



VEUO pleased with continued high level of Code compliance

Amsterdam, 15 December 2021. Dutch representative organisation of listed companies VEUO has read with interest the [2020 monitoring report](#) published by the Corporate Governance Code Monitoring Committee. The VEUO values the Committee's commitment and its references to meaningful examples.

The VEUO is pleased to note Dutch listed companies' continued high level of compliance with the Code. This shows that the Code enjoys the support of both management and supervisory boards, and it also underlines the importance of that support among listed companies.

This year, the Committee focused its review on the quality of reporting on five key themes, noting a compliance rate of 93.6% compared to 94.3% last year (Amsterdam-listed funds). Companies therefore continued to take the Code seriously, even in the face of the challenges posed by the COVID-19 pandemic. Compliance rates are higher among bigger companies, which is a reflection of the additional burden the Code places on smaller listed companies.

Whereas previous Committees focused on explaining instances in which provisions of the Code had not been complied with (*reasoned deviations*), this Committee looked at the actual quality of reporting on compliance with the Code (*reasoned compliance*). The Committee argues for, what it calls, more meaningful reporting on how the various provisions of the Code have been implemented. The VEUO takes the position that good reporting under the Code is important, and it sees a clear upward trend.

The VEUO also has a few observations about the Committee's findings:

- Like the Committee, the VEUO believes that companies should report in an increasingly meaningful manner. However, the Committee goes beyond the principle-based Code when it expresses the desire to see statements that the Code does not require or where it believes that certain statements could or should have been more detailed. That is not about compliance with the Code but rather about the level that one should aspire to.
- The Code is based on the comply-or-explain principle, which also applies in our neighbouring countries. Annual reports often make no mention of provisions that have not been deviated from. Including them would make little sense and would not contribute to the readability of the reports.
- The Committee sometimes draws conclusions about the companies' governance from the fact that they have not explicitly included certain information in their annual reports. However, such conclusions should not be drawn. Provisions on conduct, for example, should not be equated with reporting requirements. Here too, care should be taken not to promote a tick-the-box mentality.

Listed companies are among the most transparent entities in the Netherlands because they are required to comply with far-reaching reporting requirements. Having a stock exchange listing entails communicating frequently and intensively by means of press releases, annual reports, the website and other channels. All this helps to provide a transparent understanding of the governance of these companies.

The VEUO appreciates the Committee's decision to devote one chapter of its report to examples of what it calls meaningful reporting. This is in line with the Code's principle-based approach, and it provides useful sources of inspiration and guidance for both listed and non-listed companies.

Jack de Kreij (Chairman of the VEUO):

"The Monitoring Committee has issued an insightful monitoring report, thereby once again contributing to our corporate governance. The VEUO is pleased to note Dutch listed companies' continued high level of compliance with the Code, which shows the high level of support for the Code. The VEUO shares the Committee's commitment to meaningful reporting. At the same time, it notes that the Code's principle-based approach should not be combined with increasingly rule-based reporting. That would weaken the balanced system of the Code."

The [VEUO](#) represents the interests of companies listed on Euronext Amsterdam. The VEUO's objective is to champion an orderly and well-functioning capital market which allows listed companies to flourish and achieve their full potential. The basis for the VEUO's mission is the conviction that listed companies are vital to the Netherlands and, more specifically, to its economy and investors. The interests of these companies therefore merit proper attention.