

# Dutch Pension Fund Code



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### **Dutch Federation of Pension Funds**

The Dutch Federation of Pension Funds is the umbrella organization representing the interests of almost all Dutch pension funds.

She represents on behalf of approximately 156 Dutch Pension Funds the interests of

- 6.2 million members
- 3.8 million pensioners and
- 9.1 million deferred members.

The vast majority of all employees participate in a collective pension fund.

Jointly, the members of the Federation of Dutch Pension Funds manage approximately 1,400 billion euros.

(Estimation as per 31-12-2022)

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The Federation of the Dutch Pension Funds,  
The Hague, November 2023

### **The Labour Foundation**

The Labour Foundation, founded in 1945, is the national consultation body for the central organisations of both employers and employees in the Netherlands.

The following bodies are represented in the Foundation: the Confederation of Netherlands Industry and Employers VNO-NCW (VNO-NCW), the Royal Association MKB-Nederland (MKB), the Dutch Federation of Agricultural and Horticultural Organisations (LTO), the Dutch Trade Union Confederation (FNV), the National Federation of Christian Trade Unions in the Netherlands (CNV), the Federation of Trade Unions for Professionals (VCP).

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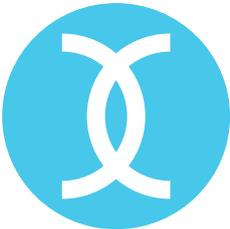
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# Introduction

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## Core of the Pension Funds Code

Before you is the Dutch Pension Fund Code (hereinafter: the code), which will apply from 1 January 2024. The Dutch Federation of Pension Funds and the Labour Foundation hereby formulate standards for ‘good pension fund governance’.

Pension funds are financial institutions with a social purpose, namely the pension under the terms and conditions of employment. Both the financial nature and the social purpose are reflected in ‘good pension fund governance’ and thus in this code.

Pension funds have a social function, which is to administer, on a non-profit basis, the supplementary pension scheme of people who work or have worked in a particular company, industry or profession. Therefore, for pension funds – and in this code – the interests of these people and the employers involved are always paramount. In this code, we collectively define them as ‘stakeholders’. Stakeholders are the members and the employers. Members are defined as active members, former members, other beneficiaries and pensioners.<sup>1</sup>

<sup>1</sup> Stakeholders in an professional group pension fund are exclusively its members. Employers of salaried professionals thus fall outside the definition of stakeholders.

The supporting principle of this code is that pension funds show explicitly and transparently how they do justice to the interests of these stakeholders in their decisions. In the transition to the new pension system, pension funds are making fundamental decisions about pension scheme administration. It is crucial that it is clearly explained how the interests are weighed in this process. This code underlines the importance of that for the period of the transition to the new pension system as well as for the periods before and after.

Pension funds provide pensions now and later, partly by investing the pension premiums. Pension funds provide clear information on the investment choices made and which long-term effects on people and the environment have been taken into account, having regard to the preferences of their members. Knowing the members’ preferences is a prerequisite here.

‘Good pension fund governance’ is a human process and involves teamwork. Diverse teams, where there is space for diverse points of view and perspectives, achieve better results than less diverse teams in which there is less or no such space. Therefore, this code sets diversity, inclusion and learning requirements for all pension fund bodies.

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## Objective of the code

Pension funds operate pension schemes on behalf of those responsible for conditions of employment or, in the case of liberal professions, for the professional group. Pension premiums are entrusted to pension funds in the confidence that the pension fund will use these funds in accordance with the mandate given to, and accepted by, the pension fund. In doing so, the pension fund always takes into account the interests of stakeholders in a balanced way.

Trust of stakeholders in their pension fund is basic and crucial for the functioning of pension funds. Pension funds must earn and live up to this trust on an ongoing basis. 'Good pension fund governance' is an essential part of this.

The code promotes 'good pension fund governance' and describes widely held general views in the pension sector on what constitutes 'good pension fund governance'. The primary purpose of describing the standards is to provide clarity to anyone concerned about which standard applies and what it means. Secondly, these standards invite reflection and conversation. Last but not least, these standards invite pension funds to explain in understandable language why they do what they do and how they have dealt with stakeholders' interests in doing so. Having an understanding of the interests involved in the pension fund is a basic requirement here. This insight requires pension funds to actively engage with their stakeholders.

## Changes from the previous version of this code

As institutions with a social purpose, pension funds are part of social developments and respond to them. These social developments also influence the standards describing 'good pension fund governance' in this code. The code therefore moves with those developments and therefore requires updates every so often. In this version of the code, the update looks specifically at the three topics: 'stakeholder centricity', 'sustainability' and 'diversity and inclusion'.

## Thematic classification

The code aims to make directors, internal supervisors, co-policymakers and stakeholders in the accountability function aware of their role and responsibility. The code underlines the importance of good checks and balances and remaining critical of each other based on trust and a common objective. Essential to 'good pension fund governance' is the effective functioning of the triangle of governance, internal supervision and accountability. The pension fund board is ultimately responsible for all actions taken by or on behalf of the pension fund and therefore has a directorial role. Internal supervision monitors the policy of

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the board and the pension fund's general course of affairs. Both the board and internal supervision are accountable to the accountability body or stakeholder body.

The code organises the standards according to the following themes:

- 1 Taking good care of stakeholders' pensions;
- 2 Good governance;
- 3 Effective internal supervision and control;
- 4 Organising accountability and public participation;
- 5 Effective functioning of fund bodies.

The classification from the 2018 Pension Funds Code followed a classification along qualitative themes. These themes remain in place for 'good pension fund governance'. Only the ordering of the underlying standards has been changed. To this end, a format has now been chosen that is in line with the triangle of governance, internal supervision and accountability that is essential for 'good pension fund governance'.

## Scope

The code addresses all pension funds with a registered office in the Netherlands: industry pension funds, company pension funds, general pension funds and professional group pension funds.

## Relationship with legislation

The Pensions Act and the Professional Group Act stipulate that a pension fund must set up its organisation in such a way as to ensure good governance. What constitutes good governance is not regulated by law. The legislator leaves room here for the pension sector to fill this in through the code itself. However, the code and any amendment to it require ministerial approval. The Pension Act and Professional Group (Implementation) Decree lay down the 'apply or explain' principle.

This code takes as its substantive premise that there is as little overlap as possible with topics already regulated in laws and regulations. The code thus basically contains standards not already provided for in laws and regulations. Some overlap is inevitable because the code not only contains additions to statutory provisions, but also has independent significance as a reflection of the main views shared in the pension sector on 'good pension fund governance'. This is then indicated in the explanatory statement.

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## How compliance and reporting requirements work

The code specifies a periodicity of updating or reporting in several standards. Unless otherwise stated, that obligation applies at least once every three years.

Under the 'apply or explain' principle, the code assumes that pension funds comply with the standards. Pension funds state in the annual report that they comply with the code (as per standard 15). If a pension fund has reasons not to comply with a standard, the pension fund board explains this in the annual report. Deviation from the standards is therefore possible, if there is a good reason and explanation for it.

For a number of standards, the code explicitly invites pension funds to report annually in a narrative (descriptive) sense on their compliance with that standard (i.e. also when that standard is complied with). In this report, pension funds discuss their experiences in completing the standard and the insights they have gained in the process.

This invitation for narrative reporting concerns the following standards:

- standard 1: Mission, vision, strategy
- standard 4: Knowing stakeholders' preferences
- standard 34- 35: Diversity and inclusion policy

The Pension Funds Monitoring Committee, which monitors compliance with the code, uses at least these narrative reports when monitoring.

The pension fund may choose to disclose its compliance with this code or specific standards therein in ways other than publication in the annual report. For example, publication on the pension fund's website.

## Entry into force and implementation

Assuming publication in the Government Gazette of the ministerial approval at the end of 2023, the code will come into force on 1 January 2024. Pension funds are expected to comply with this code if they have implemented the standards in this code by 31 December 2024 at the latest. In the 2024 annual report, pension funds can report on what actions they have taken to become compliant (e.g. amending articles of association, setting policies).

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## 1

# Taking good care of stakeholders' pensions

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*This theme describes the standards related to the objective of pension funds, which is to take good care of stakeholders' pensions.*

## Paying attention to mission, vision, strategy

- 1 The pension fund has a mission, vision and strategy, in which the pension fund describes what it wants to mean and achieve for its stakeholders, taking into account their preferences and interests. In this way, the pension fund defines its strategic objectives and policy principles, including its attitude to risk. The pension fund periodically evaluates its mission, vision and strategy and reports on it in its annual report.

## Paying attention to sustainability

- 2 Taking into account stakeholders' preferences and interests, the pension fund has an investment policy of which environmental, climate, social and governance factors are an explicit and identifiable part. The pension fund takes into proportionate account possible long-term effects of the investment policy on people, environment and society and the effects of sustainability risks on investment decisions.

## Balanced consideration of interests

- 3 The pension fund administers the pension scheme to the best of its ability based on a balanced consideration of interests and is transparent in how this consideration takes place.

## Knowing stakeholders' preferences

- 4 The pension fund studies the preferences of the stakeholders involved in the pension fund and considers these preferences in determining its strategic objectives and policy principles and engages with the stakeholders in this regard. The pension fund reports on this annually in the annual report.

## Adopting choice guidance policy

- 5 The pension fund has a policy on how it offers members choice guidance on choices within the pension scheme. The pension fund periodically evaluates the implementation and effectiveness of this policy and makes adjustments where necessary.
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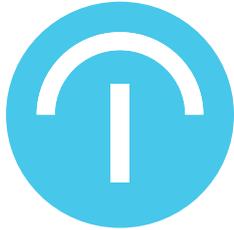
## Having a vision for quality, costs and outsourcing

- 6 The pension fund has a vision for the quality of pension scheme implementation and the associated cost level. The pension fund monitors and annually evaluates the quality and cost of implementation.
- 7 In its outsourcing policy, the pension fund defines when and under what conditions the pension fund decides to outsource tasks or activities. When outsourcing tasks or work, the pension fund includes adequate measures in the contract in case the service provider or a third party engaged by it performs inadequately, fails to comply with the contract and/or causes damage through acts or omissions.

# 2

## Good governance

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*This theme includes the standards that relate to the organisation of governance processes and that describe how the board adds value to the objectives and functioning of the pension fund.*

### Justifying and substantiating decisions

- 8 The board clearly records the considerations on the basis of which a decision was taken, its relationship with the strategic objectives and policy principles and how the board involves or has involved the other bodies of the pension fund.
- 9 The board carefully weighs the recommendations of internal supervision and the opinions of other bodies and explains the reasons for deviations.
- 10 The board records when it considers the judgement of the key function holders in its decisions. Where the board includes the judgement of the key function holders in its decisions, the board records how it has weighed and included this judgement in its decisions.

### Recording the policy cycle

- 11 The board records its policies in strategic focus areas in writing and ensures a documented policy and accountability cycle. In addition, the board periodically reviews the effectiveness of its policies and makes adjustments where necessary.

### Dividing administrative tasks and determining voting rights

- 12 The board ensures a clear and explicit division of tasks and roles between management and implementation. In doing so, the board involves the division of tasks and roles of the board, administrative committees and key function holders.
  - 13 The board is collectively responsible for its performance. The chair is the first point of contact and is chief responsible for careful decision-making and procedures in which there is room and consideration for the input and diverse perspectives of all members of the board.
  - 14 Each board member has voting rights.
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## Being open and transparent

15 The board performs its duties in a manner that is transparent, open and accessible to stakeholders. The board reports annually in its annual report at least on:

- the mission, vision and strategy;
- the compliance with this code and the internal code of conduct;
- the evaluation of the functioning of the board;
- the handling of complaints and disputes and changes to regulations or processes arising from them.

## Promoting integrated risk management

16 The board promotes and secures a culture in which risk awareness is self-evident. The board ensures that comprehensive risk management is adequately organised and that an emergency procedure is available to deal with urgent situations.

# 3

## Carrying out effective internal supervision and control

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*This theme includes standards on how internal supervision works and adds value to the objectives and functioning of the pension fund. Standards on monitoring are also included.*

### Developing a supervisory vision

- 17 Internal supervision bases its supervision on a supervisory vision. This vision includes at least the following elements:
- the objective of internal supervision;
  - the role, role performance and working method of internal supervision;
  - the interaction between internal supervision and the board;
  - the interaction between internal supervision and the various key function holders;
  - the interaction between internal supervision and the accountability body or stakeholder body.
- 18 Internal supervision lays down how it assesses the functioning of the board, what the framework of standards is for this, what it needs for this, which subjects internal supervision wishes to form an opinion on in a specific period and what it wants to discuss with the board and the accountability body or stakeholder body.

### Being role-aware

- 19 Internal supervision is aware of its supervisory responsibility and behaves accordingly.
- 20 Internal supervision acts as a discussion partner of the board.
- 21 Internal supervision acts independently from other supervisors, other fund bodies and from any other interests and can operate critically.

### Establishing the work of the actuary and auditor

- 22 In principle, the board does not entrust the auditor and actuary carrying out audit or certification with any activities other than auditing or certification. If the board does give a different mandate, this requires careful consideration and a separate mandate formulation.
- 23 Every four years, the board assesses the performance of the auditor and actuary and informs internal supervision and the accountability body or stakeholder body of the outcome.
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# 4

## Organising accountability and public participation

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*This theme includes standards on how accountability, co-determination and participation work and add value to the objectives and functioning of the pension fund.*

### Board accountability

- 24 The board accounts for the policies it pursues, the realised outcomes of these policies and the policy choices it makes for the future. In doing so, the board clarifies how it has weighed up the various interests. The board also provides insight into stakeholders' short-term and long-term risks.
- 25 The board engages with the accountability body or stakeholder body in accountability.

### Internal supervision accountability

- 26 In the annual report, internal supervision accounts for the work carried out, reports its findings and makes recommendations (if necessary), on the basis of a supervisory vision adopted beforehand by internal supervision and a previously formulated framework of standards.
- 27 Internal supervision is accountable for the way it supervises and is willing to engage in discussions on how supervision was carried out and how it was reported.

### Exercising powers by an accountability body

- 28 The accountability body enables the board and internal supervision to be accountable and gives an opinion on the board's actions. In addition, the accountability body exercises the advisory rights granted to it, unless it chooses not to do so, giving reasons. The accountability body takes all stakeholders into account in its duties.
  - 29 The accountability body monitors whether the board balances the various interests.
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## Exercising powers by a stakeholder body

- 30 The stakeholder body enables the board and internal supervision to be accountable and gives an opinion on the board's actions. In addition, the stakeholder body exercises the advisory rights granted to it, unless it chooses not to do so, giving reasons. The stakeholder body also exercises the approval rights granted to it. The stakeholder body takes all stakeholders into account in its duties.
- 31 The stakeholder body monitors whether the board balances the various interests.

## Involving stakeholders

- 32 The board organises and encourages its dialogue with stakeholders in a way that suits the pension fund and its (various groups of) stakeholders.

## 5

## Effective functioning of fund bodies

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*This theme includes standards on the effectiveness of functioning and is relevant to all pension fund bodies.*

### Complying with and promoting suitability, diversity and inclusion policies

- 33 The composition of fund bodies in terms of suitability, complementarity, diversity and inclusion, stakeholder reflection and continuity is recorded in policy.
- 34 The pension fund has adopted a written policy to increase or maintain diversity and inclusion in its fund bodies. This policy sets appropriate targets regarding the level of diversity in all social aspects relevant to the pension fund, including at least gender or gender identity, age and socio-cultural background. Based on this policy, the pension fund has a planned approach aimed at achieving these goals. The board periodically reassesses this policy and annually reports on the results of this policy in the annual report.
- 35 With regard to age diversity, the minimum is that at least one person who is younger than 40 sits on the board and the accountability body or the stakeholder body. Regarding gender diversity, the minimum is that there is variation in gender or gender identity in the said bodies.
- 36 The board, internal supervision, accountability body and stakeholder body take into account the diversity and inclusion policy when drawing up the requirements to be met by new members of the body.

### Defining appointment, term of office and dismissal of members of bodies

- 37 The first term of office of a member of the board, supervisory board, stakeholder body or accountability body is a maximum of four years. These members may be appointed for a second term of up to four years. A board member and a member of the stakeholder body or accountability body may be appointed for a third term of up to four years, if needed. In that case, the board substantiates the reason for a third appointment and shares it with the other bodies. Members of an assessment committee are involved with the same pension fund for a maximum of eight years.
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- 38 The appointment and dismissal of the members of the pension fund's bodies are regulated by the pension fund's articles of association which – except in the case of professional group pension funds – follow the procedure for appointment and dismissal described in Annex 2. Suspension of the members of the board, stakeholder body, accountability body and internal supervision is regulated in the pension fund's articles of association or regulations.

### **Keeping remuneration policies controlled and sustainable**

- 39 The pension fund has a controlled and sustainable remuneration policy for the remuneration of the members of the pension fund's bodies, advisors attached to committees and co-policymakers. This policy is in line with the pension fund's objectives. The policy is also appropriate given the industry, company or profession for which the pension fund operates the pension scheme.
- 40 The remuneration is in reasonable proportion to responsibility, job requirements and time commitment.
- 41 The board is cautious when it comes to performance-related remuneration. Performance-related remuneration does not exceed 20 per cent of fixed remuneration and is not related to the financial performance of the pension fund.
- 42 The board does not provide any transition or severance pay in the event of interim dismissal of a board member without an employment contract or a member of internal supervision. If another co-policymaker is dismissed, any transition or severance pay must be appropriate considering the position and the reason for dismissal.

### **Adhering to and promoting desired behaviour, culture and integrity**

- 43 The board speaks out about the desired culture and behaves accordingly. Aspects of the culture that the board takes into account include being open to criticism, learning from mistakes and the degree of inclusion in decision-making and functioning.
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- 44 Conflicts of interest, reputational risks and ancillary positions are reported. Members of the board, the accountability body and stakeholder body, internal supervision and other co-policymakers avoid any form or appearance of pursuing personal interest or conflict of interest. They will be tested on their performance.
  - 45 The board ensures that irregularities can be reported and that those involved know how and to whom.
  - 46 Members of the board, accountability body or stakeholder body, internal supervision and other co-policymakers sign the pension fund's internal code of conduct and an annual compliance statement and behave accordingly.
  - 47 The chair, together with the board, is responsible for fostering an open culture in which there is a learning environment with room and consideration for the input and diverse perspectives of all board members.
  - 48 The board ensures that the members of the pension fund's bodies and co-policymakers can operate independently and critically. Bodies also have their own responsibility to enable its members to function independently and critically.

### Annual self-evaluation

- 49 For the board, internal supervision, the stakeholder body and the accountability body, its own performance is an ongoing concern. In any case, these bodies annually evaluate their own performance of the body as a whole and of individual members. In doing so, they involve an independent third party at least once every three years. The bodies pay at least periodic attention to the governance model, integrity, suitability, continuity, diversity and inclusion, modus operandi and the extent to which individual members can adopt a sufficiently independent and critical stance.
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# Clarification

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Standards that need further clarification are explained here. This clarification may have two reasons:

- because the standard is new compared to an earlier version of the code; or
- because the wording of the standard requires further explanation. For several standards, the 'open' wording of the standard calls for an explanation of how to give substance to the open standard. For some points, the explanation clarifies the relationship between the standard in the code and in pension legislation.

## Standard 1

The mission, vision and strategy include at least the objectives and policy principles of the pension fund as referred to in Section 102a of the Pensions Act and Section 109a of the Professional Group Act. The mission, vision and strategy at least describe how the pension fund fulfils its financial responsibility in terms of investment, return and risk. Pension fund bodies are required by law to be involved in changes.

The pension fund also considers stakeholders' preferences when shaping its mission, vision, and strategy. How this is done is free to decide for each pension fund. In practice, industry-wide pension funds will not coordinate with every employer on this; they will mostly collect the preferences at the level of the employers' organisation.

In doing so, the pension fund is also mindful of other interests relevant to it. The latter can be shaped, for example, through stakeholder analysis and dialogue. It is also possible to draw on sector-wide initiatives to engage with other stakeholders.

## Standard 2

Part of a pension fund's strategy is its investment policy. The code underlines the obligation under Section 135(4) of the Pensions Act to take ESG factors and sustainability risks into account when doing so. The OECD Guidelines can serve as a guide here. The word proportionate means that the way long-term effects are taken into account may vary according to the nature, size and complexity of the pension fund's activities.

In determining sustainability choices in investment policy, the pension fund also considers stakeholders' preferences. How this is done is up to each pension fund to decide freely.

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**Standard 3**

In its decision-making, the pension fund records the considerations on the basis of which decisions were made and shows how interests were weighed carefully and in a balanced way, having regard to the interests involved.

**Standard 4**

This standard requires the board to consider the preferences of its stakeholders and leaves open how it studies its stakeholders' preferences more closely. In the annual report, the board indicates annually how it has dealt with the importance of knowing the preferences of its stakeholders.

**Standard 5**

Based on a substantiated choice guidance policy, the pension fund gives content to the open standard choice guidance for its own member population.

**Standard 8**

The standard describes the need for relevant decisions to be clear and transparent about the considerations and relationship with the strategic objectives and policy principles. The interpretation of this standard should be pragmatic and proportionate to the importance and impact of the decision.

**Standard 10**

The standard requires the board to explicitly determine the cases in which it wishes to include an opinion of its key function holders in its decisions. When it has received a judgement, the board records how it deals with judgements of the key function holder. Combined with standard 12, which concerns the administrative division of tasks and roles, this standard means that the board should make a clear statement about the organisation of the key function and its embedding in the administrative processes.

**Standard 14**

Every board member has voting rights regardless of the board model. This does not prevent certain powers from being assigned to part of the board through weighted voting requirements. It is also possible to agree on weighted voting proportions if there is a need to do so to meet parity requirements.

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**Standard 15**

Board decisions should be understandable and transparent to stakeholders. Understandable means that the pension fund can explain the decisions. Transparency ensures that the pension fund communicates clearly to stakeholders. The communication or transparency policy gives substance to this.

**Standard 17**

In the supervisory vision, internal supervision formulates a guideline for its own functioning. The supervisory vision provides clarity for the board and other bodies on what internal supervision considers important. In its supervisory vision, internal supervision will stipulate, among other things, that it will form an opinion on the mission, vision strategy and policy choices, as well as on governance and operations. The supervisory vision will be operationalised in, among other things, a standards framework to be drawn up and other agreements regulated in standards 18 and 26.

**Standard 28**

The accountability body that does not wish to use the right to prior consultation available to it must justify this decision.

**Standard 30**

Again, there is a duty to justify in specific cases why the stakeholder body does not use the right to prior consultation.

**Standard 32**

This standard stipulates that the pension fund must be in dialogue with stakeholders. The board decides how to organise this, for example through a youth council or sounding board group from stakeholders. The interpretation of this may vary from one pension fund to another. This dialogue aims to know members and increase engagement. There is no duty to report.

**Standard 33**

Continuity entails that the pension fund actively and consciously pays attention to succession planning of the members of the pension fund's bodies.

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**Standard 34**

The pension fund establishes written policies in which it sets goals for itself for diversity and inclusion and also sets out how it intends to achieve these goals. Inclusion first and foremost requires the presence of directors who represent and contribute to diversity. In addition, an open culture where there is room for differences in identity and perspective is important. Finally, it is about shaping decision-making in such a way that it actively uses differences and different perspectives.

The diversity and inclusion policy applies to all bodies and may be different for different bodies.

**Standard 35**

This standard sets two minimum requirements: diversity in gender or gender identity and at least one member of the board and accountability body or stakeholder body who is under 40 years of age.

**Standard 37**

The terms of office for all pension fund bodies are in principle a maximum of four years. Shorter terms are allowed. For the board, supervisory board and stakeholder body, there is a limit to the number of times reappointment is possible. With this limitation, the code aims to do justice to the importance of short-term continuity and expertise and the importance of fresh eyes and long-term continuity.

A third term of appointment is not permitted for a member of the supervisory board. For a member of the board, stakeholder body or accountability body, a third term of appointment is possible only if the board can justify the reason for this third term. Arguments in the sphere of continuity or required expertise may play a role here.

**Standard 38**

For all bodies, appointment and dismissal must be governed by articles of association of the fund. In Annex 2, the code specifies the involvement of the various bodies in appointment and dismissal. For professional group pension funds only, Annex 2 does not apply because the Professional Group Act imposes requirements that are incompatible with it. In addition to appointment and dismissal, suspension from the board, stakeholder body and internal supervision must also be laid down in the articles of association or regulations. How suspension is carried out and which bodies must be involved is not regulated in the code.

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**Standard 41**

For (co-)policymakers, the pension fund is cautious when it comes to performance-related remuneration. This standard does not cover the remuneration of parties to whom the pension fund outsources tasks. For those parties, the pension fund maintains an outsourcing policy that, in accordance with the statutory rules (Section 14(6) of the Pensions Act Decree and Section 21a of the Pension Funds (Financial Assessment Framework) Decree), has a remuneration component, and is such that it should not encourage taking more risk than is acceptable to the pension fund. This is not regulated in the code because legislation already provides for it.

**Standard 49**

The code requires all bodies to evaluate the effectiveness of their functioning annually, involving an external facilitator at least once every three years.

# A1

## Annex 1: Relevant authorities

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### **Pension Funds Self-Regulation Foundation**

The Pension Funds Self-Regulation Foundation provides funding for the Pension Funds Code Monitoring Committee on behalf of the pension sector. The foundation charges a mandatory contribution to pension funds for this purpose.

### **Pension Funds Code Monitoring Committee**

When the 2014 Pension Funds Code was introduced, the Dutch Federation of Pension Funds and the Labour Foundation set up a Monitoring Committee. This committee monitors compliance with the code. The Monitoring Committee includes independent governance experts. The committee was supplemented by an expert from the pension industry as an advisor. Together, they focus on the following tasks:

- promoting that the code is current and usable;
- taking stock of how and to what extent pension funds comply with the code's standards and reporting on them;
- signalling developments;
- making recommendations on amending the code;
- submitting a report of findings to the Dutch Federation of Pension Funds and the Labour Foundation and sending it to the responsible member of the government.

The Monitoring Committee examines annually how pension funds comply with the code. In consultation between the Monitoring Committee, the Dutch Federation of Pension Funds and the Labour Foundation, the frequency of (part of) the survey may be changed. The Monitoring Committee publishes its findings in a report. This report also contains developments identified by the committee and recommendations on amending the code.

### **Diversity & Inclusion Taskforce**

The Labour Foundation and the Dutch Federation of Pension Funds note that additional efforts are needed from both nominating and appointing organisations to support the sector in achieving its diversity and inclusion objectives. To this end, the Diversity and Inclusion Taskforce was jointly established by the two organisations. This task force is tasked with engaging and advancing the dialogue on diversity and inclusion with nominating and appointing parties, including the use of external expertise. This is done to contribute to the realisation of the Code's broad diversity objectives. The founding parties will evaluate the progress, objective and results of the task force at least once every three years.

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# A2

## Annex 2: Appointment and dismissal

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This annex uses the following abbreviations:

SB	supervisory board
StB	stakeholder body
AB	accountability body
AC	assessment committee
EB	executive part of the board
EB member(s)	executive directors
NEB	non-executive part of the board
NEB member(s)	non-executive directors
Board	board (which in the mixed models means EB + NEB jointly)

## Models with stakeholder representatives on the board belanghebbenden in het bestuur

Parity model	Appointment	Dismissal
<b>Board</b>		
Board members	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• Board adopts profile, after SB approval</li> <li>• On nomination or after election from the membership of the employer(s), employees and pensioners</li> <li>• On board proposal to independent members</li> <li>• After hearing SB. The SB may prevent the appointment if the SB considers that the candidate does not match the profile</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• After hearing relevant member and SB</li> </ul> </li> </ul>
<b>Internal supervision</b>		
Members of the SB	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• SB adopts profile, after advice AB</li> <li>• After binding nomination AB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• After hearing relevant member and SB</li> <li>• After binding advice AB</li> </ul> </li> </ul>
Members of the AC	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• Board adopts profile, after advice AB</li> <li>• After binding nomination AB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• After hearing relevant member and AC</li> <li>• After binding advice AB</li> </ul> </li> </ul>
<b>Accountability and advice</b>		
Members of the AB	<ul style="list-style-type: none"> <li>• By associations or representative organisations               <ul style="list-style-type: none"> <li>• AB adopts profile, after board approval</li> </ul> </li> <li>• By the board               <ul style="list-style-type: none"> <li>• AB adopts profile, after board approval</li> <li>• After election among members and pensioners</li> <li>• After approval SB or AC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the AB               <ul style="list-style-type: none"> <li>• After hearing relevant member and SB or AC</li> </ul> </li> <li>• By the board in exceptional situations *               <ul style="list-style-type: none"> <li>• After approval of SB or AC</li> </ul> </li> </ul>

<i>Inverted mixed model</i>	<b>Appointment</b>	<b>Dismissal</b>
<b>Board</b>		
NEB members	<ul style="list-style-type: none"> <li>• By the NEB or by the board <ul style="list-style-type: none"> <li>• NEB members adopt profile, after hearing EB members</li> <li>• On nomination or after election from the membership of the employer(s), employees and pensioners</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the NEB or by the board <ul style="list-style-type: none"> <li>• After hearing relevant member and independent chair</li> </ul> </li> </ul>
EB members	<ul style="list-style-type: none"> <li>• By the NEB or by the board <ul style="list-style-type: none"> <li>• NEB members adopt profile, after hearing EB members</li> <li>• After hearing EB members in case NEB appoints</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the NEB or by the board <ul style="list-style-type: none"> <li>• After hearing relevant member, other EB members and independent chair</li> </ul> </li> </ul>
Independent chair	<ul style="list-style-type: none"> <li>• By the NEB or by the board <ul style="list-style-type: none"> <li>• NEB members adopt profile, after hearing EB members</li> <li>• After hearing EB members in case NEB appoints</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the NEB or the board <ul style="list-style-type: none"> <li>• After hearing independent chair</li> <li>• After hearing EB members in case NEB dismisses</li> </ul> </li> </ul>
<b>Accountability and advice</b>		
Members of the AB	<ul style="list-style-type: none"> <li>• By associations or representative organisations <ul style="list-style-type: none"> <li>• AB adopts profile, after approval of the board (or part thereof to be determined in the articles of association)</li> </ul> </li> <li>• By the EB or the board <ul style="list-style-type: none"> <li>• AB adopts profile, following approval of EB or board</li> <li>• After election among members and pensioners</li> <li>• In case EB appoints, after approval of NEB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the AB <ul style="list-style-type: none"> <li>• After hearing relevant member and NEB members</li> </ul> </li> <li>• By the EB or the board in exceptional situations* <ul style="list-style-type: none"> <li>• After approval of NEB if EB dismisses</li> </ul> </li> </ul>

<i>Joint mixed model</i>	appointment	Dismissal
<b>Board</b>		
NEB members	<ul style="list-style-type: none"> <li>• By the EB <ul style="list-style-type: none"> <li>• NEB members adopt profile, following advice AB</li> <li>• After binding nomination AB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the EB <ul style="list-style-type: none"> <li>• After hearing relevant member, other NEB members and after binding advice of AB</li> </ul> </li> </ul>
EB members	<ul style="list-style-type: none"> <li>• By the EB or board <ul style="list-style-type: none"> <li>• EB members adopt profile, after hearing NEB members</li> <li>• On nomination or after election from the membership of the employer(s), employees and pensioners</li> <li>• On EB proposal to independent members</li> <li>• After hearing NEB if EB appoints</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the EB or board <ul style="list-style-type: none"> <li>• After hearing relevant member</li> </ul> </li> </ul>
<b>Accountability and advice</b>		
Members of the AB	<ul style="list-style-type: none"> <li>• By associations or representative organisations <ul style="list-style-type: none"> <li>• AB adopts profile, following approval of EB or board</li> </ul> </li> <li>• By the EB or the board <ul style="list-style-type: none"> <li>• AB adopts profile, following approval of EB or board</li> <li>• After election among members and pensioners</li> <li>• In case EB appoints, after approval of NEB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the AB <ul style="list-style-type: none"> <li>• After hearing relevant member and NEB members</li> </ul> </li> <li>• By the EB or the board in exceptional situations* <ul style="list-style-type: none"> <li>• After approval of NEB if EB dismisses</li> </ul> </li> </ul>

*By way of explanation:*

\*This possibility of dismissal of AB members by the board refers only to the following situations:

- a member no longer receives a certificate of conduct relevant to financial institutions;
- a member violates the internal code of conduct and/or integrity regulations of the fund or employer;
- a member no longer meets the qualification required at the time of appointment (active member, former member or pensioner);
- there is another compelling reason that calls for an appointment to end.

The assessment committee is not a body of the fund, but is given approval rights in this situation. Since this approval is not about policy, there is no 'co-policy determination'.

## Models with only independents in board and supervision

<i>Independent model</i>	<b>Appointment</b>	<b>Dismissal</b>
<b>Board</b>		
Board members	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• Board adopts profile, after hearing StB and approval SB</li> <li>• On board proposal</li> <li>• After hearing SB. The SB may prevent the appointment if the SB considers that the candidate does not match the profile</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• After hearing relevant member and SB</li> </ul> </li> </ul>
<b>Internal supervision</b>		
Members of the SB	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• SB adopts profile, after advice StB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• After hearing relevant member, other members of SB and board</li> </ul> </li> </ul>
Members of the AC	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• StB adopts profile</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• After hearing relevant member and AC</li> </ul> </li> </ul>
<b>Accountability, advice and approval</b>		
Members of the StB	<ul style="list-style-type: none"> <li>• By the board               <ul style="list-style-type: none"> <li>• StB adopts profile, after board approval</li> <li>• On nomination or after election from the membership of the employer(s), employees and pensioners</li> <li>• After approval SB or AC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB               <ul style="list-style-type: none"> <li>• After hearing relevant member and SB or AC</li> </ul> </li> </ul>

<i>Independent mixed model</i>	<b>Appointment</b>	<b>Dismissal</b>
<b>Board</b>		
NEB members	<ul style="list-style-type: none"> <li>• By the StB <ul style="list-style-type: none"> <li>• NEB members adopt profile, following advice StB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB <ul style="list-style-type: none"> <li>• After hearing relevant member and other NEB members</li> </ul> </li> </ul>
EB members	<ul style="list-style-type: none"> <li>• By the StB <ul style="list-style-type: none"> <li>• StB adopts profile, after hearing NEB members</li> <li>• After hearing from NEB members</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB <ul style="list-style-type: none"> <li>• After hearing relevant member and NEB</li> </ul> </li> </ul>
<b>Accountability, advice and approval</b>		
Members of the StB	<ul style="list-style-type: none"> <li>• By associations or representative organisations <ul style="list-style-type: none"> <li>• StB adopts profile, after approval of the board (or part thereof to be determined in the articles of association)</li> </ul> </li> <li>• By the EB or the board <ul style="list-style-type: none"> <li>• StB adopts profile, after EB or board approval</li> <li>• After election among members and pensioners</li> <li>• In case EB appoints, after approval of NEB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• By the StB <ul style="list-style-type: none"> <li>• After hearing relevant member and NEB</li> </ul> </li> </ul>

# A3

## Annex 3: Composition of representatives, sounding board group members and working group members

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The Pension Funds Code was revised as of January 1, 2024.  
The following people contributed to this review.

### **Representatives on behalf of the Dutch Labour Foundation**

Klaartje De Boer (VCP)

Jurre de Haan (VNO-NCW)

Leonne Jansen (FNV)

Jacqueline Joppe as per Januari 1, 2023 (VNO-NCW)

Gerard Rutten until Januari 1, 2023 (VNO-NCW)

### **Sounding board group on behalf of the Dutch Federation of Pension Funds**

Peter Gortzak until October 1, 2023 (APG)

Eddy Haket (Dutch Labour Organisation)

Mila Hoekstra (Het Nederlandse Pensioenfonds)

Benne van Popta (Pensioenfonds Detailhandel)

Hedda Renooij (Unilever APF)

### **Working group on behalf of the Dutch Federation of Pension Funds**

Peter van Gameren (Pensioenfonds KNP)

Rida el Hamdani (Pensioenfonds Zorg en Welzijn)

Joos Nijtmans (Pensioenfonds Rail & Openbaar Vervoer)

Jan Maarten van Riemsdijk (PGGM)

Maurice Sarton (AZL)

Lonni Westland (PGGM)

### **Secretariat**

Margriet Adema (Adema Governance Advies)

Mark Boumans (the Dutch Federation of Pension Funds)