



# **POLICY PLAN 2023**

**Impactful on good governance and sustainability**

# EUMEDION

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## **BRIEF OVERVIEW OF ACTIVITIES 2023**

### **1. Policy engagement national**

- Permanent legal embedding of the option to hold a virtual-only shareholders' meeting
- Implementation of Corporate Sustainability Reporting Directive in Dutch legislation
- Findings and conclusions of the Reward Value research report 'Binding and Advisory Votes on Executive Remuneration Reports: A Comparative Study on Say-on-Pay Legislation and Practices in Key Jurisdictions'

### **2. Policy engagement international**

- Proposal for a Corporate Sustainability Due Diligence Directive
- Establishment of European and international sustainability reporting standards
- Evaluation of the revised Shareholder Rights Directive

### **3. Company engagement 2023**

- Dialogues with most important Euronext Amsterdam-listed companies
- Application and evaluation of 2023 Focus Letter

### **4. Events**

- Symposium 2023
- 25th anniversary of Eumedion
- Round table on topical issues

Pursuant to Article 15.8 of Eumedion's Articles of Association, each year, no later than December, the General Board submits an annual policy plan, including the budget for the following financial year, to the Members Meeting for adoption. Pursuant to Article 4.3 jo. 3.2 of the General and Executive Board Regulations, the Executive Board, under the supervision of the General Board, is charged with implementing the activities announced in the policy plan. The actual implementation, pursuant to Article 1.4 of the Executive Director Regulations, has been delegated to the Executive Director of Eumedion.

## 1. INTRODUCTION

On 13 March 2023, Eumedion will exist exactly 25 years. On 13 March 1998, a group of eight Dutch pension funds established the Foundation for Corporate Governance Research for Pension Funds, also referred to as 'SCGOP'. The mission statement of SCGOP was "to act on behalf of its members in conducting research into and promoting improvements in the governance of (i) listed companies in general and (ii) Dutch listed companies in particular, out of a conviction that in doing so it will improve the risk-reward profile of the companies in question". Twenty-five years later, Eumedion – the successor of SCGOP since 1 January 2006 – has 54 members. Not only Dutch pension funds, but also insurance companies and asset managers. And the organisation has internationalised with more than a dozen members from outside The Netherlands. The organisation's mission statement has gradually evolved from an organisation purely focused on corporate governance to (also) sustainability and the impact of large companies on the environment and the broader society. This is well-reflected in the mission statement as amended this year: "to promote good corporate governance and sustainability policies and practices at Dutch listed companies, and to facilitate engaged and responsible share-ownership by Eumedion members. This contributes to sustainable long-term value creation by these companies as well as to minimising negative and maximising positive impact for their stakeholders, including the environment and society".

What has also changed over the past 25 years is the strong involvement of the European legislator in the field of, in particular, sustainability. The European legislator is gradually creating an enabling legislative architecture to re-orient investments towards more sustainable technologies and businesses, to finance growth in a responsible and sustainable manner and to contribute to the creation of a low-carbon, climate-resilient and circular economy in the long-term. In 2023, two very important milestones will be reached. First, a comprehensive set of European Sustainability Reporting Standards is due to be approved by the European Commission in June 2023. With these uniform reporting standards, sustainability reporting by European listed companies will come on equal footing with financial reporting. With more consistent, comparable and reliable corporate sustainability information, institutional investors can take better informed investment and voting decisions. Second, we expect that the European legislative institutions will reach agreement on the final text of the Corporate Sustainability Due Diligence Directive in the Summer or Autumn of 2023. This Directive will oblige large companies to act as 'societal gatekeepers' when it comes to human rights, the environment, and ethical and decent business practices throughout the entire value chain. Both milestones are conducive to the realisation of the overarching Eumedion 2027 goal: that the largest Dutch listed companies and the Eumedion members act as responsible, corporate citizens who contribute to resolving major environmental and societal challenges.

Besides Eumedion's 'policy engagement pillar', the 'company engagement pillar' has also gradually evolved over the years. Since 2007, Eumedion organises (at least annual) dialogues between its members and boards and staff of approximately 45 to 50 companies listed on the Amsterdam Stock

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Exchange. These dialogues can have various objectives: i) to better understand the company, its strategy and policy and its performance and impact, ii) to provide feedback on and/or input to a (draft) proposal prepared by and at the invitation of the company and iii) to achieve improvements at company level. As we have executed a regular and consistent process of dialogue since 2007, we have established, developed and maintained a relationship with executives and non-executives of the main Dutch listed companies relationship based upon truth and trust, with an open, two-way exchange on various topics, ranging from long-term value creation strategies to specific corporate governance changes and from executive remuneration policy consultations to detailed climate action plans. It is easier to discuss challenging issues between a company and its investors if a constructive and open relationship has already been established. But there is always room for further improvements. In 2023 we intend to create a more consistent approach in the dialogues, based on continuity, diversity and experience in the Eumedion delegation. And from next year onwards, we will actively seek feedback from companies regarding the content and the quality of the meeting. This can provide valuable input for further improvements in the quality of the dialogues.

Over the past twenty-five years, Eumedion has built a reputation as a reliable and professional party with social standing. This reputation is largely due to an efficient, effective and hard-working Eumedion staff of just five people combined with a large number of representatives of the individual members who are actively committed to, and involved in, Eumedion's work. This, we believe, provides an excellent basis for another successful twenty-five years.

The Hague, 15 December 2022

Lars Dijkstra  
(Chair)

Rients Abma  
(Executive Director)

## 2. FOCUS AREAS FOR 2023

This chapter provides an overview of the main focus areas for Eumedion in 2023, both in engaging policymakers and standard setters and in engaging individual listed companies.

### 2.1 Policy engagement

Eumedion monitors and responds to all relevant regulatory proposals relating to corporate governance and corporate sustainability. This entails proposals which (potentially) affect the position of the institutional investor in the capacity of a shareholder. Eumedion will also be proactive in these fields by publishing and circulating position papers. Eumedion does not respond to proposals which solely affect the institutional investor as an entity. These matters are typically addressed by specific trade industries, such as the Federation of the Dutch Pension Funds (Pensioenfederatie), the Dutch Fund and Asset Management Association (DUFAS), and the Dutch Association of Insurers (Verbond van Verzekeraars). Eumedion will have regular meetings with the afore-mentioned industry organisations to delineate areas of work and to coordinate submissions in response to regulatory consultations which are also relevant to these organisations. This prevents different messages from being sent to policymakers. Where appropriate, Eumedion will partner with other stakeholders, for example non-governmental organisations, to reinforce Eumedion's policy and regulatory position statements. To reinforce Eumedion's voice in the field of corporate governance and corporate sustainability in Brussels, Eumedion collaborates with members' permanent representation in Brussels. Where appropriate, Eumedion will provide input to them in order to further align the messages they are sending to European policymakers. The main 2023 Eumedion priorities with respect to policy engagement are listed below.

#### 2.1.1 Permanent legal embedding of possibility to hold virtual-only shareholders meetings

As a result of the coronavirus outbreak in March 2020, a temporary emergency law came into force in April 2020 that allows listed companies (among others) to hold a fully virtual AGM temporarily and under certain conditions. The temporary law will terminate on 1 February 2023. In October 2021, the Ministry of Justice and Security asked the Expert Group on Modernising Dutch Company Law (of which the Eumedion Executive Director is a member; see also section 2.1.4) for advice on a permanent legal embedding of the possibility to convene a fully virtual AGM. The Expert Group mainly discussed the preconditions for holding a fully virtual AGM, to which Eumedion also contributed the experiences (good and bad practices) of the 2020 and 2021 AGM season. Eumedion's position is to offer listed companies more freedom to choose from different 'AGM forms', such as a physical, hybrid, virtual and 'split' AGM. Such forms would then have to be embedded in the articles of association (i.e. after AGM approval) and certain statutory conditions would have to be met. The Expert Group's advice is divided on some points. On 7 December 2022 the Minister for Legal Protection published a draft Bill, taking into the Expert Group's advice. Eumedion will repeat its position in its comments to the consultation document, due to be delivered in February 2023.

## **2.1.2 Implementation of Corporate Sustainability Reporting Directive and the establishment of European Sustainability Reporting Standards**

In the Summer of 2022, the European institutions reached agreement on the final text of the European Corporate Sustainability Reporting Directive (CSRD). This successor to the Non Financial Reporting Directive (NFRD) extends the disclosure requirements regarding sustainability information to all large companies and those companies listed at a European regulated market, requires assurance of the sustainability information, and prescribes the use of European sustainability reporting standards (ESRS). The directive mandates EFRAG to develop the ESRS, to be adopted by the European Commission by means of delegated acts by 30 June 2023. Companies currently required to report under the CSRD's precursor (the NFRD) will be the first to report under the new CSRD in 2025 over the financial year 2024, followed a year later by all other large companies. Eumedion has supported the CSRD as well as the development of the ESRS, not in the least because they intend to further align company reporting with institutional investor disclosure requirements, as laid down in the Sustainable Finance Disclosure Regulation (SFDR), and with the Taxonomy Regulation. Additionally, Eumedion has been advocating further alignment between the ESRS and the standards under development by the IFRS Foundation's International Sustainability Standards Board (ISSB). Therefore, Eumedion welcomes the CSRD requirement for the standard setter to integrate the content of the emerging ISSB reporting standards as the global baseline, both during the initial development of the ESRS and in future reviews. In 2023, Eumedion will continue to monitor the development of the ESRS, with specific focus on the alignment with relevant legislation applicable to institutional investors and with the emerging ISSB standards. Additionally, Eumedion will monitor the transposition of the CSRD into Dutch law, which needs to be completed by 6 July 2024. Eumedion expects that the Dutch legislator will publish a draft of the CSRD Implementation Bill in the Summer or Autumn of 2023. Eumedion will work to ensure that the Implementation Bill includes an obligation for Dutch listed companies to submit the annual CSRD sustainability reports to the shareholders' meeting for a vote. Such a vote will increase the board's accountability regarding the execution of the company's sustainability policy. As member of the Dutch Accounting Standards Board (DASB)'s working group on sustainability, Eumedion will contribute to the discussions with other stakeholders on the development and the implementation of the European and the ISSB reporting standards.

## **2.1.3 International corporate social responsibility Bill**

In November 2022 a private members' Bill on international corporate social responsibility was introduced to the Dutch House of Representatives. The Bill introduces a 'sustainability duty' for all Dutch companies (including regulated financial companies) trading abroad. A company that knows or can reasonably suspect that its own activity or that of its business relations may have adverse effects on human rights or the environment abroad will be obliged to take measures. In such a case, a company must reasonably prevent those adverse effects and, to the extent that this is not possible, mitigate them as far as possible, undo them and, if necessary, ensure remediation. If the adverse consequences cannot be sufficiently mitigated, a company must, to the extent that this can



reasonably be required of it, refrain from such activity or terminate the relationship. Large Dutch companies (more than 250 employees) trading abroad are additionally required to exercise due diligence in their value chains in line with the OECD Guidelines for Multinational Enterprises. The Netherlands Authority for Consumers and Markets will be charged with monitoring compliance with the law. In this context, it may impose an administrative fine or order under penalty payments on a company. If administrative enforcement does not lead to termination of the harmful activity or remediation, criminal enforcement may take place. Finally, the Bill explicitly lays down the possibility of civil enforcement (based on tort). Not only those directly harmed by the adverse effects on human rights or the environment can bring a legal action; interest groups can also bring a collective action. Eumedion supports due diligence legislation supporting compliance with the OECD Guidelines if other initiatives fail to do this effectively, but it would prefer a harmonised European approach (see section 2.1.5). Eumedion will monitor developments in this area and comment on the Bill taking into account the relevant national and European developments.

### **2.1.4 Recommendations of the Expert Group on Modernising Dutch Company Law**

The Minister for Legal Protection shows ambition to take concrete steps in this Government term to modernise Dutch company law to strengthen the Dutch business climate. He has requested an expert group with academics, lawyers and practitioners (including Eumedion's Executive Director) to examine the modernisation of Dutch company law and to prepare specific proposals for improvement. It is expected that the expert group will publish final recommendations in 2023. Eumedion shares the Minister's view that it is important for the Dutch economy to have a competitive business climate, also in the field of company law. At the same time, Eumedion believes it is of paramount importance that the investment climate is also attractive. Reasons for this are the open Dutch economy and the fact that almost 90% of the equity capital of the largest Dutch listed companies is provided by foreign shareholders. Eumedion will assess each recommendation on the expected impact on the Dutch business climate and on the Dutch investment climate. Moreover, Eumedion will bring any possible recommendations for legislative and/or regulatory changes from Reward Value's research on the effectiveness of the current 'say-on-pay' legislation to the group's attention.

### **2.1.5 Proposal for a Corporate Sustainability Due Diligence Directive**

In February 2022, the European Commission published its proposal for a Corporate Sustainability Due Diligence Directive (CSDDD). The proposal aims to establish substantive duties for European companies in the area of human rights and environmental due diligence, as well as to clarify the directors' duty of care. European companies will also be required to adopt a plan to ensure that their business models and strategies are compatible with the Paris Climate Agreement. It is expected that the European institutions will reach agreement on the final text of the CSDDD in 2023. Eumedion has welcomed the proposal as it will contribute to fostering responsible business conduct throughout the whole value chain and to integrating various international due diligence standards into European law. The proposal aims to supplement the (transparency) requirements laid down in

other pieces of European legislation, such as the SFDR, the Taxonomy Regulation and the CSRD. This way, the proposal not only contributes to more sustainable business practices and sustainable long-term value creation, but it should also foster more detailed sustainability information available to investors. Eumedion also supports the clarification of the directors' duty of care as it will encourage directors to carefully take into account sustainability matters in their strategy and policy decisions. However, more clarification is needed on the institutional investors' duties with respect to their due diligence activities regarding their investee companies. Eumedion will make its views known to the delegations of the European Council and the Members of the European Parliament.

### **2.1.6 Proposal for a regulation regarding the EU market for ESG ratings**

In the first half of 2022, the European Commission consulted on the functioning of the ESG ratings market in the EU and on the consideration of ESG factors in credit ratings. The ESG data and rating market has become significantly more important over the last few years, with growing demand from users for more and high-quality data and company performance evaluations. Therefore, the European Commission aimed to deepen its understanding of stakeholders' views on the quality and relevance of ESG ratings for their investment decisions and the need for action at EU level. In its response, Eumedion advocated a self-regulation mechanism for ESG rating providers rather than a legislative intervention in the EU. In its summary report of responses received, the European Commission has indicated that almost all respondents consider that intervention is necessary. Contrary to the Eumedion position, the large majority (80%+) of respondents supported a legislative intervention. The European Commission has indicated that the results of the consultation will be reflected in any further initiative in this regard, with a proposal for a regulation expected in the first quarter of 2023. Eumedion will continue to monitor the European Commission's initiatives in this area, with the aim to strengthen the reliability and comparability of ESG ratings, as well as the alignment with broader EU objectives on sustainability and the role of the financial market participants therein.

### **2.1.7 Action points stemming from the renewed Capital Markets Union Action Plan**

The European Commission published a renewed Capital Markets Union Action Plan in September 2020 to further integrate the European capital markets, to make them more competitive and to better finance the green transition. One of the action points is to simplify listing rules for SMEs in particular. Another action point is aimed at facilitating investor engagement. As part of that action point, the European Commission committed to assess, among others, if and how the rules governing the interaction between investors, intermediaries and issues as regards the exercise of voting rights and corporate actions' processing can be further clarified and harmonised. On 7 December 2022, the European Commission published a specific legislative proposal to simplify the listing rules for public markets. And in the course of 2023, the European Commission will evaluate the implementation of the Shareholder Rights Directive. Eumedion has welcomed the action plan and the action points formulated in it. For example, Eumedion would welcome steps by the European Commission to facilitate investor engagement by giving more clarity about the definition

of 'acting in concert' and to harmonise rules with respect to submitting shareholder resolutions for a vote at a shareholders' meeting. However, Eumedion will pay close attention to ensuring that the proposed relaxation of listing rules does not lead to an impairment of investor protection and market integrity. Eumedion will incorporate these points in its comments to the various consultations.

### **2.1.8 Possible proposal for a Directive on improving the quality and the enforcement of corporate reporting**

Following the Wirecard accounting scandal, the European Commission is considering to adopt a proposal for a Directive on improving the quality and the enforcement of corporate reporting in 2023. According to a consultation conducted in 2022, the European Commission is considering requiring a European listed company to establish an audit committee and increasing the board's responsibility for the design and adequate functioning of internal risk management and control systems for financial reporting. Furthermore, the European Commission is considering strengthening the role of the external auditor with regard to both fraud risks and the effectiveness of internal risk management and control systems for financial reporting. Finally, national supervisory authorities should possibly be given more enforcement powers with regard to both the financial reporting of listed companies and audit firms. Consideration should also be given to strengthening European supervision of auditors' audit work. Eumedion would welcome these proposals.

### **2.1.9 Bill on the future of the auditors' profession**

It is expected that the Government will submit a Bill on the future of the auditors' profession to the House of Representatives in the beginning of 2023. According to a draft of the Bill, the Government intends to give The Royal Netherlands Institute of Chartered Accountants (NBA) the power to appoint an audit firm in cases where a company does not find an audit firm willing to conduct the audit of the financial statements. In the future, if a company can demonstrate with sufficient justification that it has made "reasonable and timely efforts" to find an audit firm willing to conduct the audit of the financial statements and it has not imposed unreasonable conditions (e.g. with regard to price), the NBA will then give a binding instruction to an audit firm that has the most expertise in the field of the sector to which the company in question belongs, taking into account whether or not it has capacity. The draft bill further contains a legal basis for the obligation for audit firms to publicly report on the quality of the audits they conduct using various indicators. Finally, the draft bill will result in the Dutch Authority for the Financial Markets (AFM) being able to fine an audit firm more quickly for serious deficiencies in individual financial statements audits. Eumedion is generally in favour of these proposals and will also communicate this to the House of Representatives during the discussion of the Bill in Parliament.

### **2.1.10 The first Agenda Consultation of the ISSB**

The ISSB intends to publish its first agenda consultation the last quarter of 2022 that will shape its work plan for the near future. Apart from deciding which thematic standards should be developed first, it may also need to (de)prioritise the development of industry-specific standards, management

commentary, and possibly integrated reporting standards. Eumedion will be developing its views within the Reporting and Audit Committee and feeding them into the ISSB decision-making process through comment letters, direct engagement with the ISSB staff, and through expressing its views in the meetings of the IFRS Advisory Council.

### **2.1.11 The workplan of the International Accounting Standards Board (IASB)**

Even though it is not evident whether there will be new exposure drafts issued by the IASB in the upcoming year, the IASB does aim to finalise its most prominent project 'Primary Financial Statements' in 2023. This project is about to bring a wide range of major improvements to the income statements and the notes. IFRS will for the first time formalise the definition of 'operating profit' and include a requirement to reconcile any management performance measure (such as 'EBITDA') to the nearest IFRS defined subtotal. We expect to participate in the ongoing outreach activities of the IASB. Not only on this project, but also on Climate-related Risks in the Financial Statements, and the research projects 'Intangible assets', and 'Statement of Cash Flows and Related Matters'.

### **2.2 Company engagement**

We believe that constructive and high-quality dialogues are to the benefit of institutional investors and the listed companies. Institutional investors are presented with the opportunity to interact with and establish a relationship with company (executive and non-executive) directors and staff, and the companies are presented with the opportunity to articulate the reasons behind proposals and decisions on corporate governance and sustainability-related topics, because the established relationship means a true dialogue can occur. Having relationships with current and prospective investors can especially aid the company boards in the long-term and in difficult situations. Eumedion acts as a trusted facilitator for these dialogues for its members. In accordance with its updated strategy 2023-2027, this includes the following:

- The Eumedion staff and the lead investor will prepare the dialogue by circulating among its delegation an annotated long list of possible discussion topics (including at least the annual focus points) and by organising a preparatory call with the delegation. During the preparatory call the discussion topics are finalised and prioritised and divided among the delegation members. The agenda is shared with the company approximately one week prior to the date of the dialogue.
- To achieve consistency and continuity among the dialogues, the Eumedion staff will kick off and chair the dialogues and will give the floor to the delegation members appointed for the various discussion topics. Other delegation members can add and ask follow-up questions.
- The Eumedion staff informs the members of the Investment Committee in writing about the main outcomes and results of the dialogues on a quarterly basis. This will be done in a standardised way. The overview will be relatively high-level. These overviews will be generated

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in addition to reports on individual meetings, which will only be shared with the members who participated in the dialogue.

- To further increase the quality of the dialogues, the Eumedion staff will send a brief questionnaire to the Investor Relations department of five to ten companies, focusing on what the company thought of the interactions with Eumedion and its members and what could be improved. This will be done as a pilot in 2023.
- It will be decided on a case-by-case basis whether it is useful that the lead investor will attend the shareholders' meeting of the company in question. This is dependent upon – among others – the responsiveness of the company during the dialogue, the 'significance' of the resolutions and the expected media attention.
- The Eumedion staff will continue monitoring the agendas of shareholders' meetings and the annual reports of the Dutch listed companies and issuing an alert to all members in the event that a controversial item is on the agenda of the shareholders' meeting. To further increase transparency and impact, these alerts will – in principle – be published on the Eumedion website as from 2024 AGM season onwards. Only in exceptional circumstances, on the proposal of the Eumedion staff, the Eumedion Executive Board or the Investment Committee, it can be decided to not publish the alert;
- The Eumedion staff will prepare an evaluation report of the shareholders' meetings and annual reporting season and will send the focus letter to the Dutch listed companies.

On October 12, 2022, Eumedion sent the Focus Letter for the 2023 AGM season to Dutch listed companies. The 2023 focus points cover two topics. First, natural capital: policies and targets for the protection and restoration of biodiversity and ecosystems and, second, transparency on human rights: effectiveness of management and mitigation strategies.

Eumedion expects all Dutch listed companies to report on their dependency of and impact on biodiversity and ecosystems, including for their value chain. If material, Eumedion expects companies to have a policy in place to mitigate these effects. Eumedion writes in the letter that the loss of biodiversity and collapse of ecosystems can have irreversible consequences for the environment, humankind and economic activity. When causing a permanent destruction of natural capital, this can severely impact the companies' ability to generate long-term value and as such the performance of institutional investors' investment portfolios. Therefore, Eumedion expects companies to identify, measure and assess the dependencies and impacts on biodiversity and ecosystems, including any risks and opportunities. This assessment should be done for the company's own operations and for the entire value chain and should be clearly reported on to external stakeholders. Secondly, if the dependency and/or the impact is material, Eumedion expects companies to disclose the policy to mitigate negative impact or to create positive impact, including key performance indicators and (short, medium and long-term) targets.

Eumedion emphasises that the topic of biodiversity and ecosystems is inseparably connected to Eumedion's expectations regarding climate-related disclosures and performance. While climate has marked an urgent constant in the annual Focus Letter of recent years, the 2022 AGM season evaluation report shows that many companies still need to establish Paris-aligned net zero transition plans with science-based short-, medium- and long-term greenhouse gas emission reduction objectives. However, within the broader context of environmental risks and opportunities, climate change has the potential to severely impact related natural capital topics, such as biodiversity and ecosystems. This year's Focus Letter builds on the previous requests and expectations on the topic of climate change.

As a second topic in the Focus Letter, Eumedion reiterates the request that companies finally account for the effectiveness of their human rights management and mitigation strategy. In its evaluation report of the 2022 AGM season, Eumedion concluded that the annual reports of Dutch listed companies generally fail to discuss the effectiveness of their due diligence procedures. The same applies to information regarding the decision processes for continuing or discontinuing operations in countries or areas where human rights violations have been identified. Therefore, Eumedion again requests companies to provide meaningful disclosures on the effectiveness of human right management and mitigation strategies in the annual reports over 2022.

The Focus Letter is a regular part of the dialogues with listed companies leading up to the 2023 AGM season. Eumedion will report in the evaluation report of the 2023 AGM season to what extent the Focus Letter was applied by the companies.

### **2.3 Responsibilities of institutional investors: monitoring of the application of the Dutch Stewardship Code**

On January 1, 2019, the first version of the Dutch Stewardship Code entered into force. All institutional investors holding shares in Dutch listed companies are encouraged to commit to the principles of the Stewardship Code. The principles of this Code explain how institutional investors can fulfil their responsibilities regarding engaged share-ownership in a way that contributes to the long-term value creation by Dutch listed companies and thus to the long-term risk-adjusted return on their investments. Moreover, the principles offer pension funds, insurers and asset managers the opportunity to show to their participants and clients the way in which they (have) fulfilled their shareholder rights as an engaged and responsible investor. If institutional investors comply with the Stewardship Code, they will also comply with the legal obligations for institutional investors regarding the content of the engagement policy. Eumedion aims to publish a new progress report on code compliance in 2023. This will possibly be the final progress report as the Corporate Governance Code Monitoring Committee has proposed to include the most important principles of the Stewardship Code in the Dutch Corporate Governance Code. If this proposal makes it to the final version of the revised Dutch Corporate Governance Code, the Stewardship Code Working

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Group will discuss in the beginning of 2023 the question whether the Dutch Stewardship Code should be withdrawn or revised. The General Board will take the final decision, based on a recommendation of the Stewardship Code Working Group.

### 3. EVENTS

As in previous years, Eumedion will organise a conference in Autumn on a topical issue related to corporate governance and/or sustainability.

As the predecessor of Eumedion – the Corporate Governance Research Foundation for Pension Funds – was established on 13 March 1998, Eumedion will organise a special event to celebrate its 25<sup>th</sup> anniversary in 2023.

Eumedion will also organise an event (roundtable or seminar) to discuss the findings and conclusions of the comparative study on say-on-pay legislation and practices in key jurisdictions, that remuneration research institute Research Value is conducting on behalf of Eumedion. The report will be published in January 2023.

Eumedion will also organise one or more ESG Updates Sessions for its members in 2023 to update members on the upcoming (sustainable finance) laws and regulations for institutional investors and to exchange best practices on their implementation.



## 4. SERVICES

Eumedion offers its members various services in relation to corporate governance and sustainability. For example, Eumedion informs them about current developments in these core areas. And if necessary, Eumedion provides additional information in the context of formulating and implementing their own voting policy. In addition to the policy engagement activities mentioned in section 2.1, the following services are offered.

### 4.1 Informing members

#### - **Newsletter**

Eumedion's monthly newsletter appears to be much appreciated by members and non-members alike. Eumedion will therefore continue the newsletter in 2023. The newsletter discusses the latest (Dutch and European) developments in corporate governance and sustainability that are of importance to institutional investors. Attention is given to striking cases at listed companies, Eumedion's views, national and European legislative and regulatory initiatives in the field of corporate governance and sustainability and other relevant corporate governance and sustainability issues.

#### - **Alert service controversial voting items**

In 2023, Eumedion will maintain its alert service regarding (controversial) voting items at AGMs. In the case of an AGM and/or voting item that is widely discussed in society, the members will in any case be informed of the considerations whether or not to issue an alert. The Eumedion members can use the text of the alert or the considerations not to issue an alert in determining their voting behaviour for the AGM.

#### - **Legal alerts**

Members of Eumedion will be informed of important policy issues in 2023 through the issuance of so-called legal alerts, for example with respect to the proposal for a Corporate Sustainability Due Diligence Directive.

#### - **Website**

The website keeps members and other interested parties informed of current events, discussions and Eumedion's views and positions. The website includes information about the organisation, Eumedion's views and positions and an extensive archive.

#### - **Thought leadership**

Also in 2023, Eumedion will pursue an active media policy to bring Eumedion's views and positions to the attention of the media. In addition, the Eumedion staff proactively contributes to policy

development in the field of corporate governance and sustainability through writing op-eds in newspapers, magazines, books, giving speeches and presentations and participating in working groups and round tables. See also section XX on this subject.

## - **Social media**

Also in 2023, the latest news from and about Eumedion can be followed via Twitter under @eumedion. Eumedion also has a LinkedIn account that is used to share news from and about Eumedion.

## **4.2 Dialogue**

Also in 2023, Eumedion will facilitate its members' dialogues with the main Dutch listed companies. During these dialogues, which will be prepared jointly with representatives of Eumedion members, Eumedion's Focus Letter will be discussed, among other things. See also above under section 2.2. In addition, Eumedion represents its members during various stakeholder dialogues organised by listed companies.

## **4.3 Members Meetings**

Eumedion will hold two Members Meetings in 2023.

### - ***Spring Meeting (29 June 2023)***

At this meeting, Eumedion's General Board gives account of the previous year's policy. The management report is discussed and the Members Meeting is requested to approve the financial statements. The General Board also requests the Meeting for discharge. Also discussed is the Eumedion evaluation report of the 2023 AGM season.

### - ***Fall Meeting (13 December 2023)***

At this meeting, the 2024 Policy Plan will be discussed and adopted, as well as the 2024 Budget. In addition, a new overview of current and future ESG regulations for institutional investors will be presented.

## 5. COMMITTEES

Eumedion's policy is prepared in about five committees and two working groups, which include delegates from individual members.

### 5.1 Legal Committee

In 2023, the Legal Committee will at least deal with the policy issues raised in sections 2.1.1, 2.1.3, 2.1.4, 2.1.5 and 2.1.7. The Legal Committee takes the lead in preparing comments on consultation documents and on Dutch and European legislative and regulatory initiatives. In addition, the Legal Committee's ambition is to prepare position papers on topical corporate governance and sustainability issues.

### 5.2. Reporting and Audit Committee

The Reporting and Audit Committee deals with policy aspects in the field of financial and sustainability reporting, risk controls and management, and the role and independence of the external auditor, among others. The Reporting and Audit Committee takes the lead in preparing comments on consultation documents from the DASB, the IASB, the ISSB, the EFRAG Sustainability Reporting Board, the NBA and the International Auditing and Assurance Standards Board (IAASB), among others. In 2023, the committee will at least address the policy issues raised in sections 2.1.2 and 2.1.8 to 2.1.11. Furthermore, the committee will function as a sounding board for the Eumedion representatives on the advisory bodies of the DASB, IASB, EFRAG and the AFM.

### 5.3. Research Committee

The Research Committee will review whether certain topics in Eumedion's field of activity lend themselves to fundamental research in 2023. Furthermore, the Research Committee will develop the overarching theme for the 2023 symposium and approach speakers.

### 5.4. Investment Committee

The Investment Committee discusses current and material corporate governance and sustainability topics affecting individual listed companies. It determines whether a so-called alert should be issued when a listed company puts a proposal on the agenda for an AGM that deviates significantly from the applicable legislation, the Dutch Corporate Governance Code or the Eumedion recommendations included in the Corporate Governance Handbook. In addition, members of the Investment Committee will be closely involved in preparing and participating in regular dialogues with Dutch listed companies. The Investment Committee is further responsible for preparing the evaluation report of the 2023 AGM season and drafting the 2024 Focus Letter. In ad hoc situations, the Investment Committee is also involved in comments on legislative or regulatory proposals and/or consultation documents, which are prepared by the Legal Committee or the Reporting and Audit Committee, such as the topics mentioned in sections 2.1.6 and 2.1.7.

## **5.5. Public Relations Committee**

The PR Committee assesses whether certain Eumedion positions lend themselves to generating media attention. The PR Committee aims to have Eumedion regularly in the news with viewpoints and research results. In addition, the PR Committee is actively involved in editing the Eumedion annual report, policy plan and press releases and supports the Executive Director in his contacts with the media.

## **5.6. Executive Remuneration Working Group**

The Executive Remuneration Working Group was established in 2006 to prepare the Eumedion recommendations on executive remuneration. In late 2009, the working group proposed revising the recommendations and transforming them into a set of principles for a responsible remuneration policy. The General Board adopted this set of principles in October 2009 and made a number of amendments in recent years. After the 2023 AGM season, the working group will review the Eumedion recommendations on effectiveness and relevance and assess whether any application bottlenecks have arisen. If necessary, proposals to amend the Eumedion recommendations will be formulated by the working group. In that context, the Working Group will also review the findings and conclusions of the Reward Value research report 'Binding and Advisory Votes on Executive Remuneration Reports: A Comparative Study on Say-on-Pay Legislation and Practices in Key Jurisdictions', which will be published in January 2023.

## **5.7. Dutch Stewardship Code Working Group**

The Dutch Stewardship Code Working Group was established in 2017 to update the Eumedion Best Practices for engaged share-ownership and to transform them into a Dutch Stewardship Code. The final edition of the Dutch Stewardship Code was published in July 2018. The working group aims to meet at least once a year to (i) discuss current national and international developments in the field of stewardship, (ii) assess the extent to which the principles of the Stewardship Code are being applied by Eumedion members and non-members, and (iii) consider whether certain bottlenecks exist. The working group is also responsible for preparing the annual monitoring report. If necessary, proposals for amending the Stewardship Code will be formulated by the working group. As explained in section 2.3, the working group will discuss in the beginning of 2023 the question whether the Dutch Stewardship Code should be withdrawn or revised following the incorporation of the most important principles of the Stewardship Code into the revised Dutch Corporate Governance Code.

## 6. INTERNAL ORGANISATION

### 6.1 Acquisition of new members and participation in national and international organisations

Also in 2023, Eumedion aims to maintain its member base well and expand it where possible. In addition, Eumedion will continue to participate in various national and international organisations in 2023 in order to make the voice of Eumedion's members heard and to be involved at an early stage in the formulation of policy that will (potentially) affect institutional investors. Eumedion participates directly or indirectly in the following organisations, working groups and advisory committees, among others:

- The Dutch Corporate Governance Code Monitoring Committee;
- The International Corporate Governance Network (ICGN);
- The Global Network of Investor Associations (GNIA);
- The Global Stewardship Codes Network;
- The IFRS Advisory Council;
- The EFRAG User Panel;
- The European Commission's Expert Group on Technical Aspects of Corporate Governance Processes;
- Advisory Group to the Investor and Other Stakeholders Working Group of the International Forum of Independent Audit Regulators (IFIAR);
- The Dutch Accounting Standards Board and its governing body;
- The AFM Advisory Panel of Representative Organisations;
- The AFM Capital Market Committee;
- The AFM Committee for Financial Reporting & Accountancy;
- The Ministry of Justice and Security Expert Group on Modernising Dutch Company Law;
- The NBA Stakeholders Forum;
- The Advisory Council of the Institute of Internal Auditors Netherlands;
- The Trustees of the Radboud Business Law Institute.

### 6.2 Participation in societal debate

Eumedion will continue to make an active contribution to the societal debate on corporate governance and sustainability in 2023. Part of this includes airing the Eumedion views in the various media, writing op-eds in newspapers and/or writing articles in journals. Furthermore, the Eumedion staff will propagate Eumedion's views by giving lectures and presentations at seminars and conferences as well as by participating in working groups, stakeholder dialogues and round tables.

### 6.3 Eumedion Board

In 2023, the Executive Board will meet five times and the General Board four times. In 2023, the first term of Anne Gram (14 December) and the second term of Olaf van den Heuvel (19 December) will expire. These directors may be re-elected for another term. Eumedion members will be notified

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of any reappointment proposals in 2023. On October 5, 2023, Wouter van Eechoud's maximum six-year term of appointment expires. He can therefore no longer be reappointed.

### **6.4 Staff**

Eumedion holds offices in Spaces De Rode Olifant, Zuid Hollandlaan 7 in The Hague. Eumedion has a three-year rental agreement with Spaces, which can be renewed again in 2025. The rental agreement can, however, be terminated every month.

## 7. CONTACT

More information about Eumedion can be found on our website [www.eumedion.nl](http://www.eumedion.nl).

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