



Dutch listed companies are more focused on the longer term

Shareholder and remuneration structures main drivers of executives' time horizon

- **Executives of Dutch listed companies are more long-term oriented than executives of US listed companies**
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- **Executives' time horizon does not seem to influence decision-making regarding R&D or sustainability investments, which may indicate the autonomous position of the Executive Board of Dutch listed companies to make strategic decisions**

The Hague, 4 September 2017. Executives of Dutch listed companies pay much more attention to the long-term consequences of their strategy and policy than their US colleagues. This long-term orientation has also become somewhat stronger over the past ten years and is mainly driven by the long-term horizon of the shareholders of the Dutch listed companies and of the executive remuneration policy via the incorporation of long-term performance criteria. These are the main findings of research conducted by the Institute for Governance and Organizational Responsibility (iGOR) of the University of Groningen, commissioned by Eumedion.

The level of short- or long-termism was measured by evaluating the extent to which executives talk in terms of short- or long-term goals and value creation during public conference calls with financial analysts and investors. The research group used information from 1,444 quarterly conference calls for a maximum of 60 Dutch listed companies over the period 2003-2016. This methodology has been used elsewhere in the literature to measure the time horizon of executives of US listed companies. The iGOR research report shows that executives of Dutch listed companies are more long-term oriented than the executives of US listed companies. However, the executives' time horizon differs between companies depending on the industry. The long-term orientation is the strongest at Dutch real estate and construction companies and the weakest at Dutch banks and insurers.

With respect to the potential consequences of possible short- or long-termism amongst executives, the research group did not find evidence for an association between the executives' time horizon and their decisions related to – for example – long-term investments in research and development, marketing and branding campaigns and sustainability. This may reflect the characteristics of the Dutch corporate

governance system, giving the Executive Board discretionary power to make strategic decisions relatively independent from demands of shareholders.

About Eumedion

Eumedion is the Dutch based corporate governance and sustainability forum for institutional investors. Eumedion has 65 Dutch *and* non-Dutch participants – all with a long term investment horizon – and its general aim is to promote good corporate governance and sustainability at Dutch listed companies. Participants include a wide range of institutional investors: pension funds, mutual funds, asset managers and insurance companies. Together they have more than € 5 trillion assets under management. Through the investments in equity and non-equity, long term institutional investors are a major source of the capital that is used by listed companies to grow, create wealth and provide employment.

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About the Institute for Governance and Organizational Responsibility (iGOR)

The iGOR unifies academics from the University of Groningen who are interested in issues with regard to how supervisory boards, supervisory councils, oversight bodies and boards of control operate. We are driven by the urge to know how effective existing practices, new developments and answers for the future are. We focus on three themes: Corporate Governance, Corporate Responsibility & Corporate Reporting. Our ambition is to set in motion a healthy synergy between science and practice.

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