



ANNUAL REPORT 2022

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I. REPORT OF THE BOARD

Introduction

2022 was another turbulent year. The world changed rapidly and is encountering tremendous challenges related to climate, health, inequality, the economy and politics. While the world gradually loosened itself from the restrictions imposed to contain the corona pandemic, the geopolitical and economic situation has deteriorated rapidly. The war in Ukraine, social unrest and growing geopolitical tensions around the world are giving cause for concern. At the same time, the cost of living is increasing rapidly on the back of inflation, leading to poverty, inequality and social tensions. The world is struggling to agree on an effective way to battle the effects of climate change, which is threatening life on earth. While companies and their investors can hardly influence these global challenges by themselves, we believe they have a responsibility to act.

This responsibility was made very clear in the in 2022 amended Eumedion mission statement, as part of the discussions on the Eumedion 2023-2027 strategy. Eumedion's mission reads now: "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". Our updated strategy is built around this mission statement and has one, overarching 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. In 2022 we already worked hard to achieving this long-term goal and were rather successful in realising some important milestones.

One of them was the revision of the Dutch Corporate Governance Code. This Code has become more aligned with Eumedion's long-term objective. Sustainability is now more embedded in the Code via the clarification that the board is not only responsible for the continuity of the company, but also for sustainable long-term value creation by the company. In addition, the board is now obliged to take into account the impact of the activities of the company have on people and planet. This underlines the responsibility of a board for not only maximising positive impact for the company's – direct and indirect – stakeholders, but also for minimising negative impact. Besides this, relevant elements from the Eumedion Stewardship Code are, at the request of Eumedion, now included in the Corporate Governance Code, such as the provisions regarding abstention from voting by shareholders with a greater short than long position and on the recall of lent shares. In addition, the Corporate Governance Code now contains the important principle that shareholders recognise the importance

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of a strategy focused on sustainable long-term value creation for the company. As such, shareholders' behaviour is now more aligned with the ultimate objective of the company.

A big milestone was further the European legislators' agreement on the final text of the Corporate Sustainability Reporting Directive in June 2022, the formal establishment of the EFRAG Sustainability Reporting Board and the release of the first twelve draft European Sustainability Reporting Standards in November 2022, covering reporting standards on environmental, social and governance topics as desired by Eumedion. Consequently, as from financial year 2024 onwards, all large European listed companies are required to not only report on how sustainability matters affect the company's development, performance and position, but also on its own impacts on sustainability matters ('double materiality'). This information is key in understanding the long-term value creation capacity of the listed companies and is as such material to investors' decisions to buy, hold, sell, vote or engage with listed companies. And last but not least, the European Commission's proposal for a Corporate Sustainability Due Diligence Directive should also be mentioned. 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. The afore-mentioned milestones are conducive to the realisation of the overarching Eumedion 2027 goal.

In 1998, the predecessor of Eumedion, the Foundation for Corporate Governance Research for Pension Funds, also referred as 'SCGOP', was established. Over the past twenty-five years, Eumedion has built a reputation as a reliable and professional governance and sustainability platform with social standing and high impact. 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. We are grateful for their continued commitment. It provides an excellent basis for another successful twenty-five years.

The Hague, 29 June 2023

Lars Dijkstra
Chair

Rients Abma
Executive Director

1. MISSION AND STRATEGY

Eumedion, which has its registered offices in Amsterdam, reviewed its mission and strategy in 2022. The review showed no immediate reason for fundamental changes to Eumedion's strategic direction. The following is an overview of Eumedion's mission and strategy for the period 2023 – 2027.

1.1 Mission

In short, Eumedion's mission is:

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.

Only institutional investors (regardless of administrative location) which have stakes in Dutch listed companies can be ordinary Eumedion members. In addition, Eumedion also has a number of associate members.

1.2 Aims for 2027

1. The largest Dutch listed companies and the Eumedion members are responsible corporate citizens who contribute to resolving major environmental and societal challenges.
2. The largest Dutch listed companies outperform their international peers, including with respect to ESG practices, performance and impact. The annual reports of Dutch listed companies will give an integrated overview of i) the sustainable long-term value creation model, ii) the sustainability of the company's business model and its compatibility with the transition to a sustainable economy and, in particular, the Paris Agreement (including short, medium and long term targets), iii) the material long-term risks, iv) the way sustainability matters affect the company's development, performance and position and v) the company's impacts on people and planet. The CSRD sustainability reports of Dutch listed companies are submitted to the general meeting for an annual vote. The external auditor issues an integrated assurance report on the financial statements and the sustainability information of the listed company.
3. The European Sustainability Reporting Standards are complementary to the IFRS Sustainability Disclosure Standards and these complements only reflect EU-specific policy objectives in the area of sustainability stemming from specific EU legislation and policies. Large companies act as 'societal gatekeepers' when it comes to human rights, the environment, and ethical and decent

business practices throughout the entire value chain. Executive and supervisory directors of Dutch listed companies explicitly take into consideration the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term. The number of Dutch listed companies that deviate from the one share, one vote principle has decreased.

4. Eumedion members will well and truly be able to act as engaged and responsible shareholders, in line with the Dutch corporate governance code's principles and best practice provisions regarding stewardship and will meaningfully report on the stewardship outcomes and results.
5. Eumedion and its members are knowledgeable discussion partners of Dutch listed companies, are able to challenge company policy, strategy and risk management, and bring about changes. Eumedion assists its members with this.
6. Eumedion is a knowledge sharing platform in the field of corporate governance and corporate sustainability for its members. Eumedion is an influential and visible organisation which members are able to identify with, and which offers its members an attractive service package.

1.3 Strategy in order to fulfil mission and aims

Eumedion will endeavour to fulfil its mission and aims through the following key strategic pillars:

- Constructive and impactful dialogues with Dutch listed companies;
- Engaging with Dutch and European policy makers and regulators (position papers, statements, letters) and participating in and interacting with industry and regulatory bodies;
- Informing Eumedion members and stakeholders (policy makers, regulators, listed companies, board directors, audit firms and media) about key developments in corporate governance, sustainability and stewardship;
- Thought leadership in the field of corporate governance and corporate sustainability.

2. EUMEDION: POLICY ENGAGEMENT

As underlined in our updated strategy, we strongly believe that societal dialogue and active participation in industry and regulatory bodies will help produce clear, fair, and workable regulations, practices, standards and disclosures for institutional investors as well as listed companies. As a thought leader in the field of corporate governance and corporate sustainability we proactively interact with legislators, policymakers, regulators and the stock exchange with the aim to contribute to shaping regulatory solutions that create sustainable long-term value for companies, institutional investors and the wider society. By cooperating with strong industry associations, standard setters and regulatory bodies – on a national, regional, and global level – we believe we can contribute to the future development of corporate governance and corporate sustainability practices, standards and disclosures which is to the benefit of the Eumedion members.

We are focussed on material ESG risks and opportunities that will impact the listed companies as well as their stakeholders, including the environment and society over the long-term. This contributes to sustainable long-term value creation by listed companies as well as to minimising negative and maximising positive impact for their stakeholders, including the environment and society. This is reflected in our policies and underpins everything we do. An overview of the key policy engagement activities in 2022 is presented below.

2.1 Revision of the Dutch Corporate Governance Code

At the request of the supporting organisations (including Eumedion), the Dutch Corporate Governance Code Monitoring Committee presented a proposal to revise the Dutch Corporate Governance Code in February 2022. Eumedion advocated for an integration of important parts of its own Stewardship Code into the Corporate Governance Code.¹ In addition, Eumedion suggested a stronger embedding of sustainability in the revised Code. When the Monitoring Committee presented its final version of the revised Corporate Governance Code in December 2022 it became clear that both Eumedion objectives were realised. Relevant elements from the Eumedion Stewardship Code are now included in the Corporate Governance Code, such as the provisions regarding abstention from voting by shareholders with a greater short than long position and on the recall of lent shares. In addition, the Corporate Governance Code now contains the important principle that shareholders recognise the importance of a strategy focused on sustainable long-term value creation for the company. The provisions will support Eumedion's 2027 aim that all Eumedion members will well and

¹ <http://bit.ly/3viGzXx>.

truly be able to act as engaged and responsible shareholders and will meaningfully report on the stewardship outcomes and results.

Sustainability is now more embedded in the Corporate Governance Code via the clarification that the management board is not only responsible for the continuity of the company, but also for sustainable long-term value creation by the company. In addition, the management board is now obliged to take into account the impact the actions of the company has on people and the environment. This underlines the responsibility of a management board for not only maximising positive impact for the company's – direct and indirect – stakeholders, but also for minimising negative impact. Whilst we would have liked the revised Corporate Governance Code to be a bit more ambitious, its objective is seamlessly aligned with Eumedion's updated mission statement.

2.2 Establishment of a progressive Dutch Tax Governance Code

In 2021, Eumedion's General Board adopted the Eumedion Responsible Tax Principles: a set of four principles, elaborated on in specific recommendations, for Dutch listed companies to make their tax policies and behaviour more socially responsible and sustainable. The General Board then decided to not publish these Tax Principles as a stand-alone, investors' viewpoint document, but to use it as input for the official Dutch Tax Governance Code. Indeed, in that year Dutch employers' federation VNO-NCW announced its intention to develop such a code. This Tax Governance Code should lead to more transparency on the tax position of Dutch listed companies.

Eumedion was happy to see that almost all its tax principles and provisions were incorporated in the final version of the Tax Governance Code that was published by VNO-NCW in May 2022.

Subscribers to the Tax Governance Code see tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity. In addition, companies are not only committed to comply with the letter, but also to the intent and spirit of the tax legislation of countries in which they operate. Companies are also committed to not use so-called tax havens for tax avoidance. Because of the progressiveness of the Tax Governance Code, Eumedion has endorsed this code and will request all listed companies to sign it.²

2.3 The need for high-quality international sustainability reporting standards

In our 2020 position paper 'Towards a global, investor focused standard setter for corporate non-financial reporting', Eumedion advocated the establishment of an International Sustainability Standards Board (ISSB) under the auspices of the IFRS Foundation with the aim to develop high-

² <http://bit.ly/3ZH8S0G>.

quality international sustainability reporting standards.³ Institutional investors have an inherent interest in corporate sustainability information in a consistent, comparable and reliable manner across markets. This information is key in understanding the long-term value creation capacity of the investee companies and is as such material to investors' decisions to buy, hold, sell, vote or engage with listed companies.

Eumedion therefore welcomed the IFRS Foundation's decision in November 2021 to officially establish the ISSB⁴ and the subsequent publication of the exposure drafts for the first two international sustainability reporting standards in March 2022 ('IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information' and 'IFRS S2 Climate-related Disclosures'). In its comment letter to the exposure drafts, Eumedion suggested the ISSB to finalise these standards and in parallel to start with sustainability-related thematic standards as there are jurisdictions that either have the ambition to use them, build on them, or wish to be inspired by them.⁵ The sooner high-quality thematic standards are available, the lower the risk of divergence. A reporting standard on human capital seems an obvious candidate to start preparing for, ahead of the first ISSB's agenda consultation.

Eumedion also welcomed the European legislators' agreement on the final text of the Corporate Sustainability Reporting Directive (CSRD) in June 2022, the formal establishment of the EFRAG Sustainability Reporting Board and the release of the first twelve draft European Sustainability Reporting Standards (ESRS) in November 2022, covering reporting standards on environmental, social *and* governance topics as desired by Eumedion.⁶ Consequently, as from financial year 2024 onwards, all large European listed companies are required to not only report on how sustainability matters affect the company's development, performance and position, but also on its own impacts on sustainability matters ('double materiality'). Eumedion was also happy to see that the final CSRD text contains the notion that unnecessary regulatory fragmentation should be avoided as this may have negative consequences for companies operating globally. The ESRS should therefore "contribute to the process of convergence of sustainability reporting standards at global level". Consequently, when adopting the ESRS – ultimately in June 2023 – the European Commission shall "to the greatest extent possible" take account of the work of global standard-setting initiatives for sustainability reporting. In addition, Eumedion welcomed the requirement that the sustainability reporting of

³ <http://bit.ly/3eYRdK1>.

⁴ <http://bit.ly/3mB3iv7>.

⁵ <http://bit.ly/3Jf7gn4>.

⁶ <http://bit.ly/3Qmb60h>.

companies be certified by an independent auditor. That will enhance the quality and reliability of the reported sustainability information.

2.4 The need for European due diligence legislation

One of Eumedion's aims for 2027 is that the largest Dutch listed companies and the Eumedion members are responsible corporate citizens who contribute to resolving major environmental and societal challenges. We expect large companies by then to be 'societal gatekeepers', when it comes to human rights, the environment, and ethical and decent business practices throughout the entire value chain. Moreover, executive and supervisory directors of Dutch listed companies should explicitly take into consideration the consequences of their decisions for sustainability matters, including human rights, climate change and environmental consequences, including in the short, medium and long term. With these objectives in mind, Eumedion welcomed the European Commission's proposal for the Corporate Sustainability Due Diligence Directive (CSDDD), presented in February 2022.⁷ The proposal aims to establish substantive duties for European companies in the area of human rights and environmental due diligence and climate action, as well as to impose a broader duty of care on board directors, as suggested by Eumedion.

Eumedion considered the proposal an important contribution to fostering responsible business conduct throughout the whole value chain and to integrating various international due diligence standards into European law. The proposal also aims to supplement the requirements laid down in other pieces of European legislation, such as the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, and the CSRD. In 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 supported 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. Eumedion reflected this – generally positive – position in a statement, issued in April 2022 and brought it to the attention of the European Commission, the European Council and the European Parliament. Eumedion recommended, however, to clarify the proposed directive at some points. It was unclear, for instance, whether the proposed directive also applies to the investee companies of institutional investors and, if so, what the investors' obligations in that respect are. In addition, Eumedion recommended to align the scope of the proposed directive with other relevant European (financial) sustainability legislation, such as the CSRD, SFDR and the Taxonomy Regulation.

⁷ <http://bit.ly/3jQ0PeZ>.

In December 2022, the European Council reached a common position on the CSDDD text. The Council decided to not apply the directive to investee companies of institutional investors. Furthermore the Council's position provides flexibility to Member States to exclude the financial sector from the scope of the Member States' transposition legislation. Moreover it removed the proposed extension of the directors' duty to also take sustainability matters explicitly into account. Nevertheless, it is still a ground-breaking proposal that will create legally binding obligations for companies in respect of adverse impacts on human rights and the environment. The European Parliament adopted its position in June 2023. It is expected that the trilogue negotiations between the European Commission, the European Council and the European Parliament on the final text will be concluded at the end of 2023.

In parallel with discussions on the CSDDD in Brussels, the House of Representatives of the Netherlands tabled its own bill on the same subject in November 2022. As indicated earlier, Eumedion supports due diligence legislation for large companies, but it prefers a harmonised, European approach. Eumedion made that clear in a letter to the House of Representatives in early January 2023.⁸

2.5 The proposed directive on multiple-vote share structure will negatively impact the 'one share, one vote' principle

Eumedion has always advocated the so-called 'one share, one vote principle' as shareholders need sufficient rights to sanction poor practices or performance by executives. The principle that voting rights should be proportionate to cash flow rights is the best method to make this monitoring and oversight effective. The Netherlands is, however, one of the jurisdictions where it is legally allowed for listed companies to deviate from the 'one share, one vote' principle. Eumedion's 2027 aim is to decrease the number of Dutch listed companies that deviate from the one share, one vote principle. Against this background, Eumedion voiced concerns regarding the suggestion of the European Commission in a consultation document on the relaxation of the European stock exchange listing rules to allow issuers to introduce multiple-vote share structures when going public.⁹ Eumedion opined that such a measure would severely damage investor protection and therefore investors' trust in stock markets. Such a proposal would disincentivise investors, in particular institutional investors, to invest in IPOs. Multiple-vote share structures would negatively impact the necessary checks and balances within a listed company.

⁸ <http://bit.ly/3lrgFCG>.

⁹ <http://bit.ly/3l4rNJm>.

Unfortunately, in December 2022 the European Commission published a proposed directive stipulating all EU Member States to allow the adoption of multiple-vote share structures by companies seeking a listing on an SME growth market in one or more Member States for the first time. Although the scope of the proposed directive is rather limited – only companies seeking admission to trading on an SME growth market (a so-called non-regulated market that is non-existent in the Netherlands) – EU Member States are permitted to extend this possibility to companies seeking admission to trading on a regulated market. And while EU Member States are required to introduce safeguards for a fair and non-discriminatory treatment of shareholders of a company, the proposed safeguards are rather weak and are not mandatory when a Member State already allows listed companies to adopt multiple-vote structures, such as the Netherlands. The proposed directive makes it therefore harder for Eumedion to reach the 2027 objective to decrease the number of Dutch listed companies that deviate from the one share, one vote principle. Eumedion opines that the European Commission has not respected the proportionality and subsidiarity principle with this proposal. Moreover, the proposed safeguards aimed at protecting minority shareholders are too weak. Eumedion incorporated these elements in its position statement, published in March 2023.¹⁰

Also at other instances Eumedion promoted the ‘one share, one vote principle’. For example, in our reaction to the consultation on the implementation bill regarding the directive on cross-border conversions, mergers and divisions Eumedion advocated for a separate shareholders’ vote on material governance- and control-related provisions associated with a proposal for a cross-border transfer of the registered office.¹¹ In its comments, Eumedion pointed out that in the recent past, a relatively large number of foreign companies have adopted a Dutch legal form because of the ample possibilities here to introduce multiple-vote share structures or loyalty shares. In this way, domestic regulations to protect shareholders are circumvented. Eumedion therefore opined that shareholders should be able to vote separately on major changes to voting and control rights within companies related to the decision to transfer the company’s registered office. ‘Bundled voting’ on ‘only’ the proposed conversion, merger or division would impede shareholder protection, according to Eumedion. In the notes to the final version of the bill, the Minister for Legal Protection wrote that a separate shareholders’ vote is not necessary as a proposal for a conversion, merger or division must be submitted to the shareholders’ meeting for a binding vote. In a letter to the House of Representatives, sent in January 2023, Eumedion repeated its position and suggested the Members of Parliament to amend the bill in Eumedion’s direction.¹²

¹⁰ <http://bit.ly/3lPacYt>

¹¹ <http://bit.ly/3MqUjaN>

¹² <http://bit.ly/3iKLkHs>

Furthermore, during the consultation period of the Platform on Sustainable Finance on the application of minimum social and governance safeguards in relation to the Taxonomy Regulation label of 'sustainable, green investments' Eumedion advocated for taking the 'one share, one vote principle' on board.¹³ This suggestion was, however, disregarded by the Platform when it published its final advice on the minimum safeguards in October 2022. Eumedion also pushed the OECD to incorporate the 'one share, one vote principle' in the revised G20/OECD Principles of Corporate Governance.¹⁴ Should the OECD nevertheless wish to preserve the possibility of issuing shares with multiple voting rights, we advocated the introduction of safeguards to minimise the impact of those shares. The final version of the revised Principles of Corporate Governance is expected to be adopted in the second quarter of 2023.

2.6 Other policy engagement actions and outcomes

European Commission's consultation on the strengthening of the quality of corporate reporting and its enforcement

In January 2022, Eumedion submitted a reaction to this consultation, that was launched as a reaction to the Wirecard accounting scandal in 2020. In its reaction Eumedion advocated the introduction of harmonised and uniform European supervision on the financial reporting of European listed companies and on the 'Big 4' audit firms.¹⁵ In addition, Eumedion promoted the establishment of an internal audit function at all large European listed companies and to include an 'in control statement' in their annual report. The option incorporated in the European Audit Regulation to allow companies to rotate from audit firm after 20 years should be cancelled. A proposal for a directive was promised for the last quarter of 2022, but the European Commission remarked that it needed more time to deliberate on the need and the contents of a proposal.

Statement on the proposed regulation regarding the creation of a European Single Access Point for corporate reporting (ESAP)

In March 2022, Eumedion issued a statement on the proposed ESAP regulation.¹⁶ Eumedion stated that it was very supportive of the ESAP proposal as corporate reporting will become more accessible to investors. Eumedion highlighted in particular the following, positive elements: i) the notion that information will be made available through ESAP at the same time that it is published in any other means or channel, ii) free access, iii) 'file once' principle and iv) the leading role for the European Securities and Markets Authority (ESMA) in the proposal. However, some key issues needed fine-

¹³ <http://bit.ly/3RqUc0U>.

¹⁴ <http://bit.ly/3scf8hg>.

¹⁵ <http://bit.ly/3rZ2UYM>.

¹⁶ <http://bit.ly/3tXcUTy>

tuning: i) the establishment of a procedure that allows investors to fully rely on the already expressed ambition that corporate reporting will not be publicly available in ESAP any later than any other platform for communication, ii) the growing importance of cross referencing and the need for ESAP to establish procedures that facilitate reporting entities in creating cross references, and iii) that filings should remain indefinitely available, in line with the indefinite availability of filings in a comparable EDGAR database in the United States. The trilogue negotiations between the European Commission, the European Council and the European Parliament on the final text of the ESAP regulation were concluded in May 2023.

European Commission's consultation on upgrading digital company law

In April 2022, Eumedion submitted a reaction on the European Commission's consultation on upgrading digital company law.¹⁷ In the consultation document, the European Commission asks, among other things, whether European companies should still be obliged to have a physical registered office. Now that an increasing number of companies no longer have permanent physical offices, the European Commission wants to examine whether companies can suffice with a virtual domicile. In its response, Eumedion warns the European Commission that this will make it even easier for companies to evade taxes, to conduct money laundering activities, avoid sanctions and circumvent shareholders' rights. In addition, Eumedion encourages the European Commission to incorporate in European company law the possibility for all European companies to organise a hybrid shareholders' meeting as well as a shareholders' meeting spread over time.

European Commission's consultation on the functioning of the ESG ratings market

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 in June 2022, Eumedion advocated a self-regulation mechanism for ESG rating providers rather than a legislative intervention in the EU.¹⁸ 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

¹⁷ <http://bit.ly/3Jlwi2c>

¹⁸ <http://bit.ly/38VNsqW>

will be reflected in any further initiative in this regard, with a proposal for a regulation expected in 2023.

ESMA Call for Evidence on implementation of revised Shareholder Rights Directive

In November 2022, Eumedion submitted a response to ESMA's call for evidence on the functioning of certain parts of the revised Shareholder Rights Directive (SRD II). In its response, Eumedion advocated a substantial extension of the minimum notice period for a shareholder meeting as stipulated in the SRD: from 21 to 42 days.¹⁹ This period gives companies and shareholders more opportunities to constructively engage on certain management proposals and gives proxy advisors more time to prepare high-quality proxy reports and voting recommendations. Eumedion further remarked that the revised directive has contributed to the increase in the average number of votes cast at Dutch shareholders' meetings. Indeed, the international voting process has improved, but could still gain in effectiveness, according to Eumedion. In particular, the red tape involved in issuing voting instructions, the observation that voting instructions sometimes do not get through the voting chain and that companies do not routinely send voting confirmations are still important obstacles for many Eumedion members. ESMA has not published its final findings and conclusions regarding the implementation of the SRD II provisions on proxy advisors and the voting chain yet. Eumedion is hopeful that its remarks will be taken into account by ESMA.

2.5 Priorities for 2023

For 2023, Eumedion will focus in particular on the following topics²⁰:

1. The permanent legal embedding of the option to hold a virtual-only shareholders' meeting;
2. The implementation of CSRD in Dutch legislation;
3. The further discussions on the proposed CSDDD;
4. The evaluation of the revised Shareholder Rights Directive;
5. The establishment of European and international sustainability reporting standards.

¹⁹ <http://bit.ly/3H4vDVx>

²⁰ See for more information about these and other proposals the 2023 Eumedion Policy Plan: <http://bit.ly/3W3BAGK>.

3. EUMEDION: COMPANY ENGAGEMENT

As underlined in our updated strategy, we believe that constructive and high-quality collective dialogues are to the benefit for institutional investors and the listed companies. Institutional investors are presented with the opportunity to interact 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, corporate strategy, and sustainability-related topics. Our collective dialogues with companies, that are generally sustained for many years, help us in establishing trustful relationships; thereby setting the scene for meaningful and in-depth dialogues to occur. Having relationships through Eumedion with our members can aid the company boards in calibrating their longer term strategies and better understanding the investors interests' in challenging situations. Eumedion acts as a trusted facilitator of these collective dialogues for its members.

A dialogue 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. The dialogues should contribute to preserving and enhancing value for the Eumedion members' beneficiaries and/or clients, and to sustainable long-term value creation by the companies.

Since 2007, Eumedion has organised dialogues between its members and boards and staff of the AEX companies, and with as many other Euronext-listed companies as possible and as preferred by its members. Dialogues with companies that are incorporated in the Netherlands whose shares are traded on a foreign regulated market will only be facilitated in the situation of material corporate governance and/or sustainability issues. A dialogue can be initiated by the company and by Eumedion and/or its members.

Since 2009, the company engagements are supplemented by a so-called alert service during the proxy season. Eumedion members and proxy advisory firms are 'alerted' if the agenda of the shareholders' meeting of a Dutch listed company contains one or more controversial resolutions that deserve a high(er) level of scrutiny by the members and their advisors. The alert highlights the issues or concerns to consider prior to advising and voting on the resolutions respectively; it is not a voting advice. The alert service's objective is to help Eumedion members to exercise their voting rights and to enable them to make informed voting decisions. In addition, it will give proxy advisory firms a clearer picture of Dutch market practices and may improve the proxy voting advice they give to their clients. Before issuing an alert, the company in question is requested to comment on the issues and concerns at stake. The comments will be incorporated in the final version of the alert, thereby further

increasing the information value of the document. The final version of the alert is also forwarded to the company in question. The alerts are concise and Eumedion aims to issue them at least twenty days prior to the shareholders' meeting date.

3.1 2022 engagements and impact

Total number and general topics of the engagements

In 2022 Eumedion organised a total of 78 dialogues for its members with 36 Dutch listed companies, similar to the numbers in 2021 and 2020. Most dialogues were held with the board and representatives of Shell (6 times), followed by ASML, Philips and Flow Traders (five times). Key topics that were discussed were the climate action plans, diversity and inclusion, human rights due diligence (these topics were incorporated in the 2022 Eumedion Focus Letter²¹), remuneration policies and reports and major corporate events such as the transfer of the Flow Traders' corporate seat from the Netherlands to Bermuda, the merger between DSM and Firmenich and the resulting redomiciliation to Switzerland and the acquisition of Aegon Nederland by ASR Nederland.

As we have no possibility (yet) to engage with the companies' external auditors outside the shareholders' meeting on company-specific topics, we requested the six public interest entities' audit firms in a specific letter to review the companies' climate-related disclosures and to report in the auditor's opinion on the climate risk assessment and the auditor's response to the risks identified. Furthermore we requested the external auditors of companies that are expected to be materially impacted by climate change to assign the impact of climate risk and the energy transition as a key audit matter.

Impact of the engagements

On climate action plans: based on the disclosures in the 2021 annual report, 76% of the largest Dutch listed companies have some form of climate action plan with at least one carbon reduction target. 42% of the companies have a net-zero emissions target for their scope 1, 2 and 3 and only one-third has subjected the emission reduction objectives to third-party verification. Moreover, material climate-related disclosures are difficult to find and in many cases also inadequate. Therefore, it is difficult for shareholders to assess the companies' climate risk and the reliability of the climate actions. More work still needs to be done by companies.

Three of the four largest audit firms (PwC, EY and KPMG) have responded to Eumedion's call for an auditor's review of the climate-related disclosures. They have incorporated a standard section in the

²¹ <http://bit.ly/3n4J0t0>.

auditor's reports on the audit approach regarding climate-related risks. Eumedion has called on the audit firms to take a further step in 2023 by challenging executives and supervisory directors on the impact of various climate-related scenarios on the company's strategy and business model and to report on the key findings and conclusions.

On diversity and inclusion: while gender is still the most prevalent diversity topic, ethnicity is gaining more prominence, particularly within companies that have a large US exposure. Some companies have now incorporated disclosures on ethnic diversity of their total US workforce and leadership teams in the annual report and are in the process of setting targets on this diversity aspect.

On human rights due diligence: almost all Dutch listed companies carry out a so-called human rights program, including supply chain screening and due diligence activities on e.g. equitable pay and working conditions. The companies also state that they are committed to respecting human rights and conducting business in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and that they adhere to the OECD Guidelines for Multinational Enterprises, of which human rights are an important element. However companies' disclosures on the effectiveness of human rights due diligence procedures need improvement.

On the specific major corporate events: while acknowledging that the Flow Traders and DSM redomiciliations were important for creating sustainable long-term value, they might have a negative impact on the corporate governance structures of these companies. Eumedion entered into discussion with these companies to mitigate and repair these deficiencies.

The Flow Traders board decided to mitigate the negative impact in their case by re-introducing the shareholders' vote on dividend payments, limiting the so-called reflection period in the situation of undesired shareholder activism from 250 days to 90 days. Furthermore the company committed to keeping the minimum convocation period for annual and important extraordinary shareholders' meetings at 42 days and to having the annual accounts be audited by a Dutch audit firm that will rotate every 10 years. At the extraordinary shareholders' meeting where the shareholders decided upon the proposed transfer of the corporate seat, the Flow Traders Supervisory Board Chairman mentioned Eumedion by name and thanked the organisation for its extensive engagement on the afore-mentioned topics ahead of the extraordinary shareholders' meeting. He stated that Flow Traders very much appreciated our perspectives and valued the "constructive and productive suggestions that had been offered during the engagement process". He explicitly stated that, for example, Flow Traders will propose to reduce the maximum term of the reflection period from 250

days to 90 days during Flow Traders' upcoming AGM in 2023. The Chairman stated that this is based on the feedback Flow Traders had received in this process. The remarks are incorporated in the minutes of the shareholders' meeting.

The DSM Board decided to incorporate in the new articles of association the provision that major corporate events, including large acquisitions and divestments, remain subject to a binding shareholders' vote. Under Swiss company law such a shareholders' vote is not required. In its engagement with DSM, Eumedion emphasised that such a shareholders' right is important to discipline the M&A strategy of management. Indeed, numerous studies show that many acquisitions destroy value for acquirer shareholders and that the losses from the worst performing deals are very large, also to society at large. Shareholder approval can block undesirable acquisitions, deters executives from initiating them, and gives management leverage to negotiate better acquisitions.

The Executive and Supervisory Boards of ABN AMRO Bank decided to not ask the 2022 shareholders' meeting for discharge for the performance of their management and supervisory duties in financial year 2020 respectively. In 2021, the ABN AMRO Boards decided shortly before the 2021 AGM to remove the discharge proposals from the AGM agenda. Indeed, two days before this decision, investigations by the Netherlands Public Prosecution Service (NPPS) revealed that the bank had structurally breached the Anti-Money Laundering and Counter Terrorism Financing Act in the period from 1 January 2014 to 31 December 2020, thereby committing criminal acts. The NPPS imposed a fine of € 300 million on ABN AMRO for this and a disgorgement of unlawfully obtained gains in the amount of € 180 million. Many shareholders were not able to take these matters into account in their decision-making process on their voting behaviour regarding the discharge voting items, as they had already issued their voting instructions on that day. The company boards announced at the time that the discharge for financial year 2020 might be put on the agenda again at the 2022 AGM. In the beginning of 2022, Eumedion engaged with the boards to refrain from putting the 2020 discharge on the 2022 AGM agenda as it could not be excluded that many shareholders would vote against these proposals.

3.2 The impact of the Eumedion alert service

As in other years, the Eumedion staff analysed all agendas of the shareholders' meetings of Dutch listed companies as well as the corporate governance and sustainability sections of all annual reports and the available sustainability reports. A total of 1049 voting items were assessed and the alert procedure was triggered for the shareholders' meetings of eleven (2021: six) listed companies.

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The alerts concerned:

- Proposals to amend the executive remuneration policy (Flow Traders, OCI, Universal Music Group, Prosus);
- Proposal to amend the Supervisory Board remuneration policy (Vopak);
- Remuneration report (Accell, AkzoNobel, Philips, JDE Peet's, Vopak, Universal Music Group);
- Proposal to amend the articles of association (SBM Offshore);
- Composition of the Supervisory Board (Accell, UMG);
- Post-Offer Merger and Liquidation transaction (Accell);
- Retention bonuses for executives (Accell);
- Appointment of male supervisory directors in breach of the legal quota of having at least one-third of both women and men on the supervisory board (Accell);
- Shareholder resolution (Shell).

The alert regarding OCI was not issued as this company was willing to amend the proposal on two elements as was requested by Eumedion. The amendments were disclosed on the company's website and a reference to these amendments was incorporated in the amended notes to the AGM agenda. One of the two remuneration policy-related voting items was approved by the OCI AGM; the other just failed to receive the required 75% approval (74.7% in favour).

The draft alerts related to Accell also contributed to the withdrawal of the proposed retention bonuses of the executives (before the alert was issued) and the decision of the Accell Boards to not agree with the Post-Offer Merger and Liquidation transaction if less than 80% of the shares are tendered under the public offer for the Accell shares launched by KKR and Teslin. Ultimately, the alerts with respect to these topics were not issued.

The alerts probably contributed to the following outcomes:

- Vopak: withdrawal of proposed new Supervisory Board remuneration policy;
- Flow Traders: rejection of the proposed remuneration policy (42.6% dissent votes);
- Philips: rejection of the remuneration report (79.4% dissent votes);
- Accell: rejection of the remuneration report (59.7% dissent votes);
- AkzoNobel: rejection of the remuneration report (57.3% dissent votes);
- SBM Offshore: 49.4% of the votes cast against the proposed amendments to the articles of association (i.e. 72% of the votes cast by shareholders who are not represented in the SBM Offshore Supervisory Board);

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- Vopak: 28.8% of the votes cast against the remuneration report (i.e. 76% of the votes cast by shareholders who are not represented in the Vopak Supervisory Board);
- Universal Music Group: 29.0% of the votes cast against the remuneration report (i.e. 88.5% of the votes cast by shareholders who are not represented in the UMG non-executive board);
- Universal Music Group: 21.3% of votes cast against the new Long-Term Incentive Plan (Ordinary Incentive Awards) (i.e. 65% of the votes cast by shareholders who are not represented in the UMG non-executive board);
- Universal Music Group: 21.2% of the votes against the new Long-Term Incentive Plan (Extraordinary Incentive Awards) (i.e. 65% of the votes cast by shareholders who are not represented in the UMG non-executive board);
- Prosus: 12.1% of the votes cast against the proposed executive and non-executive remuneration policy (i.e. 57% of the votes cast by shareholders who are not represented in the Prosus non-executive board);
- Accell: 11.6% - 22.2% of the votes cast against the nominated – all male – supervisory directors;
- JDE Peet's: 8.1% of the votes cast against the remuneration report (44.1% of the votes cast by shareholders who are not represented in the JDE Peet's non-executive board);
- Shell: 79.7% of the votes cast against the shareholder resolution.

Also given the fact that there were extensive dialogues with the companies regarding the contents of the alerts and the aforementioned outcomes, we can conclude that the alerts have a rather high impact on the shareholders' voting behaviour.

4. EUMEDION: STAKEHOLDER ENGAGEMENT

We strongly believe that social dialogue and active participation in industry and regulatory bodies will help produce clear, fair, and workable practices, standards and disclosures for institutional investors as well as listed companies. By cooperating with strong industry associations, standard setters and regulatory bodies – on a national, regional, and global level – we believe we can contribute to the future development of corporate governance and corporate sustainability practices, standards and disclosures which is to the benefit of our members. The most important memberships and partnerships and our involvement therein are mentioned below.

4.1 Dutch Corporate Governance Code Monitoring Committee

The Dutch Corporate Governance Code Monitoring Committee was formed by the organisations that established the Corporate Governance Committee in 2003 which prepared the first edition of the Dutch Corporate Governance Code (the so-called supporting organisations). These include Eumedion and its legal predecessor. In February 2022, the Monitoring Committee started a public consultation on specific proposals to amend the Code. Eumedion took part in that consultation and held several discussions with the Monitoring Committee regarding the finalisation of the process to revise the Code. The final version of the revised Code was published on 20 December 2022 (see also section 2.1 of this annual report).

4.2 The Ministry of Justice and Security Expert Group on Modernising Dutch Company Law

In July 2022, the Minister for Legal Protection established the Expert Group on Modernising Dutch Company Law. The Expert Group consists of practising lawyers, academics and stakeholder representatives. Rients Abma was appointed as one of the members. The Expert Group examines possibilities to modernise Dutch company law and shall make concrete proposals for improvement. The Expert Group should also advise the Minister regarding specific company law-related questions from members of the House of Representatives and Senate. Rients Abma participated in all three plenary meetings of the Expert Group, held in 2022. In December 2022, the Expert Group published its first, unanimous, advice: the advice to not introduce legislation to further encourage the use of so-called loyalty shares for long-term shareholders. In 2020 the Members of Parliament had asked the Minister to investigate the possibilities to further facilitate the adoption of loyalty shares by Dutch listed companies.

4.3 AFM Advisory Panel of Representative Organisations

At the invitation of the AFM, Eumedion became a member of the Advisory Panel of Representative Organisations of the AFM in 2010. The Advisory Panel meets at least twice a year to ask questions and give advice about the AFM's annual plan, budget and levies, and its Annual Report and Accounts. The meetings are intended to obtain feedback about the AFM's implementation of its supervisory tasks, as well as about priorities for supervisory tasks and the development of supervision. Rients Abma attended both meetings in 2022.

4.4 AFM Capital Market Committee

Since 1 October 2018, Rients Abma has been a member of the Capital Market Committee of the AFM. This committee advises the AFM on case-specific application of rules, legislative aspects and interpretations in the area of public offerings, questions relating to market abuse and questions relating to prospectuses. The Committee also gives advice on the main lines of policy in relation to supervision of financial reporting and supervision of audit firms. In addition, the members are available for advice and presentations and are regularly involved in various topical AFM matters. Rients Abma attended all three committee meetings in 2022.

4.5 AFM Committee for Financial Reporting & Accountancy

At the invitation of the AFM, Martijn Bos has been a member of the AFM Committee for Financial Reporting & Accountancy since 1 March 2020. The Committee was established to contribute to the broader opinion forming process of the AFM on the supervision of financial reporting and of audit firms, which often involves policy aspects. In 2022, Martijn Bos attended all three meetings of this committee and was asked to commit to a second three-year term.

4.6 Dutch Accounting Standards Board

Although Eumedion terminated its formal participation within the Dutch Accounting Standards Board (DASB) on 31 December 2020, Eumedion continued its participation within the Board of the Foundation of the DASB and in a number of DASB working groups. Topical reporting matters and the work plans of the DASB are discussed in the meetings of the Board of the Foundation of the DASB, which take place at least twice a year, where the input and views of Eumedion are greatly appreciated. The Eumedion Board nominated Martijn Bos for Board membership of the Foundation of the DASB and was formally appointed to this Board in January 2021. Martijn Bos is also member of the DASB working group on international reporting. Rients Abma is member of the DASB working group on the contents of the management report and corporate governance. Ron Gruijters is member of the DASB sustainability reporting working group, established in January 2022.

4.7 Global Network of Investor Associations (GNIA)

Eumedion has been a member of the GNIA since it was founded by the International Corporate Governance Network (ICGN) in 2013. The GNIA is an international collaboration of investor-led organisations with a common interest in promoting shareholder rights and responsibilities. The network enhances the capacity of national associations to share governance related priorities beyond local jurisdictions to an international audience thereby contributing to global governance reform efforts. A video call is scheduled approximately once every two months to discuss the topical ESG matters in the national jurisdictions and (if appropriate) to support each other. In addition to Eumedion, GNIA members are the Asian Corporate Governance Association (ACGA), the Australian Council of Superannuation Investors (ACSI), the Australian Institute of Superannuation Trustees (AIST), the Malaysian Institutional Investors Council, the Brazilian Association of Capital Markets Investors (AMEC), the Italian asset managers' organisation Assogestioni, the Canadian Coalition of Good Governance, the US Council of Institutional Investors (CII), the French Asset Management Association AFG, the UK Investment Association, the UK Investor Forum and the German Institute of Investment Professionals DVFA. ICGN provides the secretariat for GNIA. Riens Abma participated in all six video calls in 2022.

4.8 Global Stewardship Codes Network (GSCN)

Eumedion has participated in the GSCN since it was founded by the ICGN in 2016. The GSCN is an informal network that enables members to share information and views on the development and implementation of stewardship codes. Participation in the network is open to all organisations responsible for developing stewardship codes, principles or best practice and/or monitoring their implementation (where this is undertaken). Eumedion prepared the 'Best practices for engaged share-ownership' for its members in 2011, which were succeeded by the first version of the Dutch Stewardship Code in 2018. In addition to Eumedion, the preparers of the Stewardship Codes of Brazil, Canada, Denmark, Italy, Japan, Kenya, Malaysia, Singapore, Taiwan, Thailand, the United Kingdom, the United States, South Africa, South Korea and Switzerland have joined the informal network. Ron Gruijters participated in two of the three video calls in 2022.

4.9 IFRS Advisory Council

Eumedion has been a member of the IFRS Advisory Council since 1 January 2020. The IFRS Advisory Council advises the IFRS Trustees, the IASB and the ISSB on strategic and operational issues and consists of 51 organisations and individuals. The members represent, among others, preparers, users and auditors of corporate reporting. In addition, academics, regulators and standard setters are members of the Advisory Board. Besides Eumedion, CFA Institute, Corporate Reporting

Users' Forum, the US Council of Institutional Investors, EFFAS, the International Corporate Governance Network, the UK Investment Association, Investment Company Institute, and the Securities Analyst Association of Japan also represent investors on the Advisory Council. The European Commission and the US and Japanese stock exchange regulators are observers. Martijn Bos represents Eumedion at the meetings of the IFRS Advisory Council. This Council met three times in 2022. Martijn Bos participated in all meetings.

4.10 User Panel of the European Financial Reporting Advisory Group (EFRAG)

Martijn Bos has been a member of the User Panel of EFRAG since the end of 2011. EFRAG is the advisory body of the European Commission in the field of financial reporting. Martijn Bos participated in all four User Panel meetings in 2022.

4.11 EFRAG Project Task Force on European Sustainability Reporting Standards (PTF-ESRS)

Ron Gruijters was a member of the EFRAG PTF-ESRS and its predecessor the EFRAG Project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards (PTF-NFRS) since its appointment in September 2020. He remained member until the PTF-ESRS issued the ESRS exposure drafts for public consultation in April 2022 and subsequently handed over its mandate to the newly established EFRAG Sustainability Reporting Board (EFRAG SRB) and EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG).

4.12 Advisory Group to the Investor and Other Stakeholders Working Group of the International Forum of Independent Audit Regulators (IFIAR)

At the invitation of IFIAR, Rients Abma was appointed as member of the Advisory Group to the Investor and Other Stakeholders Working Group in March 2022. This Advisory Group, consisting of representatives of investors, audit committees and other key stakeholders, acts as a sounding board to the international supervisory bodies on external auditors in reaching IFIAR's objective of enhancing audit quality globally and the promotion of investor protection. The Advisory Group will help ensure IFIAR focuses on those audit quality issues most relevant to investors and other stakeholders. Rients Abma attended all three Advisory Group meetings in 2022 and participated in a panel discussion at the 2022 IFIAR Plenary Meeting, which was held digitally in April 2022.

4.13 NBA Stakeholders Forum

Eumedion's Executive Director Rients Abma was appointed as member of the NBA's Listed Public Interest Entities Committee ('BOC') in March 2015. The BOC advised the NBA Board on topics that specifically affect the audit firms that audit the annual accounts of listed companies. In March 2021

this BOC was 'transformed' into the NBA Stakeholders Forum. Rients Abma was elected as the first chair of this Stakeholders Forum. The NBA Stakeholders Forum acts as a 'challenger' to the NBA Public Interest Steering Group (that consists of representatives from the 'Big 6' audit firms that have a license to audit Dutch public interest entities, including Dutch listed companies). It will provide solicited and unsolicited advice on the process, progress and outcomes of the projects of this Steering Group. In particular, the Stakeholders Forum has an important role at the start (agenda setting), in the interim (process and adjustment) and at the end (decision-making and evaluation). In addition, broad themes that affect the audit profession are discussed. The NBA Stakeholders Forum consists of 15 members who represent CFOs and audit committees of Dutch listed companies, external and internal auditors, shareholders' organisations and advisors to listed companies. The Stakeholders Forum meets approximately four times a year. Rients Abma participated in all four meetings in 2022.

4.14 Radboud Business Law Institute

Eumedion has been a partner of the Radboud Business Law Institute since 2008. This Institute is a cooperation between the Faculty of Law of the Radboud University and fifteen renowned, mostly international, law firms, multinationals, asset managers and Eumedion. The institute is accredited by the Royal Netherlands Academy of Arts and Sciences. By participating in this Institute, Eumedion can exert influence on the Institute's research projects. It can do this in particular by making proposals for new projects and by supplying researchers and editors for certain research books. There is also the possibility of actively contributing to a research project, which increases the visibility and recognisability of Eumedion and contributes to the expansion of the Eumedion staff's knowledge. The annual curatorial meeting in 2022 could, unfortunately, not be attended by the Eumedion staff.

5. EUMEDION: THOUGHT LEADERSHIP AND KNOWLEDGE SHARING

Eumedion aims to make a positive contribution to society by focusing on institutional investors' responsibilities as well as through thought leadership and industry involvement, including research and publications, memberships and events. We have in-depth knowledge of corporate governance and sustainability. Through our daily interaction with our institutional members, and our continuous dialogue with policy makers and standard setters, we contribute to shaping the future world of corporate governance and sustainability. To enhance our corporate governance and sustainability knowledge and expertise, we carry out regular research in collaboration with academic partners and other institutes. In addition, we organise events and we give presentations around the world, and our multiple publications, including the monthly newsletter and contributions to books and journals, are well-received by our members and our stakeholders.

5.1 Conference 'Engagement or exit; dilemmas in corporate social responsibility and investing' in the Railway Museum in Utrecht, 1 November 2022

Both corporate social responsibility and socially responsible investing involve many dilemmas. Choices in these must be made transparently and properly justified. This was the main conclusion of the 2022 Eumedion Conference. One of the keynote speakers, Roger Dassen (CFO of ASML) addressed the challenges that ASML's rapid growth – in particular with respect to the number of employees – has on the Brainport Eindhoven region. Rapid growth is accompanied by bottlenecks in the availability of housing, good infrastructure and schools. It is therefore "very important" that the region still values ASML and not complains about unaffordable houses for the children and long traffic jams, Dassen said. He also discussed the geopolitical tensions in the global semiconductor industry. ASML's chip machines can be used to produce chips for "good and bad purposes". "We don't know whether those chips will soon end up in a windscreen wiper motor, a pacemaker or a military rocket motor," Dassen said. ASML must therefore adapt to a world with export restrictions, a tech ecosystem becoming less efficient and scenarios of "decoupling" of major economies and "war games".

The other keynote speaker, Harold van den Broek (CFO at Heineken) addressed the topic of doing business in complex markets where laws and regulations are still evolving. He argued that large companies like Heineken can create positive change in developing countries in particular. They can provide relatively high employment and economic growth in those countries. At the same time, there may be circumstances where a company's operations in a country no longer generate a net positive contribution for stakeholders. Heineken uses its own principles and assessment framework for this

purpose. These cover issues such as: what are the local laws and regulations, does the company contribute to human rights violations, is there a platform to voice dissent and what is the impact on people, on the business and on reputation? This is always a 'judgement call' by the board, in which its own core values, principles and (moral) compass are leading and the decision must be supported by the relevant stakeholders.

Socially responsible investing involves similar dilemmas and difficult choices. A hot topic among institutional investors is whether continuing company engagement is more effective in bringing about change than divestment. Mathijs van Dijk (Professor of Finance at Erasmus University Rotterdam) told the audience that academic research is not (yet) conclusive on the relative effectiveness of the two options. He argued that engagement can be a powerful tool, but it is not obviously better than 'exit'. However, research does suggest that if engagement is conducted collectively, with like-minded parties, more can be achieved. The same conclusions emerged from discussion between Joanne Kellerman (board chair at PFZW pension fund) and Marcel Andringa (executive director at PME pension fund), moderated by conference chair Daniëlle Melis. Both 'engagement' and 'exit' should be in an institutional investor's toolbox. Both pension fund directors agreed on properly involving the beneficiaries when making choices, ensuring there is sufficient support among them and good communication about the choices made. They also agreed to set clear goals to be achieved within a certain period when continuing the dialogue with companies. There should also be better public reporting on progress and (interim) results achieved through engagement.

Corporate social responsibility and investment are not only topical issues in the boardrooms of companies and institutional investors respectively, but also among legislators. One legislative proposal that addresses both issues is the proposal for a Corporate Sustainability Due Diligence Directive (CSDDD). The directive will require large companies and investors to be socially responsible companies and investors. Mijke Sinnighe Damsté (at the time partner and lawyer at Loyens & Loeff) discussed the expected impact of the directive. She expects the CSDDD not to become a compliance exercise only, but also to have a significant and permanent impact on the way we do business and invest. Moreover, non-compliance will lead to (large) liability risks (civil, administrative and criminal). Thus, corporate social responsibility and investment will move from voluntary to binding practices.

A more detailed report on the hybrid conference, including links to the various presentations and speeches and a replay of the conference, can be found on the Eumedion website.²²

²² <http://bit.ly/3FGyovm>.

5.2 Roundtable Sustainability Governance on 30 November 2022 in The Hague

The lead-researchers of Maastricht University, Rob Bauer and Mieke Olaerts, presented the main findings of their 2021 research report on sustainability embedding practices in Dutch listed companies²³ and introduced the participants to some updated findings after extending the data sample to include annual reports dating back to 2013, as well as some analysis of subsamples.

The roundtable discussion, with about 25 representatives of both Dutch listed companies and Eumedion members, then focused on three main topics, in accordance with the report's main recommendations: (1) Purpose and strategy, (2) Leadership and governance, and (3) Stakeholder relationships.

(1) *Purpose and strategy*

It was discussed that climate change and greenhouse gas emissions receive a lot of attention from companies. One of the reasons being, that it is relatively easy to set targets for these issues. But it is also key to go further: circularity, biodiversity, nitrogen emissions, soil health. If policies in these areas are lacking, then acceleration on these topics will be hindered. It was discussed that companies can show how to create concrete transitions, for example regarding the reduction of raw material use.

One of the challenges that was being discussed, is creating a holistic view. Various participants indicated that this is something they struggle with. A lot of effort goes into determining which topics are material – replacing assumptions with factual insights, for example in the area of biodiversity. However, setting targets is the relatively 'easy' part – finding solutions is more difficult.

It was discussed that taking action and starting with small steps – while showing what you are doing, also to investors – is the preferred way for some companies. To involve as many people as possible, to show a certain vulnerability (i.e. not knowing all the answers), and to encourage small initiatives. A focus on 'actions' might even be preferred over a focus on 'impact', which is notoriously difficult to measure. Instead, a company might be driven by a focus on making a real contribution towards one of the major transitions the world faces (energy, food, circularity). Another idea might be to focus on further integrating and driving so-called 'co-benefits' in your regular business or products.

Ultimately, such drivers need to be embedded in the strategy, perhaps through the lens of value creation: how do you create value with your strategy? A sense of 'not doing enough' was discussed – with change not going fast enough.

²³ <http://bit.ly/3nuw5Rh>.

(2) *Leadership and governance*

It was discussed that leadership and personal commitment are key to embedding sustainability – it is where it all starts. Leadership will need to deal with various dilemma's, such as whether a company does the right things, to keep an eye on the ever moving goalposts, to include all perspectives in the governance processes, to determine how vulnerable and transparent you want or can be while not having all the answers. To look beyond the boundaries of the individual company, and to make strategic alliances. Specifically for supervisory board members, there are internationally renowned courses available that focus on sustainability governance. It was mentioned that leaders should be selected that embrace a sustainable philosophy. However, being passionate about sustainability does not necessarily equal having the right skill set. It might not be necessarily hands-on knowledge about sustainability-issues – rather, it might be needed to be able to 'connect the dots'.

It was discussed that leadership also means having to deal with stakeholder expectations that are not in sync with the speed or direction of a company. Sometimes stakeholder expectations can be quite 'absolute' – it is then up to the management to determine how fast you can run in a direction without killing the company. This requires leadership to understand how things come together, how to maintain speed and keep everybody involved. In this respect, it was discussed that it is important to be able to explain the decisions that are being made. Sometimes also within the organisation, it might be necessary to support management also in decisions that in the short term might seem 'detrimental' to the company, especially if it involves decline in business.

(3) *Stakeholder relationships*

It was discussed that 'stakeholders' go beyond investors, often the key audience of the annual report. NGOs, trade unions, or future generations are not often mentioned. A future proof company requires stakeholder engagement; proactiveness and relevance are key words. This means making sure to actively engage a broad group of stakeholders - not just through a financial lens – and to tap more into society and community as a stakeholder.

Stakeholder communication can sometimes be perceived as a balancing act. An open dialogue could be more focused on what you could do, instead of on what you will do (and then be held accountable for it). It was mentioned that the recent Shell-case might withhold companies from being open, in case you will be held accountable. This is where 'moon shot' ideas, that often follow from stakeholder consultation, could start to be more of a hinder than a support. It was discussed that it is important to be able to explain choices and to show progress.

It was discussed that in some ways, discussions with investors are becoming more holistic, as if investors are becoming the 'new' NGOs and are driving change. But there is always a dilemma as to what to report: some companies decide to summarize on a higher level regarding the stakeholder consultations, and sometimes stakeholders don't want to be mentioned.

It is important that the company is equipped to talk about sustainability with stakeholders, and to listen to what they have to say. This requires embedding sustainability into the governance of the company. This way, stakeholders can help companies sharpen their minds.

5.3 ESG Updates Session on proposed revised Dutch Corporate Governance Code and the proposed CSDDD

On 2 March 2022 Eumedion organised a virtual ESG Updates Session for Eumedion members about the consultation document regarding the proposed revised Dutch Corporate Governance Code and the European Commission's proposal for an CSDDD. Eumedion's Executive Director Rients Abma explained the key amendments of the Dutch Corporate Governance Code and the key elements of the CSDDD. After the presentation, Rients Abma answered questions from the Eumedion members regarding the proposals. The Eumedion members also provided input for Eumedion's comments to both proposals.

5.4 Participation in conferences, in debates and the writing of articles

The Eumedion staff participated in the following conferences and debates in 2022:

- Presentation of Rients Abma on the proposed revisions to the Dutch Corporate Governance Code and on the proposal for a Corporate Sustainability Due Diligence Directive at a virtual knowledge sharing session, organised by Eumedion for its members on 2 March 2022.
- Presentation of Ron Gruijters on the proposed revisions to the Dutch Corporate Governance Code and the integration of the Dutch Stewardship Code during the virtual meeting of the Global Stewardship Codes Network on 15 March 2022.
- Participation of Martijn Bos in a webinar 'Users' perspective on how to achieve better information on intangibles' jointly organised by EFRAG and EFFAS on 29 March 2022²⁴.
- Keynote speech of Rients Abma on 'the sustainability of the shareholders' meeting' at the conference 'the sustainability of company law', organised by the 'Van der Heijden Institute' of the Radboud University on 8 April 2022.

²⁴ <https://www.efrag.org/Meetings/2202101353025163/EFrag-and-EFFAS-joint-user-outreach-event-on-users-directions-for-better-information-on-intangibles>

- Presentation of Rients Abma on the European developments regarding the reporting of non-financial objectives and performance at the 2022 TIAS Business School Alumni Day on 13 April 2022.
- Participation of Rients Abma in the virtual panel session 'Stakeholder View on the New Normal' at the 2022 Plenary IFIAR Meeting on 26 April 2022.
- Participation of Ron Gruijters in the plenary panel discussion on 'ESRS 1 and 2' during the RJ and EFRAG joint outreach about the draft-European Sustainability Reporting Standards (ESRS) on 15 June 2022.
- Presentation of Rients Abma on shareholders' expectations regarding the executive remuneration policy and the remuneration report at an informal meeting of the chairs of remuneration committees of AEX companies on 17 June 2022.
- Participation of Rients Abma in an expert roundtable session on sustainability engagements at a conference on 'Investor Sustainability Engagement', organised by the European Corporate Governance Institute and the University of Amsterdam on 23 June 2022.
- Presentation of Rients Abma of Eumedion's evaluation report of the 2022 AGM Season at a meeting of the NBA Stakeholder Forum on 29 June 2022.
- Presentation of Rients Abma on shareholders' expectations regarding the executive remuneration policy and the remuneration report at a meeting of the Compensation & Benefits Professionals Association on 8 September 2022.
- Presentation of Rients Abma on corporate governance developments between 2000 and 2022 at an alumni event of the Dutch Ministry of Finance on 29 September 2022.
- Presentation of Rients Abma of Eumedion's evaluation report of the 2022 AGM Season at a meeting of the AFM Capital Market Committee on 4 October 2022.
- Presentation of Rients Abma on the 'societalisation' and the 'greening' of Dutch listed companies and institutional investors at a seminar on ESG investing, organised by the 'Vereniging Beleggingsclub 't Stockpaert' on 15 October 2022.
- Presentation of Rients Abma 'Evaluation of the 2022 proxy season and an outlook to the 2023 proxy season' at a knowledge sharing session on findings and conclusions of the 2022 proxy season organised by law firm Clifford Chance on 28 October 2022.
- Participation of Martijn Bos in a roundtable/webinar 'What are the implications of the recent IASB decisions on Primary Financial Statements?', organised by EFRAG and the IASB on 15 November 2022²⁵.

²⁵ <https://www.efrag.org/News/Meeting-502/PROGRAMME-EFRAG-IASB-online-roundtable---What-are-the-implications-of-the-recent-IASB-decisions-on-Primary-Financial-Statements-15-November-2022>

- Presentation of Rients Abma on the future of corporate governance at a meeting of the Accountancy Europe Corporate Governance Policy Group on 24 November 2022.
- Participation of Rients Abma in a panel discussion on executive remuneration at the European Corporate Governance Conference 2022, organised by the Czech Presidency of the European Council on 29 November 2022 in Prague.
- Keynote speech of Rients Abma on changing companies' and institutional investors' sustainability responsibilities at the Tilburg University's Winter Symposium 2022 'Accounting for a Sustainable Economy' on 8 December 2022.

The Eumedion Staff wrote the following opinion articles for magazines, books and websites in 2022:

- Article of Rients Abma, 'Kroniek van het seizoen van jaarlijkse algemene vergaderingen 2022' [Chronicle of Proxy Season 2022], *Ondernemingsrecht* 2022/77, p. 535-546.
- Chapter 'Changes in the role and position of the shareholder', written by Rients Abma and Faryda Lindeman for the seventh edition of the Handbook Corporate Governance (p. 243-263).
- Chapter 'The most important developments and findings from the 2022 proxy season', written by Rients Abma for the Corporate Governance Yearbook 2022-2023 (p. 171-186).
- Article of Diana van Kleef, 'Meer verantwoordelijkheid voor belegger', *Goed bestuur en toezicht* 2022/1, p. 14-20.

5.5 Participation in stakeholder dialogues

The Eumedion staff is increasingly being asked by Dutch listed companies and institutional investors (whether or not participating in Eumedion) to participate in so-called stakeholder dialogues. Eumedion tries to be present at these meetings as much as possible and to put its views on corporate governance and sustainability in the spotlight. In addition, the staff is regularly asked to provide written input for materiality analyses that companies prepare and subsequently publish in their annual reports.

5.6 Media attention

In 2022, the media again paid a lot of attention to the Eumedion viewpoints: a total of 120 times, that is exactly ten times per month. The 'peaks' took place in April (18 times) and May (17 times); the months in which the media paid a lot of attention to developments during the 2022 proxy season. Also the Eumedion evaluation report of the 2022 proxy season in July 2022 attracted a lot of media attention (14 articles).

5.7 Eumedion Newsletter

Also in 2022, Eumedion published its monthly newsletter. By means of the newsletter Eumedion provides its members and approximately one thousand other stakeholders with information on both the latest national and international developments in the field of corporate governance and sustainability and Eumedion's views on draft legislation and regulations.²⁶

5.8 Website Eumedion

The Eumedion website (www.eumedion.nl) continues to be the most important source of information for members and other interested parties on Eumedion's views, studies, newsletters, annual reports and policy plans. Visitors to the website are also kept informed of the activities of Eumedion and its members via the agenda. The publications section with a search function for annual reports, policy plans, (news) letters and other relevant documents is greatly appreciated by members and stakeholders.

5.9 Twitter

Eumedion can be followed on Twitter via @Eumedion. In this way, interested parties are kept informed of the latest Eumedion news.

²⁶ <http://www.eumedion.nl/nl/kennisbank/nieuwsbrieven>.

6. EUMEDION MEMBERS

6.1 Ordinary members

Institutional investors who manage assets for Dutch clients and/or invest in Dutch listed companies can become members of Eumedion. Shell Asset Management Company (replacing Shell Pension Fund) became Eumedion member on 1 January 2022, while the US asset manager Verdien Global Investors became member on 6 October 2022. Appendix 5 contains the complete members list.

6.2 Associated members

Umbrella organisations of institutional investors can become associate members of Eumedion. Associate members have access to members' meetings (but no voting rights), can attend Eumedion events, can participate in Eumedion committees and receive all information from Eumedion. In 2022, the Federation of the Dutch Pension Funds and Netherlands Financial Investments (NLF) continued their status as associate members of Eumedion.

7. GOVERNANCE

Although Eumedion has the legal form of a foundation, it has many characteristics of an association. The General Board is responsible for preparing the policy and strategy of the organisation, on the proposal of the Executive Board. All comment letters, position statements and viewpoints, based on this policy and strategy, are adopted by the Executive Board. These comment letters, position statements and viewpoints are prepared by a number of Eumedion committees and working groups (see sections 7.3, 7.4 and 7.5). Each Eumedion member can be represented in these committees. The Executive Director is the spokesperson for all Eumedion comment letters, position statements and viewpoints vis-à-vis the media, policymakers and regulators. The Executive Board is accountable for its activities to the General Board, which meets at least four times a year. The Executive Board is made up of four members of the General Board. The General Board is accountable for its activities to the Members' Meeting, which meets at least twice a year. The annual accounts are submitted to the Members' Meeting for approval, and the budget and the policy plan are submitted for adoption. Furthermore, the Members' Meeting can discharge the General Board members from liability for the policy conducted. The Members' Meeting can dismiss the entire board in case of inadequate functioning of the General Board. Each member has one vote at the Members' Meeting. New board members are appointed by the General Board, whereby each Eumedion member has the right to recommend persons. The aim is to have a fifty/fifty ratio of women to men within the General Board, but at least one third. On 31 December 2022, one-third of the board members were women. Furthermore, at least one board member should be related to a foreign member. As at 31 December 2022, this was also the case (Manuel Isaza of BlackRock).

The General Board admits new members after hearing the existing members on the application for membership. Existing members have the right of advice regarding potential new members, but no right of veto.

The tasks, rights and obligations of the General Board, the Executive Board, the Executive Director and the Committees are laid down in the 'General and Executive Board', 'Executive Director' and 'Committee' Regulations based on the Eumedion Articles of Association. The rights and obligations of the Eumedion members are laid down in the 'Regulations admission and cancellation Ordinary and Associate Member'. These regulations can be found on the Eumedion website.²⁷

²⁷ <https://en.eumedion.nl/About-Eumedion/Organisation.html>.

7.1 Board meetings

In 2022, the Eumedion General Board held four meetings and the Executive Board (separately) six meetings. Topics discussed included the many comment letters to proposed regulations, directives, legislation and consultation documents, the preparation for and evaluation of the 2022 proxy season, the 2023 Focus Letter, the preparations for the 2022 annual conference, the 2021 annual report and accounts, KPMG's management letter and auditor's report, the 2023 policy plan and budget, the composition of the General and Executive Board, the financial situation and more General Board and staff matters.

It was announced in the 2022 Eumedion policy plan that a strategy review would take place in 2022. The strategy review started with a (virtual) Board off-site meeting on 1) the most important trends and developments that can impact Eumedion, 2) a SWOT analysis and 3) Eumedion's current mission, followed by selecting a number of topics on which a strategy update would be considered, being: a) raising the quality of dialogues with individual Dutch listed companies, b) generate more impact on European policy makers and c) addressing the 'ESG overlap' in the focus areas of Eumedion, the Federation of Dutch Pension Funds, DUFAS, the Association of Insurers and VBDO. The topics were 'tested' at the June Members' Meeting and some suggestions were added as 'subtopics'. The General Board then established three working groups to take a deep dive into each topic and to come forward with recommendations to update the strategy. The findings and conclusions of the three working group were discussed at an extra Board strategy meeting in September. The General Board also considered the suggestions made by the Executive Board and the Eumedion staff to update Eumedion's mission statement. The strategy update was – in principle – finalised during the regular October meeting of the General Board. The suggestions to raise the quality of the company engagements should, however, be first discussed with the members of the Eumedion Investment Committee. This discussion took place in the November meeting of the Eumedion Investment Committee. The strategy update was adopted during the General Board meeting in December and was, on the same day, presented to the Members' Meeting. The updated Eumedion strategy is incorporated in chapter 2 of this annual report.

The Eumedion General Board noted that the 2022 financial year will be the tenth consecutive year that audit firm KPMG will audit the Eumedion annual accounts. As it is Eumedion's policy to rotate from audit firm after a maximum of ten years, in line with the legal obligation for listed companies, the General Board started a tender process in the early autumn to select a new audit firm. Six firms were requested to participate, four of which actually submitted a proposal. EY eventually won the tender, just ahead of 'non-public interest entity' audit firm 4youaccountancy. The Eumedion General Board

selected EY based on the following criteria: i) the audit philosophy and approach, ii) the quality and experience of the proposed audit team, iii) the planning of the work and iv) the price. Arnold Heij (lead partner) will act as Eumedion's external auditor as from the 2023 financial year onwards.

This year, the General Board assessed its performance with the assistance of an external party (Erik van de Loo of business consulting firm Phyleon leadership & governance). In this assessment, the General Board discussed its performance as a whole, plus the performance of individual members, the Eumedion committees and the Eumedion staff. In preparation for these discussions, the members of the General Board and the Eumedion staff provided feedback through interviews performed by Erik van de Loo resulting in an evaluation report. This report has been discussed by the full General Board, in presence of the Executive Director, during the General Board meeting of 5 October 2022. Topics which were discussed were each members' role perception, the composition, and expertise of the General Board, its effectiveness, its dynamics with the Executive Board and the Executive Director, succession planning and stakeholder management. It was concluded that the committees' duties are carried out diligently and effectively. The General and Executive Board are being informed properly, timely and transparently by the Eumedion staff, and the boards dynamics are considered balanced, constructive and open. An improvement point concerned the need of more clarity on the role of the General Board versus the Executive Board. It was decided that operational and 'daily' affairs should be discussed in the Executive Board meetings, while the General Board should act more as a 'chambre de reflexion', discussing strategic topics and keeping an eye on the progress on the long-term objectives of Eumedion. Some practical topics for improvement were also discussed, such as the preparation of an onboarding programme for new board members and preparing memos that introduce the topics of the agenda items and that contain the main questions where the board members should reflect upon. In principle, the General Board engages with an external party to assess its functioning every three years, the next time in 2025.

7.2 General Board composition and attendance

There were some important changes in the General and Executive Board in 2022. During the 2021 December meeting the General Board appointed Lars Dijkstra (Van Lanschot Kempen) as its new chair as per 1 January 2022. Since Lars Dijkstra was already member of Eumedion's Executive Board in the capacity of treasurer and vice-chair, the General Board appointed incumbent General Board member Carola van Lamoen (Robeco) as treasurer and new member of the Executive Board. Incumbent Executive Board member Annette van der Krogt (Achmea Investment Management) was appointed as vice-chair. She combines this function with the function as secretary to the Executive Board.

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In April 2022, the General Board welcomed Gerco Goote, director fiduciary management at MN, to the General Board. In accordance with the updated Eumedion Articles of Association, he was appointed for a period of three years.

On 20 June 2022 the second appointment term of Hans Op 't Veld (PGGM) terminated. PGGM notified the General Board that he was not available for a third and final term of two years. As a result, a vacancy arose. Based on the profile of this vacancy and the qualifications, skills, experience and diversity of the persons who applied for this vacancy, the General Board appointed Gerard Fehrenbach, Senior Advisor Responsible Investment at PGGM, as new board member for an initial period of three years. At the same meeting, Annette van der Krogt was re-appointed as General Board member for a third and final term of two years (in accordance with the articles of association when she was appointed as board member).

On 6 October 2022, Amra Balić (BlackRock) reached her maximum statutory appointment term of six years on the General Board of Eumedion and had to step down as a result. Consequently, a vacancy occurred. After carefully considering the profile and the qualifications, skills, experience and diversity of the persons who applied for this vacancy, the General Board appointed Manuel Isaza, Director Investment Stewardship at BlackRock, as new board member for an initial period of three years.

Although some members were absent at one or (max.) two meetings, the General Board assessed that its members have adequate time available to give sufficient attention to the organisation. The table below shows the overview of the attendance in 2022 at scheduled meetings for the individual members out of the number eligible to attend.

General Board composition, diversity and attendance (as per 31 December 2022)

Name and nationality	Member representative	Year of birth	Attendance at board meetings in 2022	Date of first appointment	Next reappointment date
Lars Dijkstra (M, NL)	Kempen CM	1965	10/10	4 April 2018	N/A
Wouter van Eechoud (M, NL)	Pensioenfonds IBM Nederland	1966	9/10	5 October 2017	N/A
Gerard Fehrenbach (M, NL)	PGGM	1966	2/2	16 June 2022	16 June 2025
Gerco Goote (M, NL)	MN	1967	2/3	14 April 2022	14 April 2025

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Anne Gram (F, NL/DNK)	ABP	1965	2/4	14 December 2021	14 December 2023
Olaf van den Heuvel (M, NL)	Aegon AM	1975	4/4	19 December 2019	19 December 2023
Manuel Isaza (M, UK)	BlackRock	1978	-	15 December 2022	15 December 2025
Annette van der Krogt (F, NL)	Achmea IM	1971	8/10	20 June 2018	N/A
Carola van Lamoen (F, NL)	Robeco	1978	9/10	1 October 2020	1 October 2024

7.3 Committees²⁸

Five policy committees within Eumedion (Legal Committee, Reporting & Audit Committee, Investment Committee, Research Committee and Public Relation Committee) prepare Eumedion's position statements, viewpoints and comment letters and assist the Eumedion Executive Director in shaping and propagating these positions. In addition to the policy committees, Eumedion also has two working groups: the working group on executive remuneration and the working group on the Dutch Stewardship Code.

7.3.1 Legal Committee

The Legal Committee deals with topics such as shareholder rights, mergers, acquisitions, anti-takeover measures and financial supervision. The Committee met four times in 2022, all times virtually. In addition, several comment letters were prepared and agreed via e-mail. Topics that were discussed in 2022 included Eumedion's response on the European Commission's consultation on upgrading digital company law, the consultation document on the revision of the Dutch corporate governance code, a binding vote on the remuneration of executive board members of Dutch listed companies, the future of the Dutch corporate governance code, amendments to the Eumedion Corporate Governance Manual and Eumedion's response to ESMA Call for Evidence on implementation of revised Shareholder Rights Directive. Per year-end 2022, the Committee counted eight members. The Legal Committee is chaired by Wouter Kuijpers (Robeco).

7.3.2 Reporting & Audit Committee

The Reporting & Audit Committee deals with topics related to the quality and content of financial and investor-oriented sustainability reporting by listed companies, and the role of the auditor in this respect. In 2022 the committee convened 3 times. All meetings were held digitally. The key areas of attention for the committee have been preparing Eumedion's responses and statements on the

²⁸ The composition of the committees is included in Appendix 4.

following consultations: the EC's proposal on the European Single Access Point, the EC's Corporate Sustainability Reporting Directive, the ISSB's exposure drafts S1 General Requirements and S2 Climate-related risks, EFRAG's first exposure draft on Sustainability Reporting Standards, the IASB and EFRAG outreach for the Primary Financial Statements project, and the NBA's consultation on the draft guidelines for the role of the auditor in the AGM Per year-end 2022, the Committee has 5 members, including Rients Abma as chair ad interim.

7.3.3 Research Committee

The Research Committee is concerned with the research agenda of Eumedion. The committee assesses whether there are topics that are suitable for fundamental research in the field of corporate governance and sustainability and drafts terms of reference for research projects. In addition, the Research Committee monitors current research projects, maintains contacts with relevant research institutions and is involved in the preparation of the annual Eumedion Conference. In 2022, the Committee met five times, each time virtually. Most time was allotted to preparations for the annual Eumedion Conference in November and to commissioning a new research project on the effectiveness of say-on-pay legislation in various countries, which was executed by Reward Value in Q4 2022, with the final report presented in early 2023. Per year end 2022, the Committee counted five members. The Research Committee is chaired by Johan Vanderlugt (Van Lanschot Kempen).

7.3.4 Investment Committee

The Investment Committee informs the Executive Board of current and material corporate governance and sustainability issues at individual Dutch listed companies and of material deviations of accepted corporate governance and sustainability standards by these companies. The Investment Committee held four virtual meetings in 2022. In addition to the discussion of the most important topics at the individual Dutch listed companies, the following subjects were discussed in 2022: the contents of the revised Dutch corporate governance code, of the proposed CSDDD, the ESMA Call for Evidence regarding the implementation of SRD II provisions on proxy advisors and the investment chain and the European Commission's consultation document on the functioning of the ESG ratings market in the European Union and on the consideration of ESG factors in credit ratings, the evaluation of the 2022 proxy season, the 2023 Focus Letter, amendments to the Eumedion Corporate Governance Manual, possible further action regarding diversity, equity and inclusion and the Eumedion strategy update 2023-2027 and the impact on the Investment Committee. The Investment Committee is chaired by Mart Keuning (ABP). At the end of 2022, the Committee had 25 members.

7.3.5 Public Relations Committee

The task of the Public Relations Committee is to advise the Executive Board and the Executive Director on Eumedion's internal and external communications. This committee did not hold meetings in 2022. It was agreed that, on occasion, draft press releases could be commented on by the committee members by e-mail, as well as the draft annual report and the draft policy plan. Also, the Executive Director can always call for assistance in case of interviews and writing articles. The Public Relations Committee is chaired by Eumedion Director Rients Abma and had five members at the end of 2022.

7.4 Working Group Executive Remuneration

The working group on executive remuneration was established in 2006 to review and update the recommendations on executive remuneration prepared in March 2003 by Eumedion's predecessor SCGOP. The updated recommendations were adopted in October 2006. The working group was then instructed to monitor the application of the recommendations by listed companies and, if necessary, prepare proposals for amending the recommendations. The working group held one meeting in 2022. The working group discussed the operation of the Eumedion executive remuneration recommendations in the 2022 proxy season and the question of whether this should lead to a revision of the recommendations. The working group decided to prepare some amendments to the recommendations. The most important one was the addition of a new principle asking companies to investigate shareholders' concerns regarding the executive remuneration policy and/or practices if more than 20% of the votes have been cast against the remuneration report. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholders' meeting. The supervisory board should provide a final summary in the next remuneration report on what impact the feedback has had on the remuneration decisions the supervisory board has taken and on any follow-up actions. The proposed amendments were approved by the General Board in December 2022 and were included in the 2023 edition of the Eumedion Corporate Governance Manual. In addition to the regular meeting, the members of working group members participated in a joint meeting with the Eumedion Research Committee to discuss the contents of the draft Reward Value research report on the effectiveness of the say-on-pay legislation in various countries. The Eumedion Executive Remuneration Working Group is chaired by Eumedion's Executive Director Rients Abma and had seven members at the end of 2022.

7.5 Working group Dutch Stewardship Code

The Working Group Dutch Stewardship Code deals with the Dutch Stewardship Code established by Eumedion in 2018. Yearly this Working Group checks whether the Stewardship Code is still suitable

and up-to-date and assesses whether there have been any problems with the application of it. If necessary, the Working Group Dutch Stewardship Code suggests proposals to amend the Stewardship Code. In 2022, the Working Group has not met. At the end of 2022, the Working Group had eleven members and is chaired by Eumedion's Chair Lars Dijkstra.

7.6 Members' Meeting

In 2022, two scheduled Members' Meetings were held. Both meetings were held in-person.

The Spring Members' Meeting took place on 16 June 2022. During this meeting, Eumedion's 2021 annual report was discussed and the 2021 annual accounts were - in presence of the external auditor - approved. In addition, the members of the General Board were granted discharge for their performance of duties in 2021. Members were then asked to provide input to the documents in relation to the planned Eumedion strategy update, including the overview of the most important (external) trends and developments, the SWOT analysis and the current mission statement. Finally, Rients Abma discussed the main findings and conclusions of the 2022 proxy season.

The Autumn Members' Meeting took place on 15 December 2022. During this meeting the policy plan and the budget for 2023 were adopted. In addition, the final version of the updated Eumedion strategy was discussed. Finally, an overview of current and future ESG laws and regulations for institutional investors was discussed.

7.7 Eumedion Staff

The Board is extremely proud of the motivation, commitment, determination, dedication, engagement, sense of responsibility, flexibility and resilience that the Eumedion staff has demonstrated and that the staff members were able to generate success and impact, despite the difficult circumstances.

There were no changes in the composition of the Eumedion staff in 2022.

7.8 Administrative organisation, internal control and risks

The document 'Description of the administrative organisation and internal control' contains a description of Eumedion's activities and organisational structure, a description of the administrative organisation, a description of the procedure for revenues and expenditures and a description of the risks and risk management. The document mentions the following four risks as the most important risks for Eumedion: i) members withdrawal, ii) a small staff ('key person risk'), iii) dissatisfaction with the quality of service provision and iv) damage to reputation. The General Board tries to mitigate

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these risks mainly by ensuring a high-quality and professional organisation, good support from the various committees in which the members are represented and by offering Eumedion employees varied and challenging work. There is also a budget for Eumedion employees to follow courses and training. The document on the administrative organisation and internal control is not only used for internal purposes, but is also used by the external auditor for the audit of the Eumedion annual accounts.

Eumedion staff is also subject to the 'Eumedion Code of Conduct for Employees', which all staff members signed when they commenced employment. On the basis of this code, Eumedion staff members must make certain reports to the compliance officer. The secretary to the Executive Board (Annette van der Krogt) acts as compliance officer.

A separate code of conduct applies to the Eumedion General Board members. Furthermore, a list of related parties is drawn up every year. For this purpose, a list was prepared with parties with whom Eumedion currently has a contract: Spaces Rode Olifant (lessor of office space to Eumedion), TinkConnect (IT partner), Scope Advies (financial administration), Apollo (hosting and web services), KPMG (audit services), Vodafone, T-Mobile and KPN (telecom services) and Reward Value (conducting research on the effectiveness of the say-on-pay legislation in various countries). It was then investigated whether the members of the General Board or their close relatives are affiliated with these contractual parties. The analysis carried out in 2022 showed that this was not the case. During the tendering process of the research project regarding the effectiveness of the say-on-pay legislation in various countries, led by the Eumedion Research Committee, the Executive Director decided to bring the final decision-making process to the Executive Board as he was member of the Advisory Council of one of the research institutes that took part in the tendering process (Reward Value). After the Executive Board had taken the decision to award Reward Value the research project, the Executive Board recommended Rients Abma to temporarily step down from the Reward Value Advisory Council. This recommendation was acted upon.

Also in the past year, the Executive Board paid attention to Eumedion's ongoing compliance with the provisions of the General Data Protection Regulation (GDPR). GDPR compliance remains a regular agenda item during the meetings of the Executive Board.

The Board also pays continuous attention to cyber security. In order to bring cyber security to an even higher level, Eumedion staff members switched to Microsoft 365 management for small and medium-sized organisations in 2021. TinkConnect is responsible for setting up and managing the

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Microsoft 365 environment for Eumedion. With Microsoft 365 management (formerly Office 365 management), TinkConnect ensures that the devices of all Eumedion staff members are always equipped with the right software and are properly secured. It makes no difference whether staff members work on their laptop, desktop or phone at home, at the office or on the road. With Microsoft 365 management, TinkConnect can manage the Eumedion cloud environment remotely and offers all Eumedion staff members support via a helpdesk. TinkConnect has been ISO 27001 certified since 2010. Its annual audit is performed by TUV. ISO 27001 certification means that TinkConnect meets the internationally recognised standards for information security management. This certificate applies to all processes in its operations. We therefore consider the risk of disruptions to the reliability and continuity of information security for Eumedion to be limited.

Fraud risks are another attention point of the Board. As part of the process of identifying fraud risks, consideration has been given to fraud risk factors relating to fraudulent financial reporting, misappropriation of assets, and bribery and corruption. It has been assessed whether these factors provide any indication of the presence of risks. The Board opines that unauthorised payments are the largest fraud risk factor. Eumedion has however controls in place to mitigate this risk. In accordance with the document on the administrative organisation and internal control a separation of functions between the preparation of salary payments and the authorisation of salary payments has been incorporated into the banking application. All invoices and payment orders up to an amount of € 25,000 must be signed by the Executive Director and then paid. Expense claims of the Executive Director, as well as invoices and payment orders above € 25,000 must first be signed by the Executive Director and then by the Board's treasurer. The actual payment is made by the Executive Director. Scope Advies receives from Eumedion all signed invoices and bank statements and checks and records the payments. With these mitigating measures in place, the Board assessed the fraud risk to be rather low.

In accordance with the principle of prudent risk management, Eumedion's cash and savings are spread over two banks: Rabobank and ING Bank.

8. FINANCIAL SITUATION

Eumedion closed the 2022 financial year with a surplus of € 114,453, while the 2022 budget anticipated a deficit of € 8,300. The positive outcome was the result of higher than expected contributions and other income and lower than expected expenses in 2022.

Partly due to the increase in the size of the assets under management of some members at the end of 2020 (the Eumedion fee depends on the size of the assets under management at the end of the last audited financial year), the fee income in 2022 was approximately € 40,000 higher than in 2021. On the other hand, other income decreased by approximately 50% due to a decreased number of working group and board meetings of the Dutch Accounting Standards Board.

Expenses of employee benefits were significantly lower than budgeted due to maternity leave of one of the Eumedion staff members. Moreover no research costs were incurred as the Reward Value research report on the effectiveness of say-on-pay legislation in various countries was not due until February 2023. The costs of this report will be reflected in the 2023 financial statements.

The surplus for 2022 means that Eumedion more than meets its own reserve target of one time the operating costs (personnel costs + accommodation costs), which was reaffirmed by the Members Meeting in December 2015. Eumedion's capital at the end of 2022 amounts to more than € 1.33 million, while the self-imposed reserve target is approximately € 731,100.

For 2023 a deficit of € 19,400 is expected, mainly due to the high-inflation environment that will impact all costs, in particular staff costs. As discussed and approved during the December 2022 Members' Meeting, the salaries for the Eumedion staff members are increased by 6% in 2023.

The war in Ukraine has impacted economies on a global scale. This contributed to growing inflation, an energy crisis, depressed stock markets, and higher interest rates in most parts of the world, among other things. We have examined the impact of the depressed stock markets, and the significant inflation rates on our own business operations. We concluded that the impact is not material for the 2022 financial period.

II. EUMEDION FINANCIAL STATEMENTS 2022

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Balance sheet as at 31 December 2022
(After proposal appropriation of result)

		€	<u>31-12-2022</u>	€	<u>31-12-2021</u>	€
Assets						
Fixed assets						
Property, plant and equipment	1					
Other fixed assets			2.983		2.502	
Current assets						
Receivables						
Taxes and social security charges	2	8.855		2.564		
Other receivables, prepayments and accrued income	3	33.653		31.887		
			<u>42.508</u>		<u>34.451</u>	
Cash and cash equivalents	4		1.488.082		1.402.532	
			<u>1.533.573</u>		<u>1.439.485</u>	

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		31-12-2022		31-12-2021
		€	€	€
Equity and liabilities				
Net assets				
Foundation capital	5		1.335.593	1.221.140
Current liabilities, accruals and deferred income				
Trade payables	6	5.176		13.450
Payables relating to taxes and social security contributions	7	28.429		27.447
Other liabilities and accrued expenses	8	164.375		177.448
		<u>197.980</u>		<u>218.345</u>
			<u>1.533.573</u>	<u>1.439.485</u>

Statement of activities for the year 2022

		2022		2021
		€	€	€
Contributions and other income			889.940	863.928
Expenses				
Expenses of employee benefits	9	644.266		659.102
Depreciation of fixed assets	10	739		561
Other operating expenses	11	125.702		138.680
			770.707	798.343
Total of sum of expenses				
Total of operating result			119.233	65.585
Interest and similar expenses	12		-4.780	-5.259
			114.453	60.326
Total of net result				

Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Stichting Eumedion is Zuid-Hollandlaan 7, 2596AL in 's Gravenhage, Nederland. Stichting Eumedion is registered at the Chamber of Commerce under number 27170718.

General notes

General notes

The most important activities of the entity

The activities of Stichting Eumedion consist mainly of providing services to institutional investors in the field of corporate governance and sustainability.

Estimates

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Stichting Eumedion make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). More specific guideline 640 for non-profit organizations.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Pension arrangements

Pension arrangements

Stichting Eumedion has a number of pension schemes for employees; these are financed by payments to the pension administrator. The premium payable is recorded as an expense in the statement of activities.

Stichting Eumedion has a number of pension schemes to which the provisions of the Dutch Pension Act ('Pensioenwet') are applicable. Stichting Eumedion pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds and insurance companies. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

Accounting principles

Accounting principles applied to the valuation of assets and liabilities

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles applied to the valuation of the statement of income and expenses

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Income from product/service delivery

The income are proceeds from contributions en other income.

Wages

The benefits payable to personnel are recorded in the statement of activities on the basis of the employment conditions.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

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Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Notes to the balance sheet

Assets

Fixed assets

1 Property, plant and equipment

	Other fixed assets <u>€</u>
<i>Balance as at 1 January 2022</i>	
Cost or manufacturing price	14.938
Accumulated depreciation	-12.436
	<u>2.502</u>
<i>Movements</i>	
Additions	1.220
Depreciation	-739
	<u>481</u>
<i>Balance as at 31 December 2022</i>	
Cost or manufacturing price	16.158
Accumulated depreciation	-13.175
	<u>2.983</u>
 Property, plant and equipment: Economic life	
Depreciation rate	<u>Property, plant and e- quipment</u> 20,00

Eumedion

Current assets

Receivables

	<u>31-12-2022</u>	<u>31-12-2021</u>
	€	€
2 Taxes and social security charges		
Value added tax	8.855	2.564
	<u> </u>	<u> </u>
3 Other receivables, prepayments and accrued income		
Other accruals and prepaid expenses	12.072	9.002
Prepaid expenses	11.474	7.126
Guarantee deposit	9.357	9.357
Amounts to be received	750	6.402
	<u> </u>	<u> </u>
	<u>33.653</u>	<u>31.887</u>

The receivables have a duration of less than 1 year, unless stated otherwise.

4 Cash and cash equivalents

Rabobank	1.067.174	930.329
ING Bank N.V.	420.908	472.203
	<u> </u>	<u> </u>
	<u>1.488.082</u>	<u>1.402.532</u>

The cash and cash equivalents are at free disposal of the company.

Eumedion

Equity and liabilities

	2022	2021
	€	€
5 Foundation capital		
Balance as at 1 January	1.221.140	1.160.814
Deposit in financial year	114.453	60.326
Balance as at 31 December	<u>1.335.593</u>	<u>1.221.140</u>

The general reserve can be used freely for the purpose of the goals of the foundation. The change in the foundation capital consists of the result of the year.

Current liabilities, accruals and deferred income

6 Trade payables

Accounts payable	5.176	13.450
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7 Payables relating to taxes and social security contributions

Wage tax	28.429	27.447
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8 Other liabilities and accrued expenses

Unused vacation days	95.789	91.703
Bonusses to be paid	34.748	47.330
Holiday coupons	18.466	17.928
Audit and consultancy costs	13.000	17.000
Other amounts payable	2.372	3.487
	<u>164.375</u>	<u>177.448</u>

Contingent assets and liabilities

Rental obligation

For the rental of an office space at Zuid-Hollandlaan 7 in The Hague the foundation entered into a rental obligation with Spaces Rode Olifant B.V. This obligation started as per may 1st 2013 for a period of three years. From 2016 on the rental contract is extended for a period of 3 year every year. The yearly rental obligation is approximately € 41.000.

The obligation of the remainder of the contract

0-1 year	41.121
1-5 years	54.829
Total	<u>95.950</u>

Notes to the statement of activities

	2022	2021
	€	€
Contributions and other income		
Fees	874.452	831.475
Other income	15.488	32.453
	889.940	863.928
	889.940	863.928
9 Expenses of employee benefits		
Wages and salaries	523.537	523.898
Social security charges and pensions cost	123.998	123.006
Other expenses of employee benefits	-3.269	12.198
	644.266	659.102
	644.266	659.102
During 2022 the average amount of FTE was 4 (2021: 4)		
In 2022 no remuneration was granted to the board members.		
Social security charges and pensions cost		
Pension costs	79.307	77.417
Social security charges	44.691	45.589
	123.998	123.006
	123.998	123.006
10 Depreciation of fixed assets		
Depreciation of property, plant and equipment	739	561
	739	561
Depreciation of property, plant and equipment		
Other fixed assets	739	561
	739	561
11 Other operating expenses		
Housing expenses	41.250	35.502
Committee expenses	3.540	4.100
Office expenses	4.356	6.215
General expenses	76.556	92.863
	125.702	138.680
	125.702	138.680
Housing expenses		
Rent expenses	41.250	35.502
	41.250	35.502
Committee expenses		
Administrative fees	3.540	4.100
	3.540	4.100

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	<u>2022</u>	<u>2021</u>
	€	€
Office expenses		
Telephone expenses	2.649	4.574
Website maintenance	1.707	1.641
	<u>4.356</u>	<u>6.215</u>
General expenses		
Audit costs	31.724	28.293
Webinars and symposia	23.820	18.402
Other general expenses	13.286	10.886
Subscriptions	7.726	11.283
Research proposal Maastricht	-	20.000
Legal and advisory fees	-	3.999
	<u>76.556</u>	<u>92.863</u>
12 Interest and similar expenses		
Paid bank interest	<u>4.780</u>	<u>5.259</u>

Eumedion

Budget 2022 versus actual figures 2022

	Actuals	2022	Budget	2022
	€	€	€	€
Fees and other income		889.940		863.300
Personnel costs (incl. social and pension charges)	644.266		690.100	
Housing expenses	41.250		41.000	
Committee expenses	3.540		6.000	
Research	-		40.000	
Webinars and symposia	23.820		17.500	
Website maintenance	1.707		2.000	
Other costs	55.385		75.000	
Paid bank interest	4.780		-	
Depreciation of fixed assets	739		-	
Total expenses		<u>775.487</u>		<u>871.600</u>
Net result		<u>114.453</u>		<u>-8.300</u>

For an analysis of the actual figures compared to the 2022 budget, we refer to chapter 8 of the report of the Board.

Events after the balance sheet date

There were no events after the balance sheet date.

III. OTHER INFORMATION

Adoption of the annual accounts

In its meeting of 29 June 2023, the Board adopted the 2022 annual accounts.

The Board proposes to add the 2022 result of € 114,453 to the foundation capital.

The Hague, 29 June 2023

General Board

Lars Dijkstra (chair)

Wouter van Eechoud

Gerard Fehrenbach

Gerco Goote

Anne Gram

Olaf van den Heuvel

Manuel Isaza

Annette van der Krogt

Carola van Lamoen

1. INDEPENDENT AUDITOR'S REPORT

To: the Board and the meeting of Participants of Stichting Eumedion.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Eumedion as at 31 December 2022 and of its result for the 2022, in accordance with RJ 640 'Organisaties zonder winststreven'.

What we have audited

We have audited the financial statements 2022 of Stichting Eumedion based in the Hague.

The financial statements comprise:

the balance sheet as at 31 December 2022;

the profit and loss account for 2022; and

the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Eumedion in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality
<ul style="list-style-type: none">• Materiality of EUR 10.000• 1.5% of total expenses 2022
Fraud/Noclar and Going concern related risks
<ul style="list-style-type: none">• Fraud & Non-compliance with laws and regulations (Noclar) related risks: presumed risk of management override of controls identified• Going concern related risks: no going concern risks identified
Key audit matter
<ul style="list-style-type: none">• Completeness of contribution income
Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 10.000 (2021: 10.000). The materiality is determined with reference to the expenses (approximately 1.5%). We consider total expenses as the most appropriate benchmark because it reflects the foundation's activity level. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board that misstatements identified during our audit in excess of EUR 500, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 7.8 of the board report, the Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Foundation and its business environment,

and assessed the design and implementation of the Foundation's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Foundation's code of conduct and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Board. As part of our audit procedures, we:

- assessed other positions held by Board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated whether there were indications of possible fraud and non-compliance;

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Foundation and identified the following areas as those most likely to have a material effect on the financial statements:

— General Data Protection Regulation (GDPR, reflecting the Foundation's attention to privacy laws and regulations).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

We assessed the presumed fraud risk on revenue recognition as irrelevant, because:

- There is limited perceived pressure on the Board from sources outside or inside the entity to achieve an expected (and perhaps unrealistic) revenue or earnings target;
- the entity is not listed and is a foundation;
- the entities (and the Board's) performance is not measured in terms of year-over-year revenue growth;
- There is limited perceived opportunity to commit fraud.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, and responded as follows:

— Management override of controls (a presumed risk)

Risk:

— The Board is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries;
- We performed a data analysis of high-risk journal entries related to manual journal entries in the bank ledgers. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information;

— We incorporated elements of unpredictability in our audit, for example inspection of non-material transactions in the bank ledgers.

Our procedures to address the identified risk factors of fraud and related to non-compliance with laws and regulations did not result in a specific risk and it's therefore not included as a key audit matter.

We communicated our risk assessment, audit responses and results to the Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board has performed its going concern assessment and has not identified any significant going concern risks. To assess the Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analyzed the Foundation's financial position, including liquidity, as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks. The outcome of our risk assessment procedures on the going concern assessment, including our consideration of findings from our audit procedures on other areas, did not give reason to perform additional audit procedures on the Board's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

Completeness of contribution income

Description

The Foundation's total income consists almost entirely of contribution income. As a result, we have identified the completeness of the recognition of contribution income as a key audit matter

Our response

Our audit procedures consist of:

1. Testing the reliability of the internally prepared list of contribution income by analysing participant movements in the financial year;
2. Performed substantive tests for a sample of the recognized income from contributions with the participant administration, participant forms and public information about the total invested assts of participants.

We also have, on the basis of changes in the income in the new financial year determined that there is no income recognized in the audited financial year and subsequently credited after year end.

Our observation

We have not found any deviations in the contributions for 2022.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

- Board report;
- The other information;

Based on the following procedures performed, we conclude that the other information:

is consistent with the financial statements and does not contain material misstatements; and contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect management of the foundation, under supervision of the Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, management of the foundation is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. Management

The Board is responsible for overseeing the foundation's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Rotterdam, 29 June 2023

KPMG Accountants N.V.

S. van Oostenbrugge RA

Partner

Appendix:

Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control;

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the foundation;

concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

From the matters communicated with the Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

2. COMPOSITION OF THE BOARD

As of 31 December 2022, the following persons served as Eumedion Board members:

Lars Dijkstra (1965, M), Chair

Main job: Chief Sustainability Officer Van Lanschot Kempen

Relevant additional functions: member of the 'The 300 Club' (international group of CIOs), external advisor to various investment committees of pension funds and family offices, including the Investment Committee of the Dutch central bank DNB and chair of the Eumedion Stewardship Code Working Group.

Annette van der Krogt (1971, F), Member Executive Board, Vice-Chair and Secretary

Main job: Manager Responsible Investments Achmea Investment Management.

Relevant additional functions: Member of the General Board of Stichting Beheer Oikocredit Nederland Fonds.

Carola van Lamoen (1978, F), Treasurer

Main job: Head of Sustainable Investing at Robeco.

Relevant additional functions: Member of the ICGN Nomination Committee.

Wouter van Eechoud (1966, M), Member Executive Board

Main job: Director and Executive Board Member IBM Netherlands Pension Fund.

Relevant additional functions: Member Supervisory Council PNO Media Pension Fund.

Gerard Fehrenbach (1966, M)

Main job: Senior Advisor Responsible Investment at PGGM.

Relevant additional functions: Member of the Eumedion Legal Committee, the Eumedion Executive Remuneration Working Group and the Eumedion Stewardship Code Working Group.

Gerco Goote (1967, M)

Main job: Director Fiduciary Management at MN.

Relevant additional functions: -

Anne Gram (1965, F)

Main job: Board member at ABP.

Eumedion

Relevant additional functions: Chair of the Supervisory Board of ASN Impact Investors, External expert ING Pension Fund Investments and Balance management committee, member of the Supervisory Board at PGGM, Internal Supervision Chair HAL Pension Fund, Chair Investment Committee IBM Netherlands Pension Fund, member of the Supervisory Board of PHEC Pension Fund

Olaf van den Heuvel (1974, M)

Main job: Chief Investment Officer Aegon Asset Management Nederland

Relevant additional functions: -

Manuel Isaza (1978, M)

Main job: Director Investment Stewardship at BlackRock.

Relevant additional functions: -

3. COMPOSITION OF THE EUMEDION STAFF

The current composition of the Eumedion Staff is:

Rients Abma (1971, M), Executive Director

Relevant additional functions: Chair NBA Stakeholders Forum, member of the AFM Capital Market Committee, member of the AFM Advisory Panel of Representative Organisations, member of the Advisory Group of the IFIAR Investor and Other Stakeholders Working Group, member of the Ministry of Justice and Security Expert Group on Modernising Dutch Company Law, DASB management report/corporate governance (RJ400) working group member, member of the Advisory Council of the Erasmus University Rotterdam Post Master Education Course for External Auditors, Trustee of the Radboud Business Law Institute, editorial member of the legal journal 'Ondernemingsrecht', editorial member Kluwer Groene Serie Toezicht Financiële Markten and member of the Global Network of Investor Associations.

e-mail: rients.abma@eumedion.nl

tel. +31 (0)70-2040 303

Martijn Bos (1971, M), Policy Advisor Reporting & Audit

Relevant additional functions: founder of Fin-Es Equity Risk Premiums, member of the DASB Foundation Board, member of the IFRS Advisory Council, member of the EFRAG User Panel, member of the AFM Committee for Financial Reporting & Accountancy, DASB international reporting working group member and advisor to the Board of Vogelbescherming Nederland.

e-mail: martijn.bos@eumedion.nl

tel. +31 (0)70-2040 304

Ron Gruijters (1981, M), Policy Advisor Sustainability

Relevant additional functions: deputy DASB Foundation Board member and DASB sustainability reporting working group member.

e-mail: ron.gruijters@eumedion.nl

tel. +31 (0)70-2040 305

Diana van Kleef (1983, F), Legal Counsel and Policy Advisor Corporate Governance

Relevant additional functions: -

e-mail: diana.vankleef@eumedion.nl

tel. +31 (0)70-2040 302

Toi van Rijn (1973, F), Office Manager

Relevant additional functions: Management Assistant at Algemeen Pensioenfonds Stap.

e-mail: toi.vanrijn@eumedion.nl

tel. +31 (0)70-2040 301

4. COMPOSITION COMMITTEES AND WORKING GROUPS

At the end of 2022, Eumedion's committees and working groups had the following members:

Investment Committee

1. *Mart Keuning (ABP), Chair*
2. Jan-Jaap Bongers (Teslin Capital Management)
3. Mirte Bronsdijk (APG Asset Management)
4. Kathleen Dewandeleer (Aberdeen Standard Investments)
5. Michiel van Esch (Robeco)
6. Caroline Escott (Railpen)
7. Greta Fearman (Actiam)
8. Marina Fellman (BlackRock)
9. Gillian Gailliaert (PGGM)
10. Rob Hardy (Capital Group International)
11. Michael Herskovich (BNP Paribas Asset Management)
12. Andrea van den Heuvel (Achmea Investment Management)
13. Marian Hogeslag (DoubleDividend)
14. Philipp Kloucek (USS)
15. Simona Kramer (Railway Pension Fund)
16. Martine Kruitbos (MN)
17. Pippa O'Riley (Schroders Asset Management)
18. Marie Payne (Actiam)
19. Sjoerd Rozing (Triodos Investment Management)
20. Martin Sanders (AXA Investment Managers)
21. Daan Spaargaren (PME)
22. Zoe de Spoelberch (Federated Hermes)
23. Cassandra Traeger (Columbia Threadneedle Investments)
24. Mascha Verhoeven (NN Investment Partners)
25. Eszter Vitorino (Kempen Capital Management)
26. Roger Wildeboer Schut (Aegon Asset Management)

Legal Committee

1. *Wouter Kuijpers (Robeco), Chair*
2. Peter Bos (Teslin Capital Management)

3. Ger Fehrenbach (PGGM)
4. Welmoed Jansen (Aegon Asset Management)
5. Sandor Hermens (Achmea Investment Management)
6. Ellen Sassen (Shell Asset Management Company)
7. Zöhre Tali (APG Asset Management)
8. Marice Thewessen (NN Investment Partners)

Research Committee

1. *Johan Vanderlugt (Van Lanschot Kempen), Chair*
2. Lucas van Beek (Robeco)
3. Ton van Ooijen (APG Asset Management)
4. Slavek Roller (NN Investment Partners)
5. Johanna Schmidt (Triodos Investment Management)

Public Relations Committee

1. *Rients Abma (Eumedion), Chair*
2. Dick Kors (APG Asset Management)
3. Maurice Piek (NN Investment Partners)
4. Christine van Waveren (Triodos Investment Management)
5. Julian van de Wetering (BlackRock)
6. Maurice Wilbrink (PGGM)

Reporting and Audit Committee

1. *Rients Abma (Eumedion), Chair a.i.*
2. Marian Hogeslag (DoubleDividend Management)
3. Paulus Ingram (Veridien Global Investors)
4. Herman Klein (NN Investment Partners)
5. Eimert Visser (PGGM)

Working Group Executive Remuneration

1. *Rients Abma (Eumedion), Chair*
2. Peter Bos (Teslin Capital Management)
3. Mirte Bronsdijk (APG Asset Management)
4. Michiel van Esch (Robeco)
5. Ger Fehrenbach (PGGM)

6. Andrea van den Heuvel (Achmea Investment Management)
7. Ton Schrijen (MN)
8. Mascha Verhoeven (NN Investment Partners)

Working Group Dutch Stewardship Code

1. *Lars Dijkstra (Kempen Capital Management), Chair*
2. Peter Bos (Teslin Capital Management)
3. Mirte Bronsdijk (APG Asset Management)
4. Heike Cosse (Aegon Asset Management)
5. Michiel van Esch (Robeco)
6. Ger Fehrenbach (PGGM)
7. Marian Hogeslag (DoubleDividend Management)
8. Frank Huitema (Mediahuis Pensioenfonds)
9. Daniëlle Melis (Algemeen Pensioenfonds Stap)
10. Daan Spaargaren (PME)
11. Eszter Vitorino (Kempen Capital Management)

The Executive Director and staff of Eumedion are q.q. members of all committees and working groups.

5. MEMBERS LIST

As per the end of 2022 Eumedion has the following members:

1. Aberdeen Standard Investments
2. Stichting Pensioenfonds van de ABN AMRO Bank N.V.
3. Stichting Pensioenfonds ABP
4. Achmea Investment Management
5. Actiam
6. Aegon Asset Management
7. Ahold Pensioenfonds
8. APG Asset Management
9. ASR Vermogensbeheer
10. AXA Investment Managers
11. BlackRock
12. BNP Paribas Asset Management
13. BPF Bouw
14. Capital Group International
15. Cohen & Steers
16. Columbia Threadneedle Netherlands
17. DoubleDividend Management B.V.
18. Federated Hermes Ltd.
19. De Goudse
20. Stichting Pensioenfonds voor de Grafische Bedrijven (PGB)
21. Stichting Pensioenfonds Hoogovens
22. Pensioenfonds Horeca & Catering
23. Stichting Pensioenfonds IBM Nederland
24. Stichting Pensioenfonds ING
25. Kempen Capital Management
26. Stichting Pensioenfonds KPN
27. Stichting Mediahuis Nederland Pensioenfonds
28. Pensioenfonds Metalektro (PME)
29. Pensioenfonds Metaal en Techniek (PMT)
30. Menzis
31. MN

32. NN Investment Partners
33. PGGM
34. Stichting Pensioenfonds Rail & OV
35. Railpen Ltd.
36. Robeco
37. BPF Schilders
38. Schroder Investment Management
39. Shell Asset Management Company
40. Algemeen Pensioenfonds Stap
41. Teslin Capital Management
42. Stichting Pensioenfonds TNO
43. Triodos Investment Management BV
44. Stichting Pensioenfonds Unilever Nederland 'Progress'
45. Universities Superannuation Scheme (USS)
46. Veridien Global Investors
47. Pensioenfonds Vervoer
48. Pensioenfonds voor Werk en (re)Integratie (PWRI)
49. Stichting Pensioenfonds voor de Woningcorporaties (SPW)
50. Pensioenfonds Zorg en Welzijn (PFZW)
51. Stichting Bedrijfstakpensioenfonds Zorgverzekeraars (SBZ)

Associated members:

1. Federation of the Dutch Pension Funds
2. Netherlands Financial Investments (NLFI)

6. CONTACT

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