



Dutch Stewardship Code

Implementation Progress Report 2021

June 2021

Management Summary

This is the second Dutch Stewardship Code Implementation Progress Report. Building on the results presented in the first report (2019), the present report is based on an updated methodology to enable a further qualitative assessment and discussion of the various ways Eumedion participants (hereafter: participants) seek to comply with the Dutch Stewardship Code (hereafter: the Code).

The three main focus areas of the 2019 review have been continued and updated: (I) general transparency around the Code and its implementation, (II) shareholder voting, and (III) engagement practices. A fourth focus area that is closely linked to (II) and (III) has been added, namely the collaboration with other shareholders and the communication with relevant stakeholders. Lastly, the report separately discusses how Eumedion participants demonstrate or highlight the added value of their stewardship efforts, not only in terms of impact on various ESG-related themes, but also specifically in terms of how their efforts serve the interest of their clients or ultimate beneficiaries. Various illustrations of current market practices and stewardship highlights are presented throughout the report in text boxes and in a separate annex.

The results show a gradual increase in general transparency around the Code and its provisions. A limited number of participants publishes an implementation report, which aids in assessing stewardship practices and locating information.

On shareholder voting and voting transparency, the enquiry shows an increasing number of participants complying with the Code's requirements to periodically publish a description of their general voting behaviour, as well as a steady high number of participants disclosing voting results on a per meeting / per voting item basis. Regarding the Code's stipulation to explain significant votes, the results show compliance of almost 75%, with participants employing various methods of providing this information. The report discusses and reiterates the importance of providing adequate and easily accessible information to show how participants use their voting rights to contribute to meaningful stewardship outcomes, better checks and balances within Dutch listed companies and long-term value creation of these companies.

The report shows that participants can further improve their disclosure on engagement efforts by enhancing the consistency between their reporting on the selection and prioritisation of engagement themes, the objectives and targets that accompany those themes, and the subsequent results. The consequences if results fall short of the targets and objectives can be made clear by outlining the process of escalation – here, too, there is still ample opportunity for participants to (in more detail) discuss the various options available to them.

Lastly, the results confirm that collaboration with *other shareholders* is common practice among participants. However, it often remains unclear how communication with *other stakeholders of an investee company* takes shape. Striving to understand the aspirations and motivations of other relevant stakeholders of the company (e.g. banks, creditors, customers, suppliers, the works council and NGOs) may advance the goals of stewardship. Participants are therefore encouraged to show more clearly what their approach is to this aspect of the Code, and if and how such communication, in practice, informs their engagement activities.

About the Implementation Progress Report 2021

The Dutch Stewardship Code

Institutional investors hold the overwhelming majority of the shares of Dutch listed companies and manage other people's and institutions' money. The beneficiaries and clients of those institutional investors and society at large expect that those investors act as an engaged and responsible shareholder. To help institutional investors meet this expectation, Eumedion drafted the Dutch Stewardship Code (hereafter: the Code) in 2018.¹ This Code explains how institutional investors can meet their responsibilities regarding engaged and responsible ownership in a way that contributes to the long-term value creation by Dutch listed companies and consequently to the return on their investments. In addition, the Code offers institutional investors the opportunity to render account to their beneficiaries and clients for the manner in which they have exercised their shareholder rights. On 1 January 2019, the Code entered into force. The Code incorporates the stewardship obligations for asset owners and asset managers stemming from the revised Shareholder Rights Directive (see Implementation Progress Report 2019, page 5). Given the partial overlap, it is likely that this Directive, which entered into force 1 December 2019, has had a positive effect on compliance with requirements of the Code.

The Dutch Stewardship Code Implementation Progress Report 2021 and next steps

Since the Code entered into force on 1 January 2019, the Eumedion secretariat issued a first Implementation Progress Report at the end of 2019. Since, at that time, the first annual reporting cycle had not yet been completed, the first monitoring report provided a baseline for future assessments and a point of departure for further development of the monitoring approach itself. Due to the unforeseen and challenging circumstances of 2020, the Eumedion secretariat was unfortunately unable to deliver the second monitoring report in 2020. However, the secretariat did build on the report of 2019 to further develop the monitoring methodology, as will be discussed below.

In light of these developments, the coming period will in any case see further discussion on the governance of the monitoring mechanism and on enhancing the monitoring methodology.

Methodology

Compared to the 2019 review, Eumedion has partially modified the assessment framework. We have retained the three main focus areas of the previous report: (I) general transparency around the Code and its implementation, (II) shareholder voting, and (III) engagement practices. For 2021, we added a fourth focus area that is closely linked to (II) and (III), namely the collaboration with other shareholders and the communication with relevant stakeholders (following principles 4 and 5). We will discuss the underlying changes and additions to the methodology in more detail next.

¹ See <https://www.eumedion.nl/en/public/knowledgenetwork/best-practices/2018-07-dutch-stewardship-code-final-version.pdf>

Similar to the 2019 report, focus area (I) illustrates the participants' awareness of the Code and the state-of-play regarding the implementation of its principles. Focus areas (II) and (III) illustrate if and how participants have translated some of the Code's key principles into two main outcomes: namely the informed exercise of shareholder voting rights on the one hand, and a demonstration of their willingness to engage in meaningful dialogue with investee companies on the other. However, both focus areas have been modified to reflect variations and innovations used by participants to comply with the Code. Regarding the assessment of transparency on voting results and the description of significant votes, we have redesigned the methodology to reflect that there is not one way to comply with the Code. Most notably, we have replaced the quantitative assessment against 'Eumedion alerts' (see below, page 7) by rather giving further insight into the different ways participants provide both quantitative as well as qualitative insight into their voting behaviour. Regarding the focus area of engagement, the assessment framework has been updated to show if participants consistently report on an integral system of engagement themes, objectives and subsequent results, rather than assessing the mere presence of each of these aspects regardless of the consistency between these aspects. In order to further explore the aspect of 'meaningfulness' of engagement dialogues, we have also added a preliminary discussion of how Eumedion participants demonstrate or highlight the added value of their engagement efforts, not only in terms of impact on various ESG-related themes, but also specifically in terms of how their efforts serve the interest of their clients or ultimate beneficiaries.

Finally, the fourth focus area a.o. explores the aspect of communication with stakeholders. This follows from principle 5, which asks Eumedion participants to communicate with relevant stakeholders of Dutch listed investee companies, where appropriate and at their discretion. It follows from the guidance to this principle, that understanding the aspirations and motivations of other relevant stakeholders can be closely linked to focus areas (II) and (III), since it can help shape and prioritise engagement with investee companies as well as advance the goals of the stewardship activities.

We believe these modifications to the assessment framework not only build on the results of the first Implementation Progress Report of 2019 – without entirely duplicating this first review -, and allow the current report to further present and discuss the value of enhancing transparency around, and ultimately improving, stewardship activities. Similar to the 2019 report, various illustrations of stewardship highlights and current market practices are presented throughout the report in text boxes as well as in Annex 2.

Sample and sources

The enquiry focuses on the same sample of 27 asset owners and asset managers as for the first Implementation Progress Report of 2019. This sample represents more than half of Eumedion participants and consists of 9 asset owners and 18 asset managers.² The enquiry spans two reporting years (2019 and 2020), and includes all publicly available information on websites and in annual and other periodic reports. In seven instances the annual report over 2020 was not yet available for review at the time the research was conducted.

² See Annex 1 for the full list of participants included in the enquiry.

Results

A. General transparency around the Code and its implementation³

Institutional investors typically present and report on their stewardship activities as part of their responsible investment program. On dedicated active ownership webpages, in periodic reports and/or background articles participants provide information on their stewardship strategy, activities and results. The participants commonly refer also to specific legislation that applies to their activities, or (voluntary) frameworks and guiding principles that form a basis to their stewardship programs. In that light, also specific Stewardship Codes are typically mentioned.

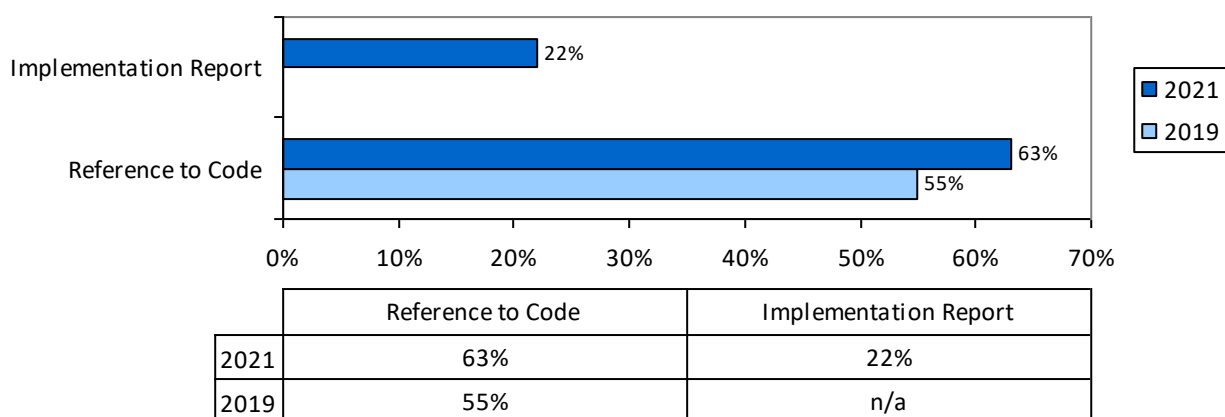


Figure 1: Participants referencing the Code (2019 and 2021) and providing an implementation report (2021) (n=27)

Compared to 2019, there is a gradual increase in the number of participants referencing the Dutch Stewardship Code, from 55% to 63% in 2021. In addition, about one fifth of the participants explicitly reports on the implementation of the Code. While reporting on the implementation of the Code itself is not required per se, the first principle of the Code does stipulate that participants need to have a stewardship policy in place that addresses all the elements of the Code and to report at least annually on the implementation of their own stewardship policy. Almost 20% of participants support their compliance with this requirement by publishing a document outlining the implementation of the Code in their own policies and reporting practices. Conducting and publishing an implementation analysis allows participants to periodically self-evaluate their policies and to publicly show how the Code's principles have been translated into their own policies and reporting practices. It may also aid readers in locating certain information, which can prove to

³ Pertaining to principle 1 of the Dutch Stewardship Code.

be challenging especially with participants increasingly providing extensive documentation on their wider responsible investment activities.

B. Shareholder voting and voting results⁴

Exercising voting rights

As in 2019, the review shows that all of the participants included in this enquiry exercise their voting rights (often through a proxy), with high levels of transparency on their voting behaviour. As illustrated in figure 2, the number of participants providing a (periodic) description of their general voting behaviour, such as a qualitative summary and overall statistics on e.g. the number of votes cast with or against management, topics and themes, or industry, has increased to 89% (up from 74% in 2019).

Compliance with the requirement to publish individual voting results has remained steady at around 80%. One participant explains its policy to not publicly disclose any information on an individual investment level; the other non-compliant participants do not provide a rationale. As already discussed in the 2019 review, the current enquiry again shows varying degrees of ease of access to reports and databases with voting results. Easy access can, for example, be realised through sufficiently ubiquitous linking to the location of this information on a dedicated resources webpage, in (periodic) stewardship reports, and in the stewardship policy documents and/or implementation reports themselves.

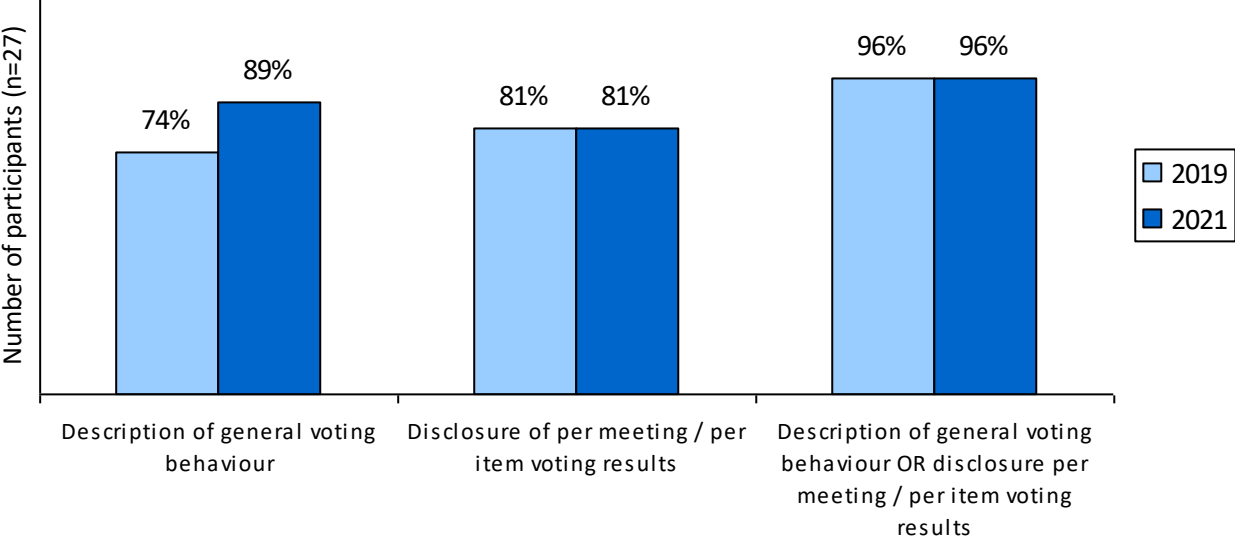


Figure 2: Disclosure of voting behaviour by participants (n=27)

⁴ Principle 7 of the Dutch Stewardship Code.

Explaining significant votes

The Code also requires participants to publish an explanation of the most significant votes (principle 7). The guidance to the Code states that a vote can be considered to be significant due to the subject matter of the vote or the size of the holding in the company. The institutional investor determines what is considered to be a significant matter, but it includes at least a proposal tabled at the agenda of a general meeting:

- that is of economic or strategic importance;
- the voting outcome of which is anticipated to be close or controversial; or
- where the asset owner or asset manager disagrees with the recommendation of the company's board.

In 2019, we assessed compliance with this aspect of the Code by using the Eumedion 'alert service' for participants as a reference for establishing a fixed set of significant voting items on which a vote has actually been held in said period.⁵ While being an attempt to objectify a comparison between participants, the methodology can also be considered too dependent on whether participants are invested in 'alerted' companies (leading to limited reference points and/or skewed results) and on the classification of 'significance' potentially varying per individual investor, as the Code rightfully acknowledges. Therefore, for the current enquiry we have opted to provide further insight into the various ways participants explain significant votes.

The review shows that participants generally employ a combination of below three options to explain significant votes:

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

On the next page, figure 3 shows if and how participants explain significant votes.

⁵ It is Eumedion's policy to issue an alert to participants when the agenda of a general meeting of a Dutch listed company contains a controversial voting item. The Eumedion alert service does *not* constitute a voting advice for participants.

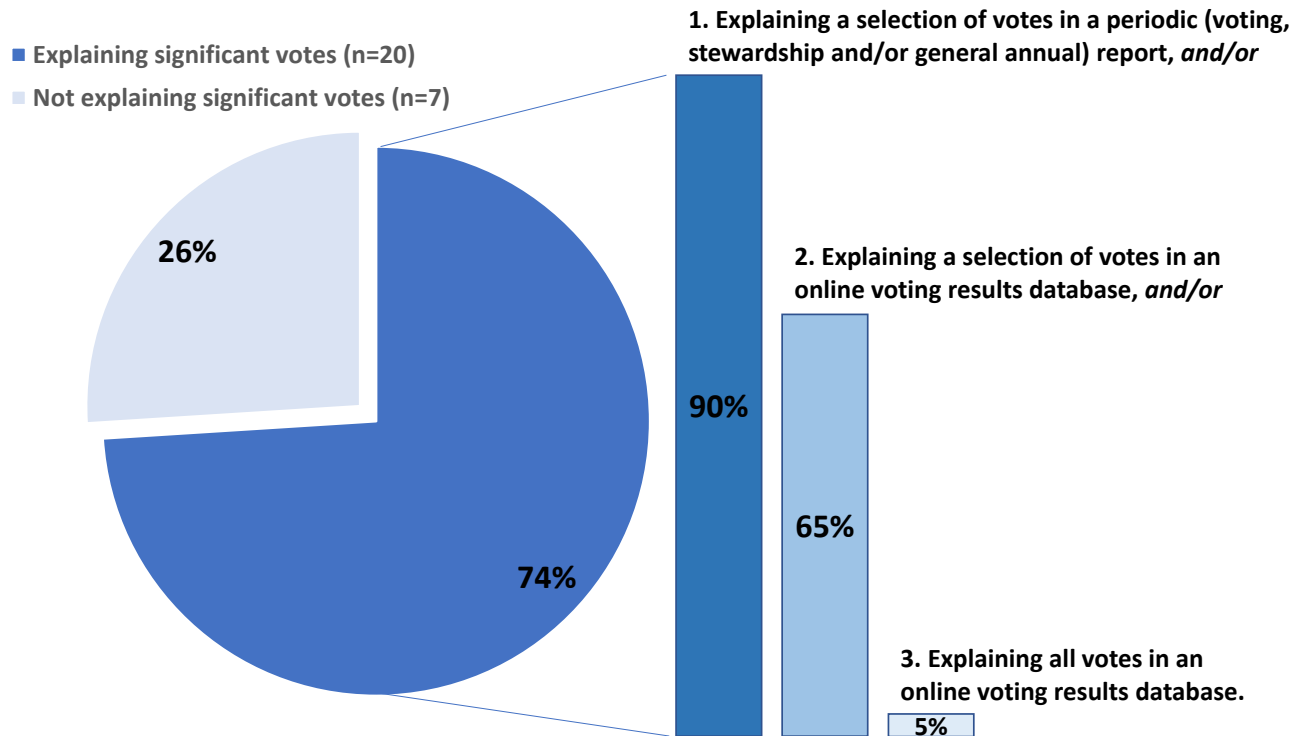


Figure 3: Participants explaining significant votes

As has been pointed out in the 2019 report, there are pros and cons to different ways of disclosure.⁶ The present enquiry paints a similar picture. For example, explaining all votes – while exhaustive – does not necessarily or automatically show if and why a specific vote was considered significant. Similarly, highlighting a limited selection of votes in a voting database or periodic report may leave the reader wondering which selection criteria were applied in order to specifically highlight these, and not other, votes. In other cases, participants explaining a selection of votes in an online database, do not always explain all votes against management, which may appear counter-intuitive in light of the Code’s guidance. In a few cases, a (brief) voting rationale provided as explanation to a significant vote in a voting results database, did not match the actual vote recorded.⁷

In all of these instances, it would appear that further clarification or explanation can prove useful. While the Code does not prescribe one specific way of clarifying significant votes, participants are encouraged to describe or summarise how they define significant votes, and to also clearly link this information to their preferred method of explaining these votes.

⁶ Dutch Stewardship Code Implementation Progress Report 2019, p. 10

⁷ The 2019 report (idem previous footnote) pointed out that this might happen when pre-filled databases are not automatically updated when a meeting agenda, voting items or a participant’s position are amended.

In short, providing the user with sufficient and easily accessible context - regardless of the disclosure method preferred -, will contribute to showing how a participant's voting policy and voting practice are aligned, and how participants use their voting rights to contribute to meaningful stewardship outcomes.⁸

SHAREHOLDER VOTING IN 2020

In its evaluation of the 2020 AGM season, Eumedion reported that the COVID-19 pandemic only slightly reduced the average level of voter turnout, after six years in a row of steady increase and setting new records: 72.3% at the AGMs of AEX companies (2019: 73.2%).^a In total 41 virtual-only AGMs were held, representing 43% of the total number of AGMs held by Dutch listed companies. At the other AGMs, shareholders were discouraged from attending; between 0 and 9 shareholders were physically present at these AGMs.

In total, just over 1,000 resolutions were put to the vote in the 2020 season. 50 of these resolutions received significant (> 20%) shareholder dissent. 18 resolutions were rejected by the AGM and 20 resolutions were withdrawn at the start or ahead of the AGM. Two proposals could only be adopted with the help of a "friendly" Trust Office.

Remuneration policy was by far the most controversial topic in the 2020 season. 24 out of the 50 resolutions that received significant (> 20%) shareholder dissent were related to this topic. A record of 13 resolutions to amend the remuneration policy were rejected or withdrawn by the board at the start or ahead of the AGM. This was partly due to a much more critical attitude of institutional investors, who for the first time were also legally obliged to evaluate the resolutions on "social effects". Another important reason was that for the first time a 75% AGM voting majority was required to get the resolutions adopted (instead of a simple majority). This made it easier for responsible and engaged shareholders to reject an excessive remuneration policy.

^a See <https://en.eumedion.nl/Latest-news/News/2020-dutch-agm-season-record-number-of-management-proposals-rejected-without-any-live-discussion-at-the-agms.html>

⁸ The advantage of the current assessment methodology is that it allows for more room in assessing discretionary reporting practices. However, similar to the 2019 enquiry, this methodology does not readily allow for definite conclusions to be drawn. Such would additionally require a qualitative and multi-dimensional assessment of (1) each participant's voting and reporting policy as compared to the Code's requirements, and of (2) a participant's disclosure practices compared to their voting and reporting policy.

C. Engaging in meaningful dialogue⁹

Eumedion considers engaging via a meaningful dialogue with investee companies an important aspect of investor stewardship.¹⁰ The Code therefore stipulates that institutional investors need to be prepared to engage in dialogue with their investee companies (principle 3). The previous report has shown that almost all participants engage in dialogue with (a selection of) investee companies, either as part of their own investment operations or through an external service provider. A large majority also reports on the themes and priorities for such engagements, as well as on the results. In general, however, participants are much less transparent on the goals and objectives for their engagement activities, as well as on the consequences of engagement or on escalation actions taken.¹¹

For the present enquiry, we have assessed in more depth how participants demonstrate the aspect of meaningfulness of their dialogue program. To that end, we have assessed if participants report not only in general terms on engagement activities and their outcomes, but whether they consistently report on (1) a system of prioritisation of engagement themes, (2) targets and objectives related to the prioritised themes, and (3) the performance of the engagement program in relation to these targets and objectives. Since the Code also asks participants to be prepared to escalate their stewardship activities in case issues remain unsolved,¹² we have additionally mapped the extent to which participants highlight the options for escalation.

Reporting on:

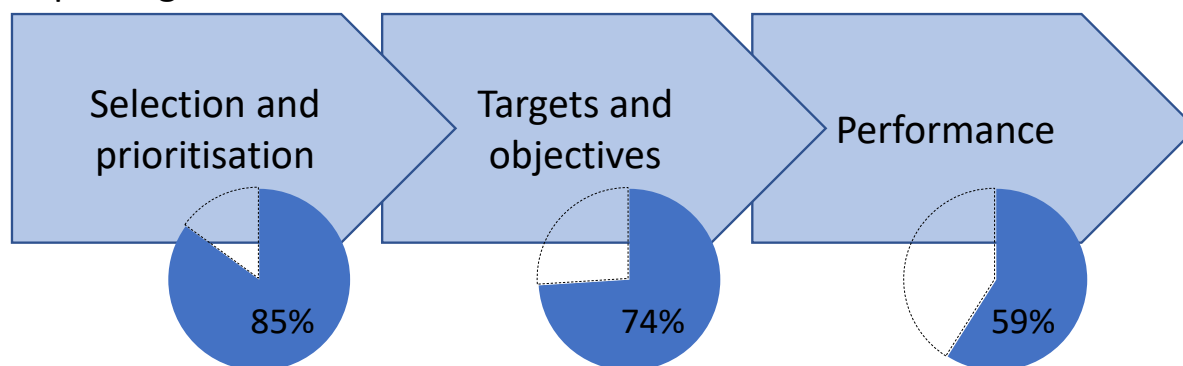


Figure 4: Participants consistently reporting on engagement programs (n=27)

⁹ Principle 3.

¹⁰ The preamble to the Code (recital 2) defines the concept of 'engagement' as conducting a meaningful dialogue with listed companies.

¹¹ Dutch Stewardship Implementation Progress Report 2019, p. 12-13.

¹² Principle 3. The guidance to this principle lists various escalation actions that participants could potentially employ.

Compared to 2019, we found a slight increase to 85% (2019: 81%) of participants reporting on the selection and prioritisation of engagement themes. Regarding these prioritised themes, 74% reports on related targets and objectives, which is an encouraging increase compared to only 44% of participants reporting on engagement goals in general terms in 2019. But where, in 2019, 70% of participants reported in general terms on the outcomes of their engagement, we now find that only a bit over half of participants (59%) reports on outcomes in relation to the targets and objectives they themselves communicate. This shows that there is an opportunity for participants to further enhance their reporting by establishing a more consistent reporting line between the various building blocks of the engagement programs.

Escalation of engagement

As follows from the Code, the option to escalate engagement activities should be an integral part of a meaningful engagement program. The review finds that a bit over half of the participants (56%) provide information on the process of escalation. With those participants that do communicate on escalation options, the information varies from very brief and concise (along the lines of ‘we may intensify engagement or divest’) to providing a more systematic long-list or ‘ladder’ of potential measures, with varying degrees of intensity depending on whether it concerns portfolio-wide ‘thematic’ engagement or company-specific engagement on serious shortcomings and certain violations of international standards. On this aspect, then, there too is ample room for many participants to (in more detail) discuss and elaborate on the various options for escalation, should their initial engagement efforts fall short of their objectives and targets.

Towards aggregated, theme-based reporting?

Similar to earlier findings, it remains a rather common practice among participants to build the qualitative description of engagement case studies predominantly around efforts that have led to some sort of positive result. While the presentation of case studies is very insightful, a one-sided focus on successful engagement risks reports lacking a certain balance, since it is obvious that engagement activities in reality do not always succeed in realising previously set goals or objectives. But on the other hand, transparent and balanced communication on engagement outcomes – both positive and negative - does come with its difficulties and dilemmas, which we already discussed in the previous report.¹³

Nonetheless, some participants have been able to aggregate their reporting at a thematic level, with insightful breakdowns to theme-specific (sub)objectives and (sub)targets, and the wider progress of their engagement programs vis-à-vis these performance indicators. Such a theme-consistent approach to discussing an engagement program – tracking a program from theme-selection, to theme-related objectives, to objective-related progress – has allowed some participants to partially circumvent the dilemmas associated with balanced reporting on company-specific engagement activities and their outcomes.

¹³ Dutch Stewardship Code Implementation Progress Report 2019, p. 13 and 23. The present enquiry again finds some participants explicitly discussing these dilemma’s, which contributes to a further understanding and fair representation of a participant’s stewardship efforts.

BEHIND THE DUTCH STEWARDSHIP CODE: 2020 MILESTONES

The year 2020 saw various examples of shareholder stewardship in the spirit of the Dutch Stewardship Code.

Following the joint statement issued in 2018 by Royal Dutch Shell plc and the leadership group of institutional investors Climate Action 100+, including Eumedion participants, the company in 2020 announced plans to become a net-zero emissions energy business by 2050 or sooner (covering scope one, two and three emissions). The announcement foreshadowed the advisory vote on the company's energy transition plan during the 2021 AGM.

In the course of geo data specialist Fugro's turbulent refinancing during 2020, there was a central role for three cornerstone investors, including Eumedion participants NNIP and ASR Vermogensbeheer. Both investors agreed to substantially increase their share interest in the company, after the company announced to dismantle two of its three take-over defence structures, leading to further alignment with the Dutch Corporate Governance Code, as well as to accelerate its ESG-strategy.

In the wake of the 2020 AGM season, which saw a substantial number of remuneration policies rejected or withdrawn ahead of the AGM (see the text box on page 9), extensive shareholder engagement and consultation have contributed to companies recently putting to vote policies that are more moderate with respect to quantum (Wolters Kluwer, AMG) and with a reference pay market group that is more skewed towards European based companies instead of US based companies (Wolters Kluwer, SBM Offshore, AMG), which will contribute to also more modest executive remuneration outcomes in the medium to long term.

D. Collaboration with shareholders and communication with stakeholders

When exercising stewardship activities towards Dutch listed investee companies, the Code expects participants to not only cooperate with other shareholders (principle 4), but also to communicate with relevant stakeholders of Dutch listed investee companies, where appropriate and at their discretion (principle 5). The guidance to these principles makes clear that both aspects can serve to more efficiently and effectively address issues with investee companies. Cooperation with other shareholders can lead to wider and deeper analysis, while striving to understand the aspirations and motivations of other relevant stakeholders of the company (e.g. banks, creditors, customers, suppliers, the works council and NGOs – so not just other *investors*) may advance the goals of stewardship.

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

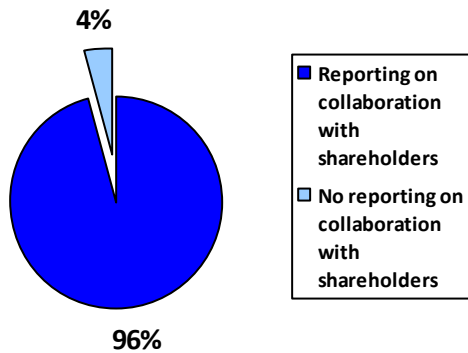


Figure 5: Collaboration with shareholders (n=27)

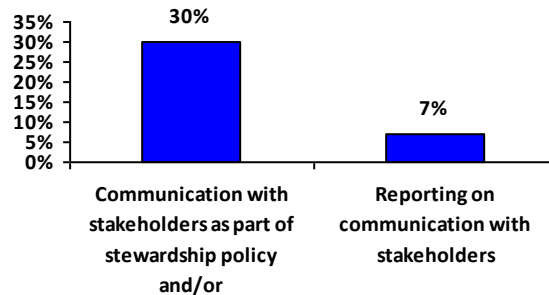


Figure 6: Communication with other stakeholders (n=27)

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

Regarding the communication with *other stakeholders of investee companies*, the picture is different. While participants commonly and extensively provide information on how they communicate and work with stakeholders – both in their policy documents and in their activity reports -, such outreach concerns in most cases their *own* stakeholders, and commonly includes other *shareholders* as well.¹⁴ Often, the descriptions of interaction with other stakeholders (such as their own beneficiaries or NGOs) serve to illustrate how wider

¹⁴ It may be, of course, that the stakeholders of participants are in certain cases also stakeholders of investee companies.

engagement themes and efforts have been defined and prioritised. These interactions tend to be reported on in general terms and commonly concern broader themes – not company-specific issues. Only in exceptional cases, participants refer explicitly in their policy documents on how wider engagement with e.g. employee unions or NGOs may inform company-specific engagement activities.¹⁵ But often it remains unclear how communication with relevant *stakeholders of investee companies* takes shape. In participants' reporting on engagement activities, there are very few concrete examples where participants show how communication with company-specific stakeholders informs their efforts. A specific event in 2020, that would answer to principle 5 of the Code, concerned the unification of Unilever's corporate structure, which saw many Eumedion participants specifically request with Unilever the Works Council's advice before submitting their vote on the special resolution, since this advice had not been published on the website.

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

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

BRINGING 'MEANINGFULNESS' ACROSS

'Meaningfulness' is an essential aspect of the Dutch Stewardship Code. It denotes the impact of stewardship activities on matters that go beyond the immediate financial return of investments, that relate to the long-term value creation of investee companies, and that affect, in its broadest sense, the value created for the clients and beneficiaries of institutional investors.

Since this enquiry shows that it is not always easy to communicate the immediate results and impact of stewardship activities – which is an important aspect of communicating the added value of stewardship -, participants are also exploring various other ways of bringing across this sense of 'meaningfulness'.

One of these ways involves the United Nations Sustainable Development Goals (SDGs). An increasing number of participants ties their engagement priorities and objectives to several of the 17 SDGs and their subgoals. This way, institutional investors are also able to more effectively make use of, and connect their stewardship activities to, the efforts of a growing number of companies that employ emerging reporting frameworks to annually report on their contribution to the SDGs.

Another trend that gains traction among participants (most notably pension funds) is to show how the results of surveys conducted among ultimate beneficiaries co-inform their stewardship policies. This way, stewardship activities can be presented to not only show how they in general contribute to long-term value creation, but also how its topics and themes are aligned with what ultimate beneficiaries have indicated is most important to them.

Lastly, some participants have started to more closely connect stewardship activities and their outcomes (as part of their broader responsible investment strategies) to quantitative results, both in the area of sustainability impact (e.g. greenhouse gas emissions that can be attributed to an investment portfolio) or the risk-return of a portfolio. These developments are indeed not solely in the area of, or contributable to, stewardship activities, but such pioneering efforts of participants are well worth following more closely.

Annex 1: List of Eumedion participants included in the enquiry

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

Annex 2: Illustrating current market practices¹⁶

Results, section A: General transparency around the Code and its implementation (see page 5)

Dutch Stewardship Code compliance statement

Versie 1.0
Datum Februari 2020

stap
Algemeen
Pensioenfonds

Aanleiding
APF Stap is een algemene pensioenfonds. Verschillende pensioenfonds en werkgevers hebben de uitvoering van hun pensioenregeling en het pensioenvermogen aan Stap toevertrouwd en overgedragen. Vanuit de doelstellingen van Stap ten aanzien van Maatschappelijk Verantwoord Beleggen (MVB), beschouwt Stap aandeelhouderbetrokkenheid als een belangrijke plicht.

Als lid van Eumedion heeft Stap de Nederlandse Stewardship Code geïmplementeerd. Deze code geldt alleen voor aandelen in Nederlandse beursgenoteerde ondernemingen. Stap belegt in ondernemingen wereldwijd en in het Stap stewardship beleid is geopteerd voor een uniform beleid voor zowel aandelen in Nederlandse als in niet Nederlandse beursgenoteerde ondernemingen. Dit document bevat een toelichting op de manier waarop wij de invulling geven aan de Code.

Principe 1: *Pensioenfonds, levensverzekeraars en vermogensbeheerders hebben een stewardshipbeleid waarin wordt beschreven hoe zij stewardship richting Nederlandse beursvennootschappen waarin is belegd integreren in hun beleggingsstrategie. (...)Het stewardshipbeleid dient ten minste de zaken zoals beschreven in de principes van deze Code te bevatten en dient openbaar te worden gemaakt op de website van het pensioenfonds, de levensverzekeraar en de vermogensbeheerder. Pensioenfonds, levensverzekeraars en vermogensbeheerders maken ten minste eenmaal per jaar op hun website openbaar hoe zij hun stewardbeleid hebben geïmplementeerd (...).*

Stap heeft een stewardship beleid opgesteld. Het stewardship beleid van Stap is [hier](#) te lezen. Het Stap stewardshipbeleid is erop gericht dat de ondernemingen in de beleggingsportefeuilles van de pensioenkringen zowel op financieel als op maatschappelijk gebied waarde creëren op de lange termijn. Het beleid kent vier kernelementen: screening (en uitsluitingen), monitoring, dialoog en de wijze van uitoefening van aandeelhoudersrechten (stembeleid). Stap publiceert jaarlijks een duurzaamheidsverslag, waarin wordt gerapporteerd over de uitvoering van het stewardship beleid.

Figure 7: Compliance statement regarding the Code (Algemeen Pensioenfonds STAP, [link](#))

¹⁶ The examples provided in Annex 2 serve to illustrate current market practices of public communication as described in the various sections of this Report. They do not constitute an endorsement of the information provided or the views expressed. As they are examples of actual reporting and policy documents, some examples are in Dutch. Where possible, examples were used to illustrate investor reporting regarding Dutch listed companies. Occasionally, examples are in reference to non-Dutch companies.

DE INVULLING VAN DE STEWARDSHIPCODE IN 2020


Wij hebben

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





Figure 8: Compliance statement regarding the Code (Teslin Capital Management, Stewardshiprapport 2020, p. 12, [link](#))

Results, section B: Shareholder voting and voting results (see page 6)



<input type="text" value="Nederlands"/>	Onderneming	Vergaderdatum ↓
▼ Datumbereik Tussen: <input type="text" value="2009-01-01"/>	Aalberts NV	2021-05-27
En: <input type="text" value="2021-05-31"/>	Exor N.V.	2021-05-27
<input type="button" value="Update"/> <input type="button" value="Reset"/>	ST Microelectronics	2021-05-27
<input type="button" value="Land"/>	NN Group NV	2021-05-20
	ASR Nederland NV	2021-05-19
	Signify NV	2021-05-18
	ASM International NV	2021-05-17
	Just Eat Takeaway.com N.V.	2021-05-12
	Argen X SE	2021-05-11
	Euronext N.V.	2021-05-11
	Koninklijke DSM N.V.	2021-05-06
	Koninklijke Philips N.V.	2021-05-06
	ASML Holding NV	2021-04-29
	Arcadis NV	2021-04-29
	ING Groep N.V.	2021-04-26
	Wereldhave NV	2021-04-26
	GrandVision N.V.	2021-04-23

Figure 9: Voting results database (PGGM, [link](#))

MEETING DATE	Thu, 25 Apr 2019 13:30	TYPE	AGM	ISSUE DATE	Mon, 15 Apr 2019
MEETING LOCATION	DeLaMar Theater, Marnixstraat 402, Amsterdam, the Netherlands				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Brewers				

PROPOSALS		ADVICE
1.A Receive Report of Management Board	Non-voting agenda item.	Non-Voting
1.B Discuss Remuneration Report Containing Remuneration Policy for Management Board Members	Non-voting agenda item.	Non-Voting
1.C Approve Financial Statements	Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.	For
1.D Explanation on Dividend Policy	Non-voting agenda item.	Non-Voting
1.E Approve the Dividend	The Board proposes a dividend of EUR 1.60 per share. The dividend is covered by earnings. Acceptable proposal.	For
1.F Discharge the Management Board	Standard proposal. No serious governance concerns have been identified. Support is recommended.	For
1.G Discharge the Supervisory Board	Standard proposal. No serious governance concerns have been identified. Support is recommended.	For
2.A Authorise Share Repurchase	It is proposed to authorise the Board to purchase Company's shares until next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, Triodos opposes this resolution.	Oppose
2.B Issue Shares with Pre-emption Rights	It is proposed to issue new shares with pre-emptive rights. The proposed authority is less than 50% of the current share capital lasts and is for a period of 18 months. Meets guidelines. Triodos supports this resolution.	For
2.C Authorise the Board to Waive Pre-emptive Rights	It is proposed to exclude pre-emption rights on shares issued over a period of 18 months. The corresponding authority for issuing shares without pre-emptive rights, requested in a previous proposal, does not exceed guidelines (10%). However, it is considered that shareholders should be allowed to vote on such resolutions annually. Triodos supports this resolution.	For
3 Approve Fees Payable to the Board of Directors	It is proposed to increase the amount payable to the Board of Directors by less than 10% on annual basis. Within recommended guidelines.	For
4 Re-elect L.M. Debroux to Management Board	Executive Director. Support recommended.	For

Figure 10: Explaining significant votes (Triodos Investment Management, Heineken AGM 2019, [link](#))

Results, section C: Engaging in meaningful dialogue (see page 10)

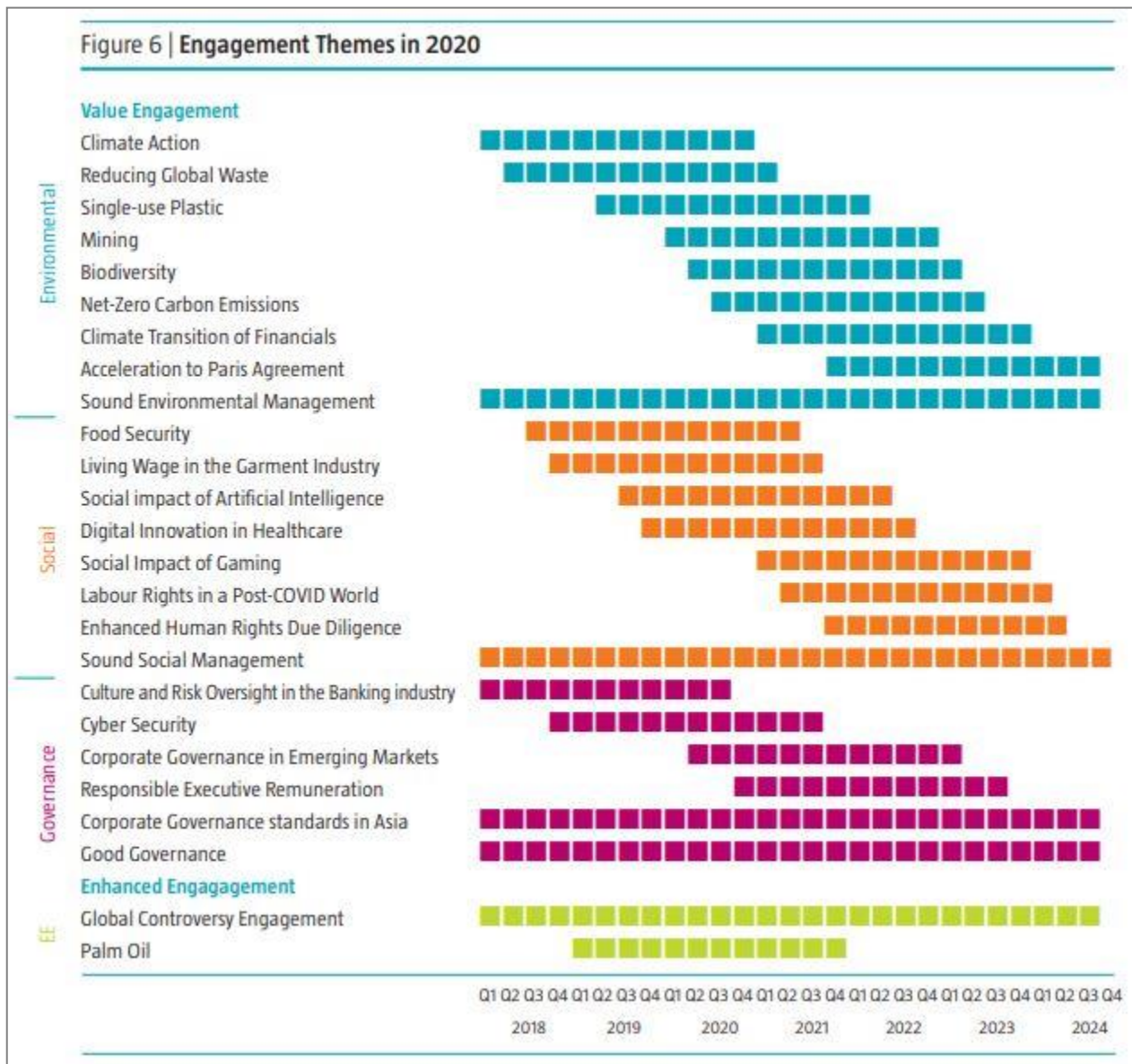


Figure 11: Overview of engagement (sub)themes over time (Robeco, Stewardship Report 2020, p. 12, [link](#))

COMPANY ONE PAGER



Accell Group NV

2019
2025 ambition

Reactive	Involved	Committed ²	Integrated	Futureproof
No to limited attention for ESG in the company, only based on laws & regulations	Ad-hoc initiatives in place to manage ESG, mostly from a risk or a cost-efficiency perspective	Action plan/ strategy in place to integrate ESG focused both on ESG risks and opportunities, incl. KPIs and targets	Tangible progress on relevant ESG themes; responsible business practices actively marketed to relevant stakeholders	Company's strategy fully aligned with a circular economy; frontrunner in the industry and pushing industry standards

Various initiatives and targets demonstrate Accell's commitment to ESG such as a Life Cycle Analysis on their (e-)bikes and the appointment of a Group Director Quality and Compliance

Company & investor data – 30.9.2020		Material ESG themes	Notable current initiatives
HQ	Netherlands	Environmental	Product design & lifecycle mgmt.
Invested capital	€ 50.4m	Social	Product quality & safety
Fund exposure	10.5%		Sustainable mobility
SASB industry	Leisure products	Governance	Integration of sustainability principles
MSCI risk score ¹	3/10		Supply chain management
Employees	3,410		
Governance indicators		Next steps to monitor	
ESG reporting	Section in annual report	• 100% cradle-to-cradle in 2035	
ESG policy	Yes	• Reporting on the number of recalls, complaints and customer satisfaction on the mid-term	
ESG on website	Yes	• Quantify the sustainable impact made by substitution of the car with an (e-)bike	
Code of Conduct	Yes	• Improved reporting on Corporate Social Responsibility (CSR)	
		• Increased use of nearshoring and more stringent supplier audits and consequences	

1) MSCI ESG Industry Risk scores (low 0 - high 10) are exclusively based on the industry the company is operating in; 2) The ESG performance assessment was a joint effort between MJH Spring and Teslin; 3) Health, Safety and Environment. Sources: Company data, Teslin, MJ Hudson Spring; 25 | Strictly Private & Confidential. All Rights Reserved. Not for Distribution. Copyright © 2020 MJ Hudson.



Figure 12: Reporting on engagement progress (Teslin Capital Management, ESG Fund Report, p.25, [link](#))

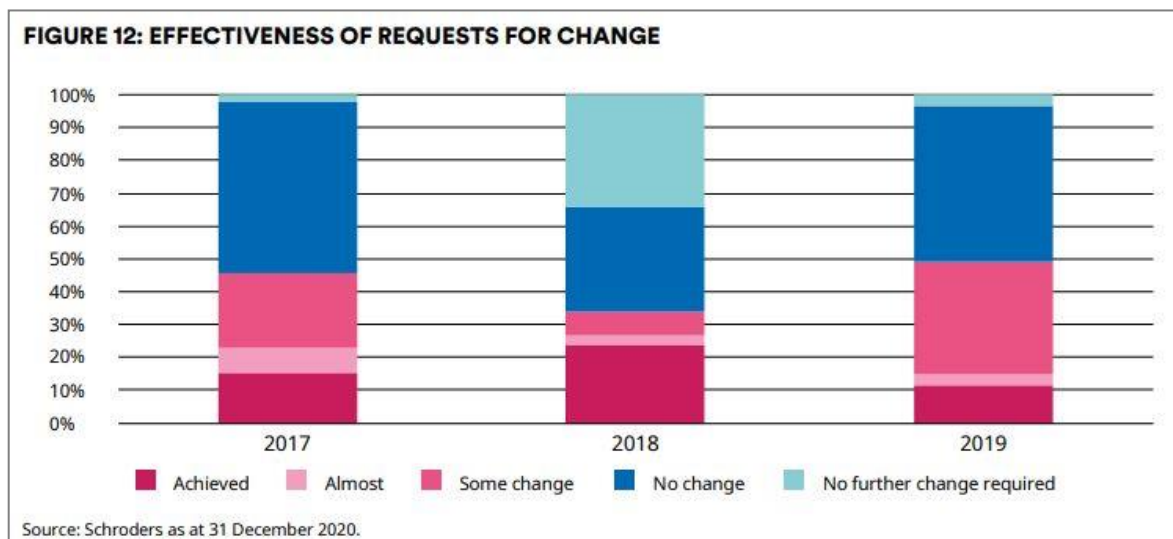


Figure 13: Reporting on engagement progress (Schroders, Sustainable Investment Report 2020, p.36, [link](#))

Escalation

Engagement does not always progress smoothly. Responses given by companies can be either unsatisfactory or slow. It is crucial in such cases to escalate the issue to keep the process moving and maximise the chance of meeting our engagement objective. Here again, there are multiple options available for escalation:

- **Targeting more senior input:** We may seek to move the discussion up the corporate chain, ultimately through to chief executive/chair level
 - **Collaborating with other investors:** Working with other investors can send a unified message through formal industry groups or via ad-hoc associations
 - **Voting against resolutions at annual general meetings (AGMs):** We use voting as a mechanism to escalate engagement concerns. When engagement on key themes has stalled, we show dissent through a vote against specific resolutions. Alternatively, we may consider co-filing a resolution on specific ESG issues
 - **Public policy engagement:** Involvement with policymakers is a key part of our active ownership strategy. As interest in ESG grows among clients and regulators in many geographies, the need for clearer definitions and usable standards is a top priority for the financial industry. We aim to play a proactive role in helping to shape public policy in areas where we have seen a reluctance from companies to seek progress.
 - **Divestment:** In certain cases, we consider divestment as a means to put pressure on the company to change its practices (see case study).
- These escalation options are not exclusive and can be used in combination. In 2020, we escalated our engagement with 30 issuers.

Figure 14: Escalation of engagement (AXA, Active Ownership and Stewardship Report 2020, p.17, [link](#))



Figure 15: Escalation of engagement (Schroders, Active Ownership website, [link](#))

Reaching net-zero emissions by 2050: A multi-decade transition has begun at carmakers

Passenger cars directly account for approximately

7% of global CO₂ emissions

45% of oil demand

Compliance with emissions regulations requires shift to EVs



Engagement

From 2017 to 2020, Robeco engaged with nine car manufacturers in the United States and Europe. The engagement aimed at encouraging companies to innovate for a low-carbon transportation future, ensure effective quality management and impeccable product quality, and increase transparency on lobbying activities.

During the three years, we were successful with 66% of the companies overall, achieving the following success rates on each of our objectives:

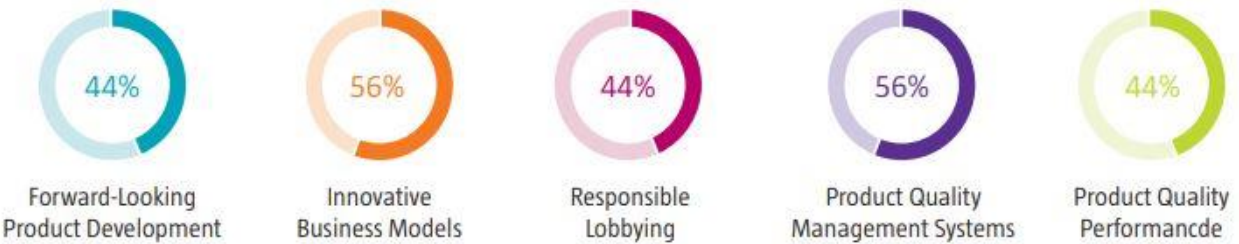


Figure 16: Theme or sector based reporting on progress (Robeco, Stewardship Report 2020, p. 26, [link](#))

Results, section D: Collaboration with shareholders and communication with stakeholders (see page 13)


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

Figure 17: Communication with other stakeholders in stewardship policy (Teslin, Stewardshipbeleid, p.6, [link](#))

Petra Diamonds

Andrew Mason
ESG Investment Director

Guy Douthwaite
Investment Manager, UK Equities



Key Driver	Key Outcome
<div style="display: flex; align-items: center;"> Internal mandate </div>	<div style="display: flex; align-items: center;"> Escalation candidate </div>

into the claims, and this will be supported by a specialist external adviser and the company's lawyers. The company has also engaged with the non-governmental organisation RAID and has acted upon its recommendations. These include the development of a stakeholder-engagement plan, the creation of a new community-grievance mechanism, the launch of a tender process for a new security contractor and the suspension of the company's head of security and head of general services, pending the outcome of the investigation.

We believe these are welcome steps. In addition to engaging with the company, we also met with RAID to get its view. The group outlined the allegations against Petra Diamonds, offered further detail on the report it produced and welcomed our engagement with the company.

In our discussions with the company, it has highlighted that it has been as transparent as possible, throughout these processes and has engaged with impacted parties, including RAID. Meanwhile, we have set a clear milestone for the company. We have asked that

Petra Diamonds is a UK-listed mining company with African operations focused on Tanzania and South Africa. We have had multiple engagements with the company throughout 2020 and will continue to do so in 2021.

In the third quarter of 2020, a UK-based law firm, Leigh Day, filed a claim in the English courts on behalf of 32 anonymous individuals against Petra Diamonds. The case brought claims that the company has been party to serious breaches of human rights at its Williamson mine in Tanzania, arising from the mine's security operations. In addition to this claim, the non-governmental organisation RAID has published a report that cites serious

Figure 18: Company-specific communication with other stakeholders (Aberdeen, Q4 ESG Report 2020, p.10, [link](#))

Annex 3: The Dutch Stewardship Code

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

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

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

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

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

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