

## The 2016 Dutch Corporate Governance Code, one year later A benchmark study of annual reports of Dutch listed companies

### RISK REPORTING

Best practice risk paragraphs are **transparent and to the point**, and **help stakeholders** assess the effectiveness of the risk management system.

99%	Provide a clear picture of all <b>main risks the company faces</b>
90%	Present a <b>mitigation</b> plan per risk
78%	Description of <b>risk appetite</b> (per risk, per category or general)
49%	Disclose what <b>improvements</b> to the risk management system were made
47%	Describe how risk management is <b>embedded</b> in the organization (e.g. <b>risk culture</b> or <b>risk governance</b> )
31%	Provide an <b>visual overview</b> of risks
19%	Disclose <b>materialized risks</b> (events) that had a <b>significant impact</b> on the organization
18%	Provide a <b>financial sensitivity analysis</b>

### ICS

Of all companies **97%** base their in-control statement on the Code. Of which **79%** **literally copy-paste** the items mentioned in the code. Of those, **73%** add a **disclaimer** to the in-control statement. How much value does the in-control statement add like this? [Read our blog here.](#)

**Deloitte Corporate Governance Benchmark 2018**  
Between March and July 2018 Deloitte conducted a benchmark study on the application of the corporate governance code amongst Dutch listed entities. As part of this study 68 listed entities were examined, using publicly available sources (e.g. annual reports). As the Dutch Corporate Governance Code is principle based, the information presented here is subject to interpretation. No rights can be derived from the information presented here.

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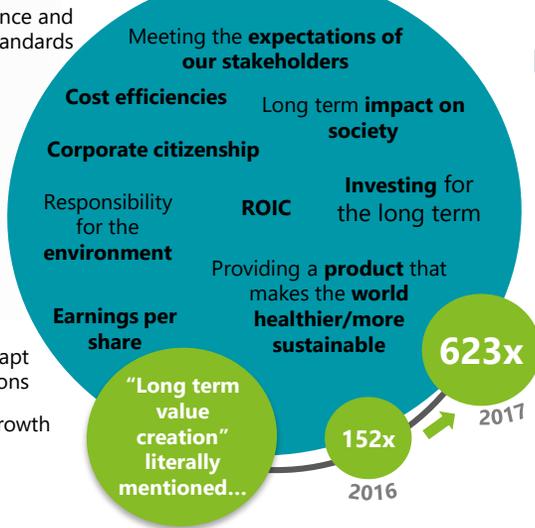
### LONG TERM VALUE CREATION

**Long term value creation** is introduced as the defined in a variety of ways, without a clear definition. The Code's emphasis on "stakeholder value" has been adopted, although some still report on shareholder value. A few put the interests of the company as a separate entity first, introducing **company value**. Interested in what long term value really means and for whom? [Read our blog here.](#)

#### How do we create long term value?

- Maintain high corporate governance and **compliance** standards
- Invest/develop human capital
- Stakeholder dialogue
- Being transparent
- Evolve product/service offerings
- High **quality customer** services
- Consider **ecologic/sociologic** impact on society
- Strive for **sustainable** growth
- Monitor and/or adapt **innovative** solutions
- Strive for profitable growth

#### What does it mean?



#### For whom do we create value..?

- 15%** For the organization as separate entity: **Company value**
- 75%** For all relevant stakeholders, creating **Stakeholder value**
- 10%** For the (formal) owners of the company, creating **Shareholder value**

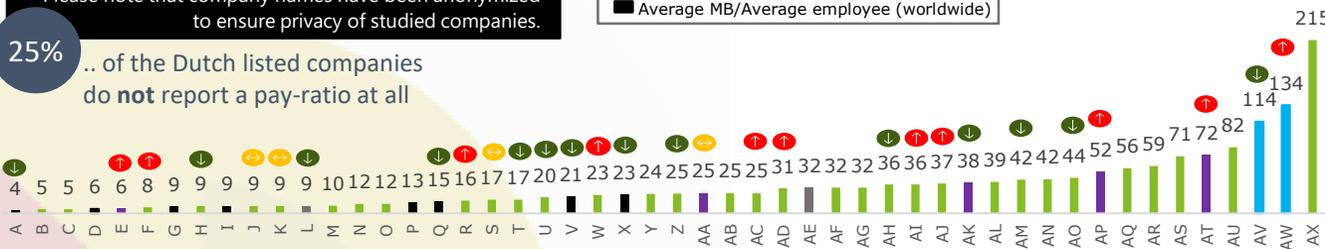
### REMUNERATION

A CEO earns between **3,5** and **215** times as much as the average employee. But what does that really mean? [Read our blog here](#) and learn how pay-ratios are calculated. Please note that company names have been anonymized to ensure privacy of studied companies.

- CEO/Average employee (worldwide)
- CEO/Average employee (distinct group)
- CEO/Median employee
- CEO/Average management level
- Average MB/Average employee (worldwide)

- ↑ Increase since last fiscal year
- ↔ Constant since last fiscal year
- ↓ Decrease since last fiscal year

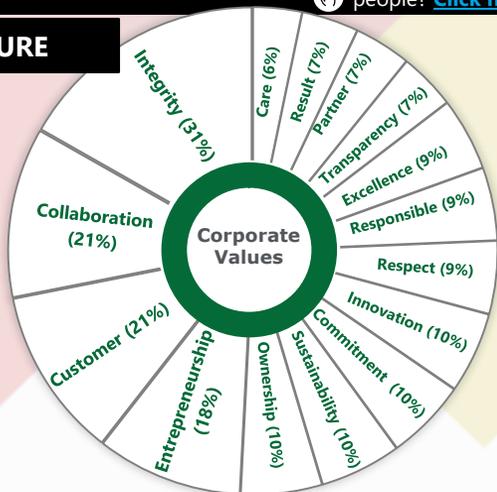
**25%** .. of the Dutch listed companies do not report a pay-ratio at all



78%

78% of studied companies describe how **corporate values** are embedded in the organization. With **integrity** as the most common corporate value. Want to find out how to really embed your values in the hearts and minds of people? [Click here.](#)

### CULTURE



#### Management board



#### Supervisory board



30% Non-Dutch

40% Non-Dutch

### DIVERSITY

Only **15%** of studied companies meet **diversity targets** in both Management Board Supervisory Board. If we would apply the same targets to **nationality**, companies do much better. Almost 40% of companies have over **30% non-Dutch** members in their board. Will the current targets really help improve diversity in the board room? [Read our blog here.](#)

#### Deloitte Corporate Governance

Deloitte offers a range of governance services that help you to assess, design and deploy the governance model that best fits your organization. Do you want to engage in the dialogue on good governance or any of the underlying themes? Please feel free to contact Arjan or Eline. Also refer to our research on dilemmas in the boardroom [here.](#)

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