

The managing and supervisory directors

The Hague, 9 October 2017

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Subject: Eumedion Focus Letter 2018

Dear managing and supervisory directors,

This letter is the 13<sup>th</sup> 'Focus Letter' that Eumedion, the corporate governance and sustainability platform for institutional investors, sends to the Dutch listed companies. The priorities highlighted below are subjects we believe deserve your attention, not only because we regard them as important for the company you are managing or supervising, but also because they are of particular importance for the Eumedion participants – responsible and engaged institutional investors. The topics raised in this letter tend to be discussed in the dialogues that Eumedion facilitates between listed companies and participating institutional investors in the run-up to the 2018 general meetings, and possibly also at the general meeting itself. Our two focus points for 2018 relate to the sustainable development goals and the opportunities and risks of technological changes.

#### **Focus point 1: Sustainable Development Goals**

The Sustainable Development Goals (SDGs)<sup>1</sup>, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 interconnected goals which are unanimously adopted in 2015 by the 193 Member States of the United Nations focus – among others – on issues like climate change, sustainable production and consumption and economic inequality. The overall aim of the SDGs is to work in partnerships to improve life, in a sustainable way, for future generations.

In achieving the SDGs, the participation of the private sector is crucial. Building on existing conventions like the Paris Climate Agreement, the Guiding Principles on Business and Human Rights and the international labour standards of the International Labour Organization (ILO), the SDGs provide a framework for scalable investments in sustainable development.

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<sup>1</sup> <https://sustainabledevelopment.un.org/sdgs>.

Eumedion participants encourage all listed companies to incorporate the SDGs that are most relevant to their business and influence value creation into the company's strategy. By doing so, companies are encouraged to identify which SDGs intersect with their activities, and establish the business argument to focus on these goals. Preferably, companies align their existing sustainability objectives, targets and executives' KPI framework with the SDGs, or the underlying targets and indicators of the goals. Finally, Eumedion participants stress the importance of clear and meaningful reporting on 'their' SDG objectives, the progress made and the generated impact, aligned with – preferably – the international integrated reporting framework<sup>1</sup> and the SDG impact measurement guide<sup>2</sup>.

### **Focus point 2: opportunities and risks of technological change**

Technological change is transforming many industries across the globe. Cutting edge technology is at the forefront of the drive to make companies more efficient, productive and sustainable. Developments in robotics, artificial intelligence, big data and the mass digitalisation of commerce and communities (the 'Internet of Things'), for example, are resulting in smarter use of energy and water, as well as lower levels of pollution. At the same time, technological change may lead to increased uncertainty about job security, cybersecurity and the level of privacy. And not everyone is equipped to benefit equally from technological changes.

A company's ability to create long-term value also requires awareness and anticipation of new developments in technology and changes to business models and analysing their consequences on the company's stakeholders, in particular clients, employees and shareholders. It is important that sufficient expertise is available within the (management and supervisory) board to identify opportunities and risks that may be associated with innovations in business models and technologies in a timely manner.

Eumedion participants therefore encourage all listed companies to report on how technological changes are reflected or will be reflected in the company's strategy, business model and risk management framework and how it will impact the company's stakeholders. Moreover, Eumedion participants expect that all listed companies demonstrate that they have sufficient capabilities and skills in place, also at the level of the (management and supervisory) board, in relation to the business opportunities technological change offers and the risks associated with it – for the company itself and its main stakeholders.

We are available should you require further clarification.

Yours faithfully,



Rients Abma  
Executive Director

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<sup>1</sup> We refer to the document 'The Sustainable Development Goals, integrated thinking and the integrated report', available via [http://integratedreporting.org/wp-content/uploads/2017/09/SDGs\\_integratedthinking\\_and\\_integratedreport.pdf](http://integratedreporting.org/wp-content/uploads/2017/09/SDGs_integratedthinking_and_integratedreport.pdf).

<sup>2</sup> This guide was developed by the DNB Working Group on SDG Impact Measurement, available via [https://www.dnb.nl/en/binaries/SDG%20Impact%20Measurement%20FINAL%20DRAFT\\_tcm47-363128.PDF?2017092716](https://www.dnb.nl/en/binaries/SDG%20Impact%20Measurement%20FINAL%20DRAFT_tcm47-363128.PDF?2017092716).