Association of Dutch Listed Companies

To: the Corporate Governance Code Monitoring Committee
For the attention of Mr ir. R.P. van Wingerden MBA, Chairman

Date 01 September 2026

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Re: VEUO's position on the Dutch Corporate Governance Code

Dear Mr van Wingerden, dear members of the Committee,

By this letter, VEUO, the association of Dutch listed companies, wishes to bring to your attention its position regarding the Committee's 2026-2029 programme and a possible revision of the Dutch Corporate Governance Code ("**the Code**"). As the representative of Dutch listed companies – those who work with the Code on a daily basis and apply it in practice – VEUO is closely involved in the content and functioning of the Code. We value the cooperation with the Committee and the consultations and round-table discussions it has organised with VEUO members. VEUO is convinced that a clear and authoritative Code, with fundamental principles for prudent governance, contributes to the quality of management and supervision, and thereby to the Dutch listing environment – the attractiveness of the Netherlands as a domicile for listed companies.

On 13 April 2026, the Committee discussed its draft programme for the coming years with the supporting parties (*schragende partijen*). VEUO recognises and endorses the direction expressed therein – namely the Code as the central, principle-based instrument, its authority derived from substance and diligence, monitoring aimed at generating insight, and further development along the lines of simplification, elimination of duplication with legislation and regulation, and international alignment. This letter is intended as a substantive contribution to that purposeful agenda.

1 The Code as enabler of good corporate governance

Good corporate governance is of great importance to the Dutch listing environment and, by extension, to VEUO and its members. VEUO is therefore convinced that a sound and authoritative Code makes an essential contribution to high standards of management and supervision, to investor confidence and to the Dutch business climate. Central to our view in this regard is that the Code must primarily be an enabler of good corporate governance: it must enable the management board and the supervisory board to properly perform their duties, with a clear division of responsibilities and scope for careful, company-specific judgement. All of this in order to enable companies to conduct their business and innovate, and thereby create sustainable long-term value.

This starting point aligns with the joint statement of 15 May 2025 by the chairs of the eight European code committees (the Eight Chairs), including your committee, in which they emphasise that governance codes are "*designed to support – not curb – entrepreneurial freedom*". VEUO fully endorses this.

In order to fulfil that role as an enabler of good corporate governance, it is important that the architecture of the Code allows the necessary room. The Dutch Code is a valuable product of more than twenty years of development, built with great care by successive committees. VEUO greatly appreciates that work. At the same time, we note that over the years provisions have regularly been added to the Code, while only a limited number have been deleted or simplified. The result is an extensive collection of principles and detailed best practice provisions. The comparison we have made with eight European corporate governance codes shows that the Dutch Code goes further and is more detailed than the codes of other European countries in several areas. Feedback from our members also reveals a clear wish for a more principle-based Code. A considerable proportion of our members now experience the Code as highly detailed and, in certain respects, as very – and at times excessively – prescriptive.

This does not mean that VEUO advocates that the Code should not set boundaries. An important part of the value of the Code lies precisely in the self-imposed standards it contains: they compel the management board and the supervisory board to look beyond short-term interests. We wish to preserve that function. Our plea is therefore not for the removal of standards that discipline management and supervision, but for scaling back the detailed prescriptions that crowd out company-specific judgement.

Nor, in making international comparisons, do we seek the lowest common denominator. In her letter to Parliament following the evaluation of the corporate governance system, the Minister rightly emphasises the importance of an ambitious Code. VEUO endorses that view. International comparison should serve to assess whether the Code achieves its principle-based purpose in the most effective manner, not to lower its level of ambition.

VEUO believes that the forthcoming period offers precisely the opportunity to visibly and demonstrably restore the intended balance in the Code. We therefore welcome the Committee's aim of seeking alignment with other European codes. In doing so, the central question should be, among other things, whether the current ratio between principles and best practice provisions – including from this internationally comparative perspective – still contributes optimally to the purpose of the Code.

Similar exercises are being undertaken in other countries. For instance, on 5 August, the German Corporate Governance Code Commission launched a consultation on a far-reaching simplification of the German code.[1] The aim is to make the code clearer and more principle-

[1] See << https://www.dcgk.de/en/consultations/current-consultations/files/dcgk.html?file=files/dcgk/usercontent/de/download/2026/260805%20Amended%20Version%20DCGK%20for%20Consultation.pdf&cid=934 >>.

based, for example by removing (in part) 13 of the 66 current recommendations and suggestions.

In short, in our view it is important that the current Code – the result of more than twenty years of amendments, extensions and refinements – be critically reviewed as a whole, from the "enabler" perspective and supported by international comparison of principles and best practice provisions.

2 Principles and the scope of application of the Code

In assessing the Code, VEUO applies the following principles. They also recur in the suggestions set out later in this letter and indicate how VEUO will assess new proposals for the Code.

The Code:

- is founded on a considered balance of principles and best practice provisions;
- promotes high-quality corporate governance and supervision, and thereby stimulates the listing environment and the Dutch economy;
- offers companies scope for tailored solutions through the "comply or explain" principle;
- promotes transparency and accountability;
- embeds the stakeholder model, and helps ensure that all actors involved, including shareholders, respect that model;
- is a flexible instrument alongside legislation, not a substitute for it; and
- is, and will remain, self-regulation, not a legal instrument.

These principles are also relevant to the question of how societal interests should be addressed. Such interests deserve protection and regulation. VEUO believes, however, that the Code is not the appropriate instrument for that purpose. First, because such standards, in order to be effective and to create a level playing field, would need to apply to all companies, including non-listed and foreign companies operating in the Netherlands. Second, because such standards are underpinned by broad societal considerations that are above all for the legislature to determine, with the care and democratic safeguards that (should) characterise the legislative process.

Conversely, that which functions well within the Code need not be transposed into legislation. In this regard, we note the suggestion to incorporate Principle 1.1 of the Code into the Dutch Civil Code (*Burgerlijk Wetboek*).[2] Principle 1.1 gives substance to the principle of sustainable long-term value creation in a manner that functions well in practice and that, precisely because of its place within the Code, can continue to develop. Codification would halt that development and deprive the Committee and the supporting parties of the scope that gives the system its strength.

[2] The proposal by Member of Parliament Sneller, first put forward in the (subsequently rejected) motion recorded in *Kamerstukken II* 2024/25 31 083, no. 72, and later reiterated during the Parliamentary Committee Debate on Civil Law Matters on 22 April 2026.

VEUO supports the Committee's intention to eliminate non-functional overlap between the Code and legislation and regulation. That intention is consistent with the outcomes of the evaluation which the Minister submitted to the House of Representatives in January 2024, in which it was established as a starting point that matters already addressed in legislation need not also be included in the Code.[3] Extensive, statutorily anchored (reporting) obligations now apply to various subjects addressed in the Code, including under the CSRD. Where the Code adds a second layer on top of what the law already requires, this is experienced as an unnecessary duplication of obligations, without, in our view, any demonstrable added value.

Elimination of duplication does not, however, mean that every provision that touches upon legislation should necessarily lapse. Where a Code provision fulfils its own, complementary function alongside the law, there is no question of overlap without any added value. The response time and the rules on dealing with conflicts of interest are important examples of this.

3 Complying and explaining as equivalent options

VEUO wishes to emphasise that the "comply or explain" principle functions effectively only if both options – comply and explain – are both conceptually and genuinely regarded and treated as equivalent. In current practice, this is regrettably insufficiently the case. Companies generally experience departing from a best practice provision as something to be avoided, regardless of whether an alternative, explained approach would better suit the company's specific circumstances.

This issue is not unique to the Netherlands. The UK Financial Reporting Council published an updated guide in March of this year on the quality of "comply or explain" reporting. The FRC notes therein that a framework that is in itself flexible has, in the view of some parties, been turned into a compliance exercise from which companies believe they cannot depart, resulting in boilerplate language and reporting that provides little insight. The FRC counters that an explanation – particularly where a provision does not suit the company's circumstances – demonstrates better governance than a policy focused on ticking off every provision. Its chief executive, Richard Moriarty, summarised this by observing that a well-substantiated departure "*is not a red flag*", but rather demonstrates that a board is genuinely considering what good governance means for its own company.

The FRC also directs this message explicitly to shareholders, proxy advisers and other users of annual reports: they may be expected not to favour strict compliance over effective governance that follows the spirit of the Code. Our members recognise this picture. They find that a departure from the Code quickly encounters resistance in practice, even where it is well substantiated. This is partly because – for example – proxy advisers, work to a significant extent with standardised assessment frameworks. The consequence is that company-specific judgment is not readily accommodated. Where the Code requires directors and supervisory directors to make a judgment tailored to the company, that judgment is then assessed against a benchmark that leaves little room for it.

[3] *Kamerstukken II* 2023/24, 31083, no. 67.

VEUO considers the FRC's analysis also applicable to the Dutch Code, and this is all the more true the more the Code contains detailed prescriptions. Precisely because every company differs, in ownership structure, sector, strategy, risk profile and stage of development, the Code must continue to offer scope for tailored solutions. "Explaining" should not be regarded as a second-rate alternative, but as a fully valid, and in appropriate cases preferable, option that can in fact strengthen the dialogue and trust between the company and its stakeholders.

VEUO therefore calls on the Committee, in the event of any revision, expressly to confirm that comply and explain are equivalent options, and to encourage users of the Code to value a qualitative explanation as such. For instance, the next monitoring report could, by way of inspiration, highlight examples of well-explained departures.

4 The diversity of companies subject to the Code

There is considerable diversity among the companies subject to the Dutch Code, for example in terms of the place of listing, size and board structure. It is precisely this diversity that makes a principle-based approach for the Dutch Code no less important.

4.1 Foreign-listed companies

As far as we are able to determine, there is no other European Member State with so many companies that have (also or exclusively) a listing in the United States. This reflects the strength of the Netherlands as a country of incorporation, where companies have the flexibility to seek the place of listing that best suits them. These companies are also subject to the Code. This scope was introduced with the Code Tabaksblat in 2003. The reasons given at the time were twofold:

- to prevent the competitive position of the Dutch stock exchange from coming under pressure as a result of companies relocating their listing in order to fall outside the scope of the Code; and
- the statutory anchoring of the Code in Book 2 of the Dutch Civil Code, which applies to all public limited companies (NVs) regardless of the place of listing.

The practical significance of this scope has only increased since then, as the number of Dutch public limited companies with a foreign listing has grown substantially. At the end of 2003, a total of 28 of these "foreign listed NVs" were listed; today, as far as we are able to determine, there are at least twice as many. In respect of their corporate governance, these companies must contend not only with Dutch standards, but also with those of the country where they are listed.

It is against this background that a more principle-based approach, grounded in the principles set out above, in VEUO's view allows these companies more effectively to integrate Dutch corporate governance rules and practices with those of the jurisdiction in which they are listed. The more detailed and prescriptive the Dutch Code becomes, the greater the likelihood of friction with the foreign regulatory framework – and thus the greater the likelihood that the Code diminishes in significance for them, and that the Netherlands becomes a less attractive country of incorporation for them. This is not a matter of choosing between two systems but of whether they are able to give effect to both in a coherent manner that is comprehensible to their shareholders. VEUO therefore wholeheartedly welcomes the Committee's initiative to engage in dialogue with these companies.

4.2 Size

Another important respect in which companies subject to the Code differ is their size. Here too, a principle-based approach does greater justice to this diversity. VEUO appreciates the attention the Committee devotes to this and the round-table discussions it organises with this group of companies. These yield valuable insights into the application of the Code and the difficulties experienced in that respect. VEUO encourages the Committee to continue this approach. We would suggest that these discussions also be held explicitly with directors and supervisory directors themselves. They are the ones who make the judgement the Code calls for, and their experience provides a different perspective from that of the legal function alone.

In earlier discussions with the Committee and the other supporting parties, the question was raised whether, in view of this diversity, there should be multiple variants of the Code, for example based on company size. VEUO currently sees no reason for this, as the "comply or explain" system already provides sufficient scope for differentiation. To underline this, the Committee could consider clarifying explicitly that company size may play a role in explaining why certain elements of the Code have been departed from. VEUO does, however, believe that the size of the companies subject to the Code is also significant at a more fundamental level. More than half of Dutch listed companies are small by international standards. Every new provision places the heaviest burden on them proportionately. In our view, this is an independent argument for keeping the Code as a whole limited in scope, which ultimately benefits all companies.

4.3 One-tier boards

In practice, we observe that the one-tier board is gaining ground among Dutch listed companies. This applies primarily, but not exclusively, to companies with a foreign listing. It is important that the Code allows scope for this and offers these companies the opportunity to organise their governance in a manner that works for them.

For that reason, VEUO does not favour regulating the one-tier board in the Code in (greater) detail. There are three reasons for this. First, we understand that the companies concerned do not experience the manner in which the Code is currently applied to the one-tier board as a problem. Second, further elaboration of the Code provisions for one-tier boards requires precisely the kind of company-specific judgement that those companies can and must make themselves. Third, genuinely setting out the Code for one-tier boards would in many cases require new provisions or extensive explanatory notes, which would again increase the scope of the Code. Instead, the deliberate and company-specific application of the Code to the one-tier board should be encouraged. Where clarification is needed – for example, on the question of whether a provision applies to the board as a whole, to the executive directors, or to the nonexecutive directors – guidance is, in VEUO's view, better suited to that purpose than the Code itself. VEUO would be pleased to contribute to this, if so desired.

5 Guidance as an instrument

In this letter, VEUO argues, among other things, that the Code should, for reasons of both principle and substance, take a step back in its level of detail. The practical knowledge embedded in those provisions is not thereby lost: in VEUO's view, it is better placed in guidance.

The British example is instructive in this respect. Since 2024, the FRC has applied a model in which the Code itself is compact and stable, supported by extensive Corporate Governance Code Guidance. That guidance has several features that would also be attractive in the Dutch context:

- it is expressly not part of the Code, is not mandatory and not prescriptive, but supportive in nature[4];
- it is a living document that can be updated without the need to amend the Code itself - which benefits the stability of the Code;
- it can be used to support or initiate new developments, while the Code can confine itself to those subjects that enjoy genuinely broad support;
- it provides scope for topics that are relevant in practice but do not lend themselves to normative provisions in the Code; and
- it works with questions and considerations for boards rather than prescriptions, which fits well with the Dutch tradition of self-regulation and with the concept of the Code as an enabler.

Such an approach enables the Committee to combine the best of both worlds: a Code that, through its brevity, is authoritative and internationally recognisable, and guidance that is expressly not part of the Code but does offer companies concrete tools. VEUO therefore suggests that the Committee, whenever amendment of the Code is being considered on a given topic, also consider whether guidance would be the more appropriate instrument. Guidance is, moreover, well suited to a more qualitative form of monitoring, in which the Committee can highlight good examples of the application of the Code by way of inspiration. This can be of great value, particularly for smaller listed companies. It is important that those involved with the company (shareholders, other stakeholders, advisers, auditors and others), also regard guidance for what it is intended to be – as guidance – and not as established rules or a 'checklist', thereby inadvertently treating it as a normative framework to be applied.

6 Specific topics as examples

[4] We note that the status of the explanatory notes to the Code is at times unclear – not only for the company itself but also for its stakeholders and the external auditor.

We illustrate the foregoing below by reference to a number of topics on which, in our view, the Code would benefit from an approach in line with the principles set out above. The selection of topics is illustrative only and not exhaustive.

6.1 Internal audit function (Principle 1.3, best practice provisions 1.3.1 - 1.3.5 and 2.6.4)

Companies must have in place adequate internal control and an internal audit function suited to their size, complexity and risk profile, and must report transparently on this. The current provisions – with detailed prescriptions on, among other things, the appointment and dismissal of the head of the internal audit function, evaluation obligations, and approved work plan and reporting obligations – force companies into a uniform model that is not optimal for every company, and intrude upon highly substantive matters that concern the organisation of the company as such, rather than corporate governance in the proper sense. This level of detail is also exceptional from a European perspective: most other European codes do not regulate the internal audit function, or do so at a considerably more general level. It should be noted that these provisions were included in the Code at the time because a shortfall was perceived in practice. That shortfall has since been remedied: the internal audit function is now well established within Dutch listed companies. Moreover, this subject matter is now substantively covered by the Risk Management Statement (*VOR*) included in the Code. Now that the Code, through the VOR, strengthens the entire internal control process, individual aspects of it no longer need to be regulated in the Code itself and can, where there is need for this, be addressed in guidance. In this connection, one might think of guidance on the interplay between the three lines of defence.

6.2 D&I policy (best practice provisions 2.1.5 and 2.1.6)

Companies must pursue a well-considered diversity policy suited to their context and organisation, and must be transparent about it. They should make their own, carefully considered choices and explain them. The Code should emphasise the importance of this, but should not prescribe in detail and normatively what companies' policies must look like or how they must report on them, as the current Code requires. Most other European codes do not contain such (reporting) obligations, or do so in a considerably less extensive form.

The statutory framework in this area has been considerably expanded: the statutory quota (*ingroeiquotum*), the target-setting scheme (*streefcijferregeling*) with the associated reporting to the Social and Economic Council (SER), the reporting obligations under the CSRD and the European Pay Transparency Directive together impose extensive requirements on both policy and reporting on it. The detailed reporting requirements in the Code – regarding targets, results, intake figures and the explanation for not achieving targets – are therefore also no longer necessary.

6.3 Remuneration (best practice provision 3.3.2 and the provisions on remuneration policy)

The Code currently prohibits the grant of shares and/or rights to shares to supervisory directors as remuneration. None of the other European codes contains such an absolute prohibition. A principle-based approach, under which the Code formulates the principle that the company reports transparently on the remuneration of its supervisory directors and safeguards the independence of supervision, would allow the company scope to give effect to this in a manner that suits it. We note in this connection that remuneration in shares is more common abroad and is not regarded there as inconsistent with good governance – it is rather regarded as part of it. That assessment applies only in the Netherlands. Furthermore, the concern that originally underpinned the prohibition, the risk of conflicts of interest arising, has largely been addressed.

In addition, the Code adds a layer on top of the already extensive statutory requirements of Section 2:135b and Section 2:383c(3) of the Dutch Civil Code.[5] For example, in addition to the statutory requirements, an explanation is required of the manner in which implementation of the remuneration policy contributes to sustainable long-term value creation and of the manner in which scenario analyses have been taken into account, and a specific method of calculating remuneration ratios is prescribed that does not follow from the law. None of the other European codes imposes such additional substantive requirements. The starting point should be that the statutory requirements form the framework and that the Code is limited to the principle that accountability for remuneration policy must be clear and comprehensible.

6.4 The external auditor (Principles 1.6 and 1.7 and the associated best practice provisions)

The company must have in place a careful and independent process for the selection and appointment of the external auditor and for the assessment of the auditor's performance. The Code need not prescribe who informs the auditor about their performance, with whom the draft audit plan must be discussed, or who assesses the manner in which the external auditor is involved in the content and publication of financial announcements other than the annual accounts. Where companies are uncertain about how to give effect to these processes, guidance can provide supportive direction, on the understanding that – unlike a provision in the Code – the further elaboration is left to the company itself. This would also bring the Code more into line with the other European codes.

6.5 Culture (Principle 2.5 and best practice provisions 2.5.1 - 2.5.4)

VEUO recognises the importance of a healthy corporate culture. Culture is by definition company-specific and is difficult to capture in detailed prescriptions. The starting point should be that the management board is responsible for a culture directed at sustainable long-term value creation and reports transparently on this. The Code need not prescribe in detail which behaviour must be encouraged, who must be informed about the functioning of and compliance with internal codes of conduct, where such codes of conduct must be published, in which consultations and internal bodies culture must be addressed, or how this is accounted for in the management report. This is a subject for which guidance – with examples and reflective questions – is considerably more meaningful than normative provisions in the Code. In addition, the current provisions on culture are, on the one hand, rather theoretical in nature and, on the other, comprise no more than a relatively arbitrary selection from everything that shapes a

[5] The obligation under Section 2:135b of the Dutch Civil Code to prepare a remuneration report applies only to companies with a listing on a regulated market. Section 2:383c(3) of the Dutch Civil code requires companies that have granted remuneration to supervisory directors in the form of profit-sharing or a bonus to disclose this separately, specifying the amounts involved.

corporate culture. To the extent that companies would benefit from suggestions and good examples, guidance is considerably better suited to that purpose.

7 Tax morality and the Tax Governance Code

The Thijssen motion, adopted by the House of Representatives in October 2025, calls on the government '*to attempt to revive the dialogue between the supporting parties of the corporate governance code by seeking to make progress on the subject of tax morality*'.[6] In that context, the suggestion was raised to incorporate the Tax Governance Code published by VNO-NCW in 2022 into the Code at some point, in a form to be determined. VEUO is pleased to share its position on this point.

First and foremost: VEUO attaches importance to responsible tax practice and to transparency regarding the tax position of Dutch listed companies that is consistent with that practice. The Tax Governance Code is a valuable initiative that is endorsed, or used as a point of reference, by many companies – both listed and non-listed.

VEUO does not, however, consider inclusion in the Corporate Governance Code to be the appropriate route, for reasons already stated above. Tax policy concerns the conduct of business itself, not its governance. Moreover, the subject is already extensively addressed in legislation, such that inclusion in the Code would result in duplication without added value.

VEUO therefore believes that the current situation, in which the Tax Governance Code functions independently and is endorsed on a voluntary basis, is preferable. Where binding standard-setting is desired, it is for the legislature to act. This does not detract from VEUO's willingness to consider, together with the Committee and the other supporting parties, how the subject might be given attention within the context of the Code.

VEUO hopes that the Committee will take the considerations and positions set out above into account in its deliberations. We advocate a Code that functions primarily as an enabler of good corporate governance, that enables companies to conduct their business, and that is reduced to its essence.

The Committee has indicated that it wishes to intensify cooperation with the supporting parties. VEUO wholeheartedly endorses this and is pleased to contribute in concrete terms. We are of course very willing to provide further explanation and remain open to discussing the topics addressed in this letter.

Yours sincerely,
On behalf of VEUO

J.P. de Kreij	**R.H. Kleipool**
Chairman	Secretary-General

[6] See *Kamerstukken II* 2025/26, 31083, no. 76.