

Pension funds to provide clarity on engagement policy

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The bill implementing the revised Shareholders' Rights Directive in the Netherlands, adopted by the House of Representatives in April, is currently under discussion in the Dutch Senate. The directive is aimed at enhancing shareholder engagement with the corporate governance of listed companies. New statutory disclosure requirements will apply for institutional investors, including pension funds. These entities will need to publish their engagement policy detailing how they incorporate ESG-factors (Environmental, Social, Governance) when investing in companies, and how they exercise voting rights in connection with their investments. If an institutional investor appoints an asset manager, the institutional investor will need to disclose how it incentivises the asset manager to take the long-term interests of the investor into consideration, which include: ESG-factors, voting rights and transactions costs (turnover range of the investment portfolio and duration of the investment management agreement). An institutional investor or asset manager may decide not to execute an engagement policy, as long as it publishes a clear and reasoned explanation on its website. According to the Explanatory Memorandum, the explanation will need to be elaborate. The bill does not include any transitional arrangements for these aspects. The date of entry into force remains unknown.

This article is only available in Dutch, click [here](#) to read it.

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