dialogue with listed companies.

<sup>11</sup> Dutch Stewardship Implementation Progress Report 2019, p. 12-13.

## EXPLAINING A SHIFT IN ENGAGEMENT REPORTING PRACTICES: TOWARDS RESPONSIBLE INVESTMENT PERFORMANCE TRANSPARENCY?

The shift in reporting practices away from consistency between the various building blocks of the engagement programs can potentially be attributed to the inherent difficulties related to reporting on engagement outcomes. The 2021 report acknowledged that it is not always easy to communicate the immediate results and impact of stewardship activities.

The 2021 report discussed how members were exploring various other ways of bringing across this sense of ‘meaningfulness’. One of these ways is tying engagement programs to the United Nations Sustainable Development Goals (SDGs), a practice that is still adhered to by a large majority of members. Another development that the 2021 report highlighted concerns members starting to more closely connect stewardship activities and their outcomes to (the quantitative performance of) their broader responsible investment strategies. This was visible both in the area of sustainability impact (e.g. greenhouse gas emissions that can be attributed to an investment portfolio) or the risk-return of a portfolio. This approach has seen a strong uptake since 2021, possibly due to focused disclosure requirements becoming in force since then, most notably those related to the Sustainable Finance Disclosure Regulation (SFDR). It is noteworthy that also the UK Stewardship Code 2020 asks signatories to ‘systematically integrate stewardship and investment’ (principle 7), further driving this development in disclosure practices.

As a result, reporting on engagement programs seems to become ever more weaved into the disclosures on broader responsible investment strategies and performance. Specifically, we observe members developing clear criteria and classifications for responsible investment, and using stewardship activities to improve portfolio company performance against these predetermined performance criteria for responsible investment. This can take the shape of e.g. a thematic approach (such as SDG-linked investing or themes relevant to ultimate beneficiaries), of positive impact investing, or of a very specific performance framework such as the carbon footprint performance of a portfolio. The role of and the reporting on stewardship activities within this broader approach, then, form part of a larger strategy and of a set of supporting activities towards reaching overarching responsible investment targets. It is noteworthy, that this development might in practice lead to a less specific focus on ‘stand-alone’ engagement outcomes.

### *Escalation of engagement*

As follows from the Code, the option to escalate engagement activities should be an integral part of a meaningful engagement program.<sup>12</sup> The current review finds that 78% of members provide information on the process of escalation. This is up from 56% in 2021. As in the previous report, we now too find that with those members that do communicate on escalation options, the information varies from very brief and concise (along the lines of ‘we may intensify engagement or divest’) to providing a more systematic long-list or ‘ladder’ of potential measures. This includes varying degrees of intensity depending on whether it concerns portfolio-wide ‘thematic’ engagement or company-specific engagement on serious shortcomings and certain violations of international standards. Several members explicitly list the option to submit a shareholder resolution at an AGM as part of their escalation strategy. As an important factor towards demonstrating the substance of engagement programs, it is encouraging to see that an increasing number of members elaborate on the various options for escalation, should their initial engagement efforts fall short of their objectives and targets.

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<sup>12</sup> Principle 3. The guidance to this principle lists various escalation actions that members could potentially employ.

## BEHIND THE DUTCH STEWARDSHIP CODE: 2022 MILESTONES

The year 2022 saw various examples of shareholder stewardship in the spirit of the Dutch Stewardship Code.

Most pressingly, during the 2022 engagement dialogues companies updated Eumedion members on the implications of the Russia-Ukraine war, with the security of their colleagues, their families and the clients in these countries as their first priority. Secondly, they explained their decisions to terminate operations in Russia and Belarus, to stop doing new business or to only continue supplying human-necessary products, such as food, medicines and medical products. Eumedion members requested to elaborate on the decisions made and how the various interests of stakeholders were taken into account and weighed. Thirdly, the companies updated Eumedion members on the impact of the 'secondary' effects of the war on the company, such as increasing (energy) prices, interest rates, supply chain issues and cybersecurity risks.

Also in 2022 and as in recent years, a shareholder resolution was submitted by Follow This, a group of Shell shareholders that encourages the company to take leadership in the energy transition to a net-zero emission energy system. The shareholder resolution requested Shell to set and publish targets that are consistent with the goal of the Paris Climate Agreement. The shareholder resolution received 20.3% support, which was significantly lower than the 30.5% for the similar resolution submitted for a vote in 2021. The group of shareholders that supported the Follow This resolution in 2022 was about the same size as the group of shareholders that voted against Shell's progress report regarding its own energy transition strategy (20.1%). This indicates that a substantial group of Shell shareholders wants to see an acceleration of the pace of transition of Shell's activities.

2022 was the third year that shareholders of Dutch listed companies could cast an advisory vote on the remuneration report, which saw a sharp increase in the number of reports that received more than 20% dissent or were rejected. By casting an advisory vote, shareholders can hold the supervisory directors accountable for the execution of the executive remuneration policy adopted by the shareholders' meeting in an earlier year. Shareholders find it increasingly important that companies can demonstrate alignment between executive pay and the company's long-term strategy and performance. Under-par disclosures explain, for example, the relatively high number of votes against the remuneration reports of companies such as TKH Group, Vopak and Heineken in 2022. Other companies were not able to satisfactorily justify pay practices, including the use of board discretion, in the context of operational problems that affected the company's performance and therefore contributed to a misalignment between executives' total pay levels and the company's performance. This can, for example, explain the very high number of shareholders' dissent (almost 80%) regarding the Philips remuneration report. And for the second year in a row, the AkzoNobel supervisory directors used their discretionary power to lower the target of an important performance measure for the vesting of performance shares. As a result, the AkzoNobel remuneration report received a negative shareholders' advice for the second year in a row.

#### D. Collaboration with shareholders and communication with stakeholders<sup>13</sup>

When exercising stewardship activities towards Dutch listed investee companies, the Code expects members to not only cooperate with other shareholders, but also to communicate with relevant stakeholders of Dutch listed investee companies, where appropriate and at their discretion. The guidance to these principles makes clear that both aspects can serve to more efficiently and effectively address issues with investee companies. Cooperation with other shareholders may contribute to a wider and deeper analysis as well as a potentially more effective engagement, while striving to understand the aspirations and motivations of other relevant stakeholders of the company (e.g. banks, creditors, customers, suppliers, the works council and NGOs – so not just other *investors*) may advance the goals of stewardship.

For this review, we have again assessed to what extent members comply with both principles 4 and 5. Figures 5 and 6 show the result of this assessment.

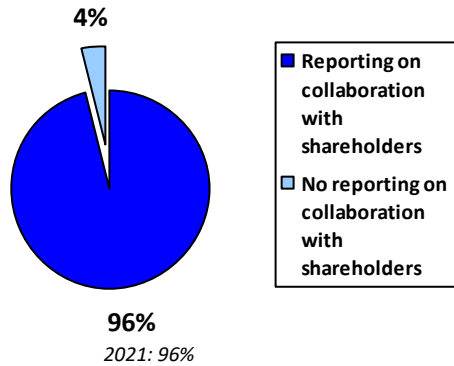


Figure 5: Collaboration with shareholders (n=27)

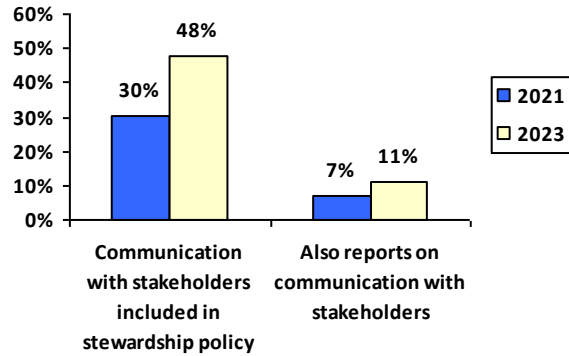


Figure 6: Communication with other stakeholders (n=27)

The results confirm that collaboration with *other shareholders* remains common practice among members. Almost all members provide ample information on many collective efforts and on their participation in various platforms, some indeed aimed specifically at the Dutch market (such as Eumedion itself), but most with an explicit cross-border work program.

Regarding the communication with *other stakeholders of investee companies*, the current review shows an upward trend. While members commonly and extensively provide information on how they communicate

<sup>13</sup> Principles 4 and 5. Reference is also made to art. 5:87c (2) (e) of the Dutch financial supervision act. This article implements article 3g (1) (a) of the revised Shareholders' Rights Directive. According to the latter, institutional investors and asset managers shall develop and publicly disclose an engagement policy which describes among other things how they cooperate with other shareholders and communicate with relevant stakeholders of the investee companies.

and work with stakeholders – both in their policy documents and in their activity reports -, such outreach still concerns in most cases their *own* stakeholders, and commonly includes other *shareholders* as well.<sup>14</sup> Often, the descriptions of interaction with other stakeholders (such as their own beneficiaries or NGOs) serve to illustrate how wider engagement themes and efforts have been defined and prioritised. These interactions tend to be reported on in general terms and commonly concern broader themes – not company-specific issues. By now, almost half of the members refer explicitly in their policy documents on how wider engagement with e.g. trade unions or NGOs may inform company-specific engagement activities.<sup>15</sup> In members’ reporting on engagement activities, concrete examples of how communication with company-specific stakeholders informs their efforts are still few.

Following the Code’s requirement, members are therefore encouraged to show more clearly what their approach is to communication with relevant *other stakeholders of investee companies*, and if and how this communication, in practice, informs their engagement activities.

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<sup>14</sup> It may be, of course, that the stakeholders of members are in certain cases also stakeholders of investee companies.

<sup>15</sup> The stewardship policy of one member states clearly that, while other stakeholders of investee companies are welcome to reach out to them, they will in practice be reluctant to engage with them and, as a rule, only in exceptional cases engage in dialogue. The reasons for this reluctance are not explained in more detail.



## Annex 1: List of Eumedion members included in the enquiry

- 1 Aberdeen Standard Investments
- 2 Achmea Investment Management
- 3 Actiam N.V.
- 4 Aegon Asset Management
- 5 Algemeen Pensioenfonds Stap
- 6 APG Groep N.V.
- 7 AXA Investment Managers
- 8 BlackRock
- 9 BNP Paribas Asset Management
- 10 Columbia Threadneedle Netherlands B.V. (*previously BMO Global Asset Management*)
- 11 DoubleDividend Management B.V.
- 12 Goldman Sachs Asset Management (*previously NN Investment Partners*)
- 13 Kempen Capital Management
- 14 MN
- 15 Pensioenfonds van de Metalektro (PME)
- 16 Pensioenfonds voor Werk en (re)Integratie
- 17 PGGM Vermogensbeheer
- 18 Robeco Groep N.V.
- 19 Schroders Investment Management
- 20 Shell Asset Management Company (*for 2021 report: Stichting Shell Pensioenfonds*)
- 21 Stichting Beleggingen Menzis
- 22 Stichting Mediahuis Nederland Pensioenfonds
- 23 Stichting Pensioenfonds ABP
- 24 Stichting Pensioenfonds Hoogovens
- 25 Stichting Pensioenfonds IBM Nederland
- 26 Teslin Capital Management B.V.
- 27 Triodos Investment Management B.V.

## Annex 2: Illustrating current market practices<sup>16</sup>

Results, section A: General transparency around the Code and its implementation (see page 6)

Monitoring stewardshipbeleid 2021 <i>(Beleid inzake betrokken aandeelhouderschap)</i>		
Principes	Samenvatting principe	Monitoring DoubleDividend 2021
Principe 1	Institutionele beleggers hebben een stewardshipbeleid waarin wordt beschreven hoe zij stewardship richting Nederlandse beursvennootschappen integreren in hun beleggingsstrategie.	Stewardshipbeleid is gepubliceerd op de website, <a href="http://www.doubledividend.nl">www.doubledividend.nl</a> .
Principe 2	Institutionele beleggers houden toezicht op de Nederlandse beursvennootschappen ten aanzien van materiële aangelegenheden.	<ul style="list-style-type: none"> <li>- Portefeuille wordt bottom-up opgebouwd.</li> <li>- Geïntegreerde analyse (financieel en duurzaamheid).</li> <li>- Beperkt aantal ondernemingen.</li> <li>- Doorlopende monitoring materiële aangelegenheden.</li> </ul>
Principe 3	Institutionele beleggers zijn bereid om de dialoog aan te gaan met de bestuurders en/of commissarissen van de Nederlandse beursvennootschappen.	Meerdere gesprekken plaatsgevonden met beursvennootschappen, daarbij onder meer aandacht voor het ondernemingsmodel en duurzaamheid.
Principe 4	Institutionele beleggers werken samen met andere aandeelhouders bij de uitoefening van stewardshipactiviteiten richting Nederlandse beursvennootschappen.	Binnen Eumedion samen met aantal andere institutionele beleggers betrokken geweest bij een aantal gesprekken met beursvennootschappen. Hierbij vooral aandacht voor focus letter 2021 van Eumedion.
Principe 5	Institutionele beleggers communiceren met relevante belanghebbenden van Nederlandse beursvennootschappen.	Er is in 2021 niet gecommuniceerd met relevante belanghebbenden.

Figure 7: Monitoring implementation of the Code (Double Dividend, Duurzaamheidsrapport 2021, p. 37)

<sup>16</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. As they are examples of actual reporting and policy documents, some examples are in Dutch. Where possible, examples were used to illustrate investor reporting regarding Dutch listed companies.

## DE INVULLING VAN DE STEWARDSHIPCODE IN 2021

### Wij hebben

- ✓ alle bedrijven in portefeuille het hele jaar door actief in de gaten gehouden op alle relevante aspecten;
- ✓ ontwikkelingen besproken met ons investeringsteam (Principe 2);
- ✓ bestuurders en/of commissarissen van al onze investeringen meermaals gesproken en/of aangeschreven (Principe 3);
- ✓ bij ruim 1/3 van de ondernemingen in portefeuille op verschillende terreinen samengewerkt met andere aandeelhouders (Principe 4);
- ✓ geïnvesteerd in het opbouwen van een netwerk van sectorexperts en andere belanghebbenden rondom onze investeringen; wij hebben bij ongeveer 1/3 van de ondernemingen in portefeuille met relevante sectorexperts gesproken (Principe 5);
- ✓ geen belangenconflicten geïdentificeerd met de ondernemingen in Portefeuille (Principe 6);
- ✓ op alle Algemene Vergaderingen ons stemrecht uitgeoefend. In verband met de maatregelen gericht op het beperken van de uitbraak van Covid-19 zijn wij bij alle vergaderingen (op één na alle virtueel) aanwezig geweest. Bij tegenstemmen of onthoudingen hebben wij onze stem toegelicht. Onze stemverantwoordingen zijn gepubliceerd op onze website (Principes 7 en 10);
- ✓ ons stembeleid als onderdeel van ons Stewardshipbeleid gepubliceerd; hierin geven wij aan altijd zelf te stemmen, zonder advies van stemadviesbureaus aan te nemen (Principe 8); en
- ✓ Wij hebben geen Buitengewone vergadering bijeengeroepen. We hebben wel eenmaal een voorstel geagendeerd (Principes 9 en 10); en
- ✓ geen shortposities aangehouden en geen aandelen uitgeleend (Principe 11).

Figure 8: Monitoring implementation of the Code (Teslin Capital Management, Stewardshiprapport 2021, p. 12)

Results, section B: Shareholder voting and voting results (see page 8)

**APPENDIX I**

# Significant Votes

COMPANY NAME	THEME	ITEM	MANAGEMENT RECOMMENDATION	KEMPEN VOTE	OUTCOME/RATIONALE
Aalberts NV	Governance	Approve Remuneration Report	For	Against	We voted against on two points, namely, lack of (retrospective) disclosure regarding the level of achievement on short-term incentive objectives, and absence of sufficient and adequate responsiveness to last year's AGM vote (21 percent dissent) on remuneration report (due to deviation of reporting requirements stemming from Shareholder Rights Directive II).
Alphabet Inc.	Social	Require Independent Director Nominee with Human and/or Civil Rights Experience	Against	For	We supported a number of shareholder proposals at the Alphabet AGM. We co-filed a shareholder proposal requesting a human rights risk oversight committee last year. We don't necessarily think this needs to be implemented with a specific board member. Also, we think the company made some progress in addressing the topic. We support this year's proposal to stress the topic is still important for us and encourage the company to enter into a public discussion on the topic.

Figure 9: Explaining significant votes in a periodic report (Kempen Capital Management, Annual Stewardship and Sustainable Investment Report 2021, p. 39)

**Company example: Unilever**

Unilever asked shareholders to support its updated remuneration policy. NN IP voted against the proposal based on our concerns about the method for measuring performance against targets. In Unilever's long-term incentive plan, targets would only be measured in the final year of the performance period. We believe long-term incentives should encourage executives to achieve steady, sustainable growth, and that performance should therefore be measured over the entire three-year performance period.

Figure 10: Explaining significant votes in a periodic report (NN Investment Partners / GSAM, Responsible Investing Report 2021, p. 39)

Nederlands ▼ Datumbereik Tussen: 2009-01-01 En: 2023-03-25 Updaten    Resetten	Onderneming	Vergaderdatum ↓
	<a href="#">Aalberts NV</a>	2023-03-09
	<a href="#">Argenx SE</a>	2023-02-27
	<a href="#">OCI N.V.</a>	2023-02-16
	<a href="#">Pepco Group N.V.</a>	2023-02-02
	<a href="#">Koninklijke DSM N.V.</a>	2023-01-23
	<a href="#">Aegon N. V.</a>	2023-01-17

Figure 11: Reporting on voting outcomes with Dutch listed companies (PGGM, Proxy Voting Records, [link](#))

Results, section C: Engaging in meaningful dialogue (see page 13)

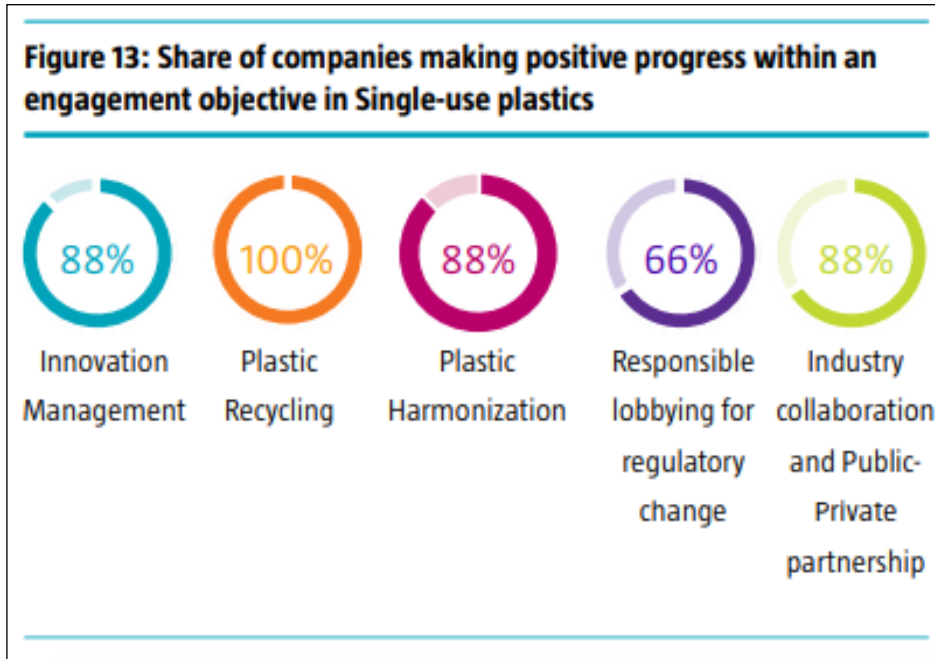


Figure 12: Reporting against engagement objectives (Robeco, Stewardship Report 2021, p. 39)

### Milestones




To track the progress on the main objective of our engagement efforts, we have set five milestones.

1. Company doesn't have emission reduction targets
2. Company has emission reduction targets, but these are not science-based
3. Company is committed to setting science-based targets
4. Company has set 2°C science-based targets
5. Company has set 1.5°C science-based targets

Our ambition is to have all our portfolio companies reach milestone 5.

Figure 13: Setting engagement milestones (Triodos Investment Management, Climate Change Engagement, [link](#))

In deze rapportage wordt aan de hand van onderstaande iconen weergegeven wat het resultaat van het engagement is.

-  Engagement succesvol; bedrijf voldoet aan onze voorwaarden en is 'koploper' geworden.
-  Engagement niet succesvol; onze belegging is verkocht.
-  Engagement tussentijds beëindigd omdat onze belegging is verkocht.





Bedrijf	Sector	Engagement gericht op	Resultaat	Samenvatting
PGT Innovations Inc	Industriële bedrijven	Milieu		Engagement met deze fabrikant van ramen en deuren had betrekking op het openbaar maken van de manier waarop de onderneming milieurisico's beheerst. De onderneming heeft aan ons verzoek voor openbaarmaking voldaan. Het engagement is succesvol gesloten. Na het engagement voldoet het bedrijf aan onze voorwaarden voor koploperstatus.
Nippon Shinyaku Co Ltd	Gezondheidszorg	Bedrijfsethiek, overig		Engagement had betrekking op transparantie over de gehanteerde richtlijnen voor verantwoorde promotie van medicijnen. Het bedrijf onderschrijft publiekelijk de Japanse gedragscode op dit gebied, die in lijn is met internationale richtlijnen. Het engagement is succesvol gesloten. Na het engagement voldoet het bedrijf aan onze voorwaarden voor koploperstatus.
Yadea Group Holdings Ltd	Luxe goederen	Bedrijfsethiek		Engagement met dit bedrijf dat elektrische scooters fabriceert, had betrekking op het niet publiekelijk beschikbaar zijn van een klokkenluidersregeling. De onderneming heeft de klokkenluidersregeling aan ons verstrekt. Het engagement is succesvol gesloten. Na het engagement voldoet het bedrijf aan onze voorwaarden voor koploperstatus.
By-health Co Ltd	Dagelijkse goederen	Overig		Engagement had betrekking op een gebrek aan informatie over de omstandigheden in de leveranciersketen. De onderneming, een Chinese producent van vitaminesupplementen, heeft deze stukken wel, maar communiceert deze niet. Het engagement is beëindigd want we zijn niet meer belegd in het bedrijf

Figure 14: Reporting on the outcome of engagements (ABP, IMVB Engagement Rapportage 2022, p. 1)

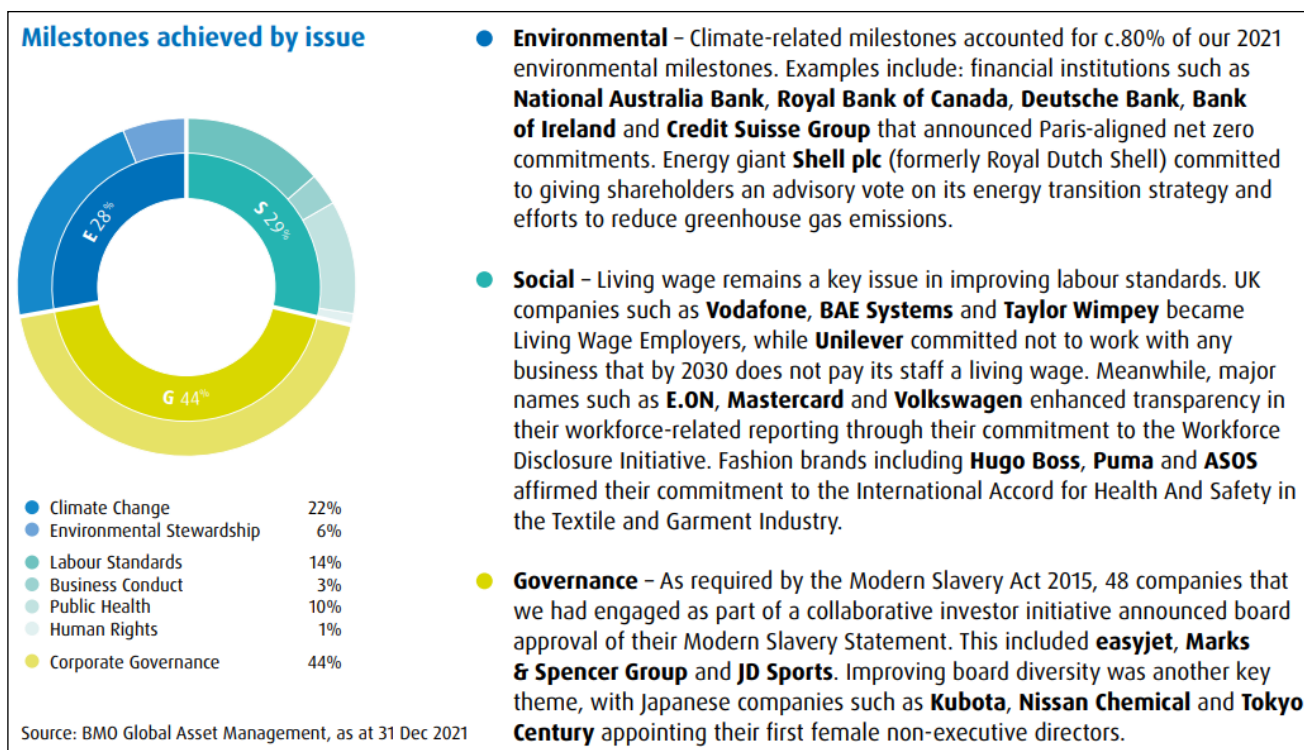


Figure 15: Reporting on engagement milestones (BMO GAM / Columbia Threadneedle, Stewardship Report 2021, p.67)

### TABEL 5.2.1 MIJLPALLEN

Mijlpalen	
1	Het delen van relevante informatie
2	Implementatie van Beleid
3	Herstel en Verhaal
4	Opheffen en/of Voorkomen

### TABEL 5.2.5 OPHEFFEN EN/OF VOORKOMEN

Indicatoren	Mijlpaal 4: Opheffen en/of voorkomen
Er zijn geen maatregelen genomen	34%
Er is een toezegging gedaan	22%
Er zijn maatregelen geïnitieerd	14%
Een onafhankelijke partij heeft de maatregelen goedgekeurd	1%
n.v.t.	29%

Figure 16: Setting and reporting against milestones (Achmea Investment Management, Maatschappelijk Verantwoord Beleggen Rapportage H2 2022, pp. 44-45)

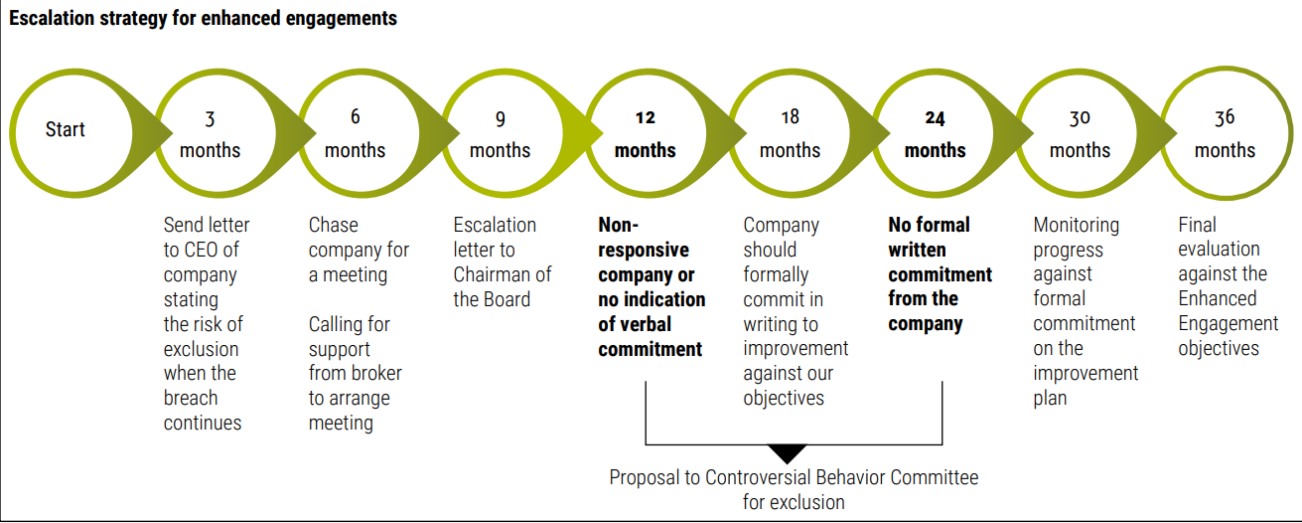


Figure 17: Escalation strategy (Robeco, Stewardship Policy, p. 12)

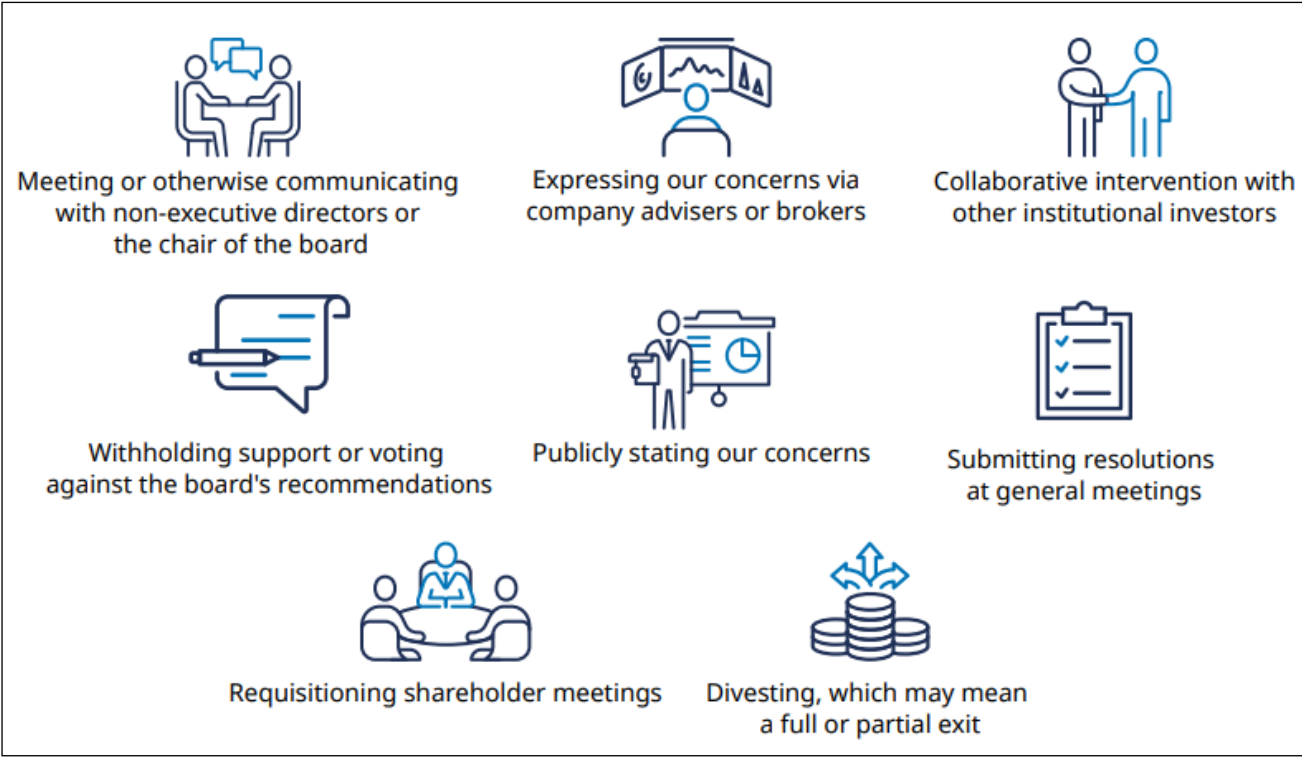


Figure 18: Escalation methods (Schroders, Engagement Blueprint, p. 5)



### 5.7.2 Leefbaar loon

Wij willen met onze beleggingen bijdragen aan gelijkheid en voorspoed voor zoveel mogelijk mensen. We vragen daarom aan bedrijven, vooral in lagelonenlanden, om hun werknemers een leefbaar loon te betalen. Een leefbaar loon is een loon waarmee iemand kan voorzien in de basisbehoeften van zichzelf en zijn of haar gezin.

MN is namens ons één van de oprichters van het Platform Living Wage Financials (PLWF). Het samenwerkingsverband is in 2021 sterk gegroeid en kent inmiddels 18 leden uit binnen- en buitenland met een geschat beheerd vermogen van € 4,6 biljoen. Gezamenlijk spreken zij met bedrijven uit de textiel-, agrarische- en retail-sector over het belang van leefbare lonen en inkomens. Een belangrijk onderdeel hiervan is dat bedrijven jaarlijks worden gescoord op hun voortgang. Op basis van de score, worden de bedrijven in een van de volgende categorieën geplaatst:

- Een bedrijf in de *embryonic* fase geeft niet genoeg erkenning aan het belang van een leefbaar loon en uit zich niet expliciet over de voordelen van de implementatie van een leefbaar loon.
- Een bedrijf in de *developing* fase erkent de problematiek rondom leefbare lonen, maar heeft nog geen processen ingevoerd om deze problemen te adresseren.
- Daarentegen hebben bedrijven in de *maturing* fase wel processen in werking gesteld om leefbaar loon gerelateerde problemen in de waardeketen te adresseren. Hierbij wordt vooruitgang gezien op hoge risico's.
- Een bedrijf komt in aanmerking voor de *advanced* categorie wanneer er solide mechanismen van kracht zijn om leefbare lonen te implementeren in zowel de eigen productie als in de waardeketen.
- Wanneer een bedrijf beoordeeld wordt als *leading*, speelt dit bedrijf een leidende rol in de sector op het gebied van leefbare lonen en heeft het bedrijf dit thema volledig geïntegreerd in de bedrijfsvoering

De uitkomsten van deze analyses zijn in 2021 voor het eerst gepubliceerd in een jaarverslag van het PLWF. Afgelopen jaar v

bedrijven (6 textielbedrijven en 5 voedings



Figure 19: Bringing across the meaningfulness of engagement results (PME, Jaarverslag 2021, pp.55-56)

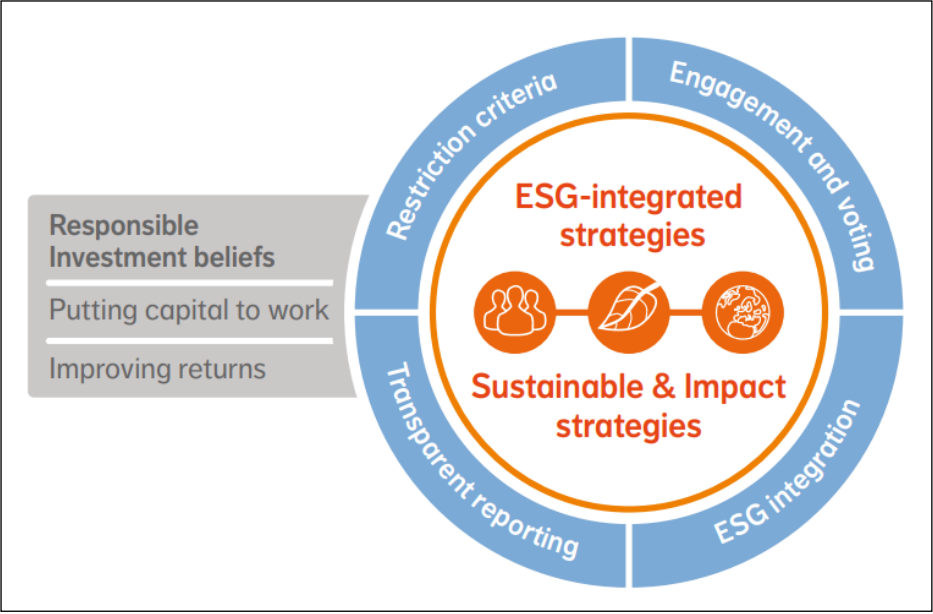


Figure 20: Providing context to stewardship activities within responsible investment (NN Investment Partners / GSAM, Responsible Investing Report 2021, p. 11)

**Active Ownership**

At Robeco, we believe that engagement and voting are critical elements of a successful sustainable investing strategy and can improve a portfolio’s risk-return profile. We target a relevant subset of companies globally in our clients’ equity and credit portfolios for a constructive dialogue on environmental, social and governance factors. Building on our founding philosophy that every investment strategy should be research-driven, we undertake extensive research for every engagement we undertake, always focusing on the most material ESG factors which drive long-term company performance. We do this in the belief that engagement with companies in which we and our clients invest will have a positive impact on both long-term investment results and on society.

**FACTORING CLIMATE CHANGE INTO EXPECTED RETURNS FORECASTS**

The exact magnitude of climate change over the next decade is uncertain, and its impact – and those of the policies and regulations to combat it – on asset prices is even more unclear. However, this does not absolve asset allocators from the task of considering the long-term impact of climate change on asset class returns. The nature of the path from the current situation to the long-run equilibrium is likely to have big implications for most investors’ decisions.

In 2021, the impact of climate change was factored into the core forecasts in Expected Returns for the first time in the five-year outlook’s 11-year history.

Read the full chapter ‘Factoring climate change into Expected Returns forecasts’ in our 5-year Expected Returns publication on our website.

Figure 21: Bringing across the meaningfulness of stewardship (Robeco, Stewardship Report 2021, p. 10 and p. 16)

**Results, section D: Collaboration with shareholders and communication with stakeholders (see page 17)**

**Voorkeur voor samenwerking**

MN voert het bedrijfsdialogenprogramma van opdrachtgevers bij voorkeur samen met andere investeerders uit. Op deze manier wordt de invloed van de dialoog vergroot. Samenwerking gebeurt in formele zin, via internationale en nationale investeerderssamenwerkingen, maar ook informeel. Daar waar mogelijk en zinnig, kan ook dialoog aangegaan worden met vakbonden, non-gouvernementele organisaties, sectorinitiatieven, wetenschappers, lokale betrokkenen, en andere belanghebbenden, om zo informatie in te winnen.

Figure 22: Communication with other stakeholders in stewardship policy (MN, Betrokkenheidsbeleid, [link](#))

**Principle 5: Asset owners and asset managers communicate with relevant stakeholders of Dutch listed investee companies, where appropriate and at their discretion.**

We will seek to engage in dialogue with whom we determine to be relevant stakeholders of Dutch listed investee companies when and if we believe this dialogue can lead to an improved understanding of the company and the issues at stake, including to make a better informed vote decision.

Figure 23: Communication with other stakeholders in stewardship policy (BlackRock, Statement on Compliance Dutch Stewardship Code, p. 4)

Vinci SA is an infrastructure company, also operating in Qatar, mainly on building roads and metros. While they are not directly building the stadiums on the 2022 FIFA world cup, they are involved with associated infrastructure. In 2018, Sherpa, a French NGO, filed a lawsuit due to harsh working conditions of migrant workers (modern slavery). We engaged with the company on its labour measures, with Amnesty International, Sherpa and BW Int to get the full picture on the concerns about Vinci's operations.

To create a full and thorough picture of the allegations in the Gulf, we spoke to all critical stakeholders, including Amnesty International, BWI (an industry-specific labour union federation), Sherpa ESG data provider (MSCI), and the company. Following our engagement with the ESG data provider in September, the controversy rating for Vinci has been upgraded from Watchlist to Pass in October 2021 due to a change in the scale of impact from Extensive to Limited after conducting a further review of the controversy. Vinci committed to continuous improvement of its labour and human rights related processes and conditions (in Qatar and all its operations).

Figure 24: Providing an example of communication with other stakeholders (Kempen Capital Management, Annual Stewardship and Sustainable Investment Report 2021, p. 48)



**DEFORESTATION DRIVEN BY SOY PRODUCTION**

**Activity:** Through structured stakeholder engagements, Ceres helps businesses work with a wide range of constituency groups to identify challenges, discuss emerging trends, set goals and targets, develop solutions and then publicly and transparently disclose their actions. These invitation-only dialogues are held under Chatham House rules in order to ensure trust and may continue for years. In 2021, we joined a small group of investors convened by Ceres to engage in a focused 12-month dialogue with **Bunge** (US) about how to improve its policies and disclosures regarding

deforestation in its soy supply chain. The primary focus of our dialogue is the Cerrado region of Brazil, a savannah rich in biodiversity that is gradually being converted to soy and cattle production. This dialogue presents an important opportunity to improve the practices of a key player in the region with a long-standing commitment to end deforestation in its supply chain.

**Outcomes:** We believe our comments were well received by the company and we will continue the discussions in 2022.

Figure 25: Providing an example of collaboration with other stakeholders (BNP Paribas Asset Management, Voting and Engagement Report 2021, p. 19)

Teslin investeert tijd in en besteedt aandacht aan het opbouwen en onderhouden van een netwerk van sectorexperts en andere interne- en externe belanghebbenden bij de ondernemingen waarin geïnvesteerd is. Belanghebbenden kunnen zijn klanten, leveranciers, oud-werknemers, andere grootaandeelhouders, de ondernemingsraad, vakbonden en non-gouvernementele organisaties. Een redelijk en goed gemotiveerd contactverzoek vanuit deze partijen zal slechts bij uitzondering van de hand worden gewezen.

✓ geïnvesteerd in het opbouwen van een netwerk van sectorexperts en andere belanghebbenden rondom onze investeringen; wij hebben bij ongeveer 1/3 van de ondernemingen in portefeuille met relevante sectorexperts gesproken (Principe 5);

Figure 26: Policy and practice of communication with other stakeholders (Teslin Capital Management, Stewardshipbeleid, p. 6, and Stewardshiprapport 2021, p. 12)

## Annex 3: The Dutch Stewardship Code

1. Asset owners and asset managers have a stewardship policy that describes how they integrate stewardship towards Dutch listed investee companies in their investment strategy. The stewardship policy should be aimed at preserving and enhancing value for their beneficiaries and/or clients, and should promote long-term value creation at Dutch listed investee companies. The stewardship policy should at least include the matters described in the principles of this Code and should be publicly disclosed on the asset owner's and asset manager's website. Asset owners and asset managers shall at least once a year publicly report on their website how they have implemented their stewardship policy, asset owners shall also report if and how they have integrated that policy into their arrangements with their asset managers.
2. Asset owners and asset managers monitor their Dutch listed investee companies on material issues, including, but not limited to, the company's business model for creating long-term value, the company's strategy, performance and risks and opportunities, the capital structure, social and environmental impact, corporate governance and corporate actions such as mergers and acquisitions. Material issues are those matters that are likely to significantly affect the company's ability to create long-term value.
3. Asset owners and asset managers are prepared to enter into dialogue with the executive and/or supervisory directors of their Dutch listed investee companies and are prepared to escalate their stewardship activities in case issues remain unresolved, where appropriate and at their discretion. In the event that an asset owner or asset manager enters into dialogue with a Dutch listed investee company on certain issues, outside the context of a general meeting, the asset owner or asset manager will disclose its full equity holding (long and short) at the request of that company.
4. Asset owners and asset managers cooperate with other shareholders in exercising stewardship activities towards Dutch listed investee companies, where appropriate and at their discretion.
5. Asset owners and asset managers communicate with relevant stakeholders of Dutch listed investee companies, where appropriate and at their discretion.
6. Asset owners and asset managers identify, manage and remedy actual and potential conflicts of interest in relation to their stewardship activities towards Dutch listed investee companies. Asset owners and asset managers publicly disclose their conflicts of interest policy in relation to their stewardship activities.
7. Asset owners and asset managers exercise their voting rights and other rights attached to shares in Dutch listed investee companies in an informed manner. They publicly disclose on their website: a) at least once every quarter how they have voted their shares in Dutch listed investee companies, at an individual company level and per voting item, and b) at least annually a general description of their voting behaviour at general meetings of Dutch listed investee companies and an explanation of the most significant votes. In the event that the asset owner or asset manager casts an against or a withhold vote on a management proposal, he

should explain the reasons for this voting behaviour to the company's board either pro-actively or at the request of the company.

8. Asset owners and asset managers publicly disclose their voting policy and at least annually if and how they use proxy research and/or voting services. Asset owners and asset managers that use proxy research and/or voting services ensure that their votes are cast in line with their own voting policy.

9. Asset owners and asset managers that consider exercising their right to submit a request for convening an extraordinary general meeting or for tabling a shareholder resolution at a general meeting of a Dutch listed investee company should have consulted the company's board prior to exercising this right.

10. If a resolution proposed by an asset owner or asset manager has been put on the agenda of a general meeting of a Dutch listed investee company, the asset owner or asset manager should be present or represented at that meeting in order to explain this resolution and, if necessary, answer questions about it.

11. Asset owners and asset managers will abstain from voting if their short position in the Dutch listed investee company in question is larger than their long position. Asset owners and asset managers should recall their lent shares before the voting record date for a general meeting of a Dutch listed investee company, if the agenda for that general meeting contains one or more significant matters.