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Key changes in the Dutch Corporate Governance Code **Verklaring omtrent Risicobeheersing (VOR)**

December 2025

What are the changes in the DCGC 2025?

Introduction to the DCGC 2025

Focused on the governance of listed companies, the Dutch Corporate Governance Code (hereafter: 'DCGC' or 'the Code') provides guidance for effective collaboration between management and supervisory bodies. Governance concerns management and control, responsibility and influence, and supervision and accountability; the updated Code reinforces these principles by requiring a management statement on the effectiveness of internal risk management and control systems, thereby clarifying the responsibilities of directors and members of the supervisory board.

The Code was updated and approved in March 2025 by the Monitoring Committee for the Dutch Corporate Governance Code (hereafter: the Committee). It was subsequently published in the Government Gazette (Staatscourant) as the code of conduct pursuant to Article 2:391a(2)(e) of Book 2 of the Dutch Civil Code. The new provisions take effect for financial years commencing on or after 1 January 2025.

The update of the Code, initiated by its sponsoring parties, introduces the Verklaring Omtrent Risicobeheersing (hereafter: 'the VOR'). The amendments related to the VOR are reflected in best practice provisions 1.2.1, principle 1.4 — notably best practice provisions 1.4.2 and 1.4.3 — and best practice provisions 1.5.3, together with their explanatory notes.

VOR changes – a quick overview

1. The management board will report on the design and operation of the internal risk management and control systems during the past financial year, and **which frameworks were used.** (1.4.2 ii)

2. In the management report, the management board reports on the assessment of the effectiveness of the internal risk management related to **operational, compliance and reporting risks** over the past financial year. (1.4.2 iii)

3. The management board should state, that these systems provide at least **limited assurance that sustainability reporting** is free from material misstatements; and **what level of certainty** these systems provide that **operational and compliance risks** are effectively managed. (1.4.3 iii-iv)

4. **The audit committee** should report to the supervisory board the way in which the material risks and uncertainties have been analyzed and discussed, along with the most important findings and **the way if substantiating the statement meant in provision 1.4.3**. (1.5.3 iv)

Management decisions on the VOR needed

The amendments to the Code do not provide a specific definition or guidance for the term 'certainty' or 'assurance'. The explanatory notes to 1.4.3 state that 'certainty' should not be read as equivalent to 'assurance' in external auditing, nor do they require companies to adopt a specific framework. 'Effectiveness' is likewise not intended to mirror the meaning used in US legislation (for example, the Sarbanes-Oxley Act). The management board should set the **appropriate level of 'certainty' for operational and compliance risks**. Furthermore, management should **define the term "certainty"** as it applies to operational and compliance risks, and **the terms "reasonable assurance" and "limited assurance"** as they apply to financial-reporting and sustainability-reporting risks, respectively. Companies may explain the terminology they use in their statement or in an accompanying explanation.

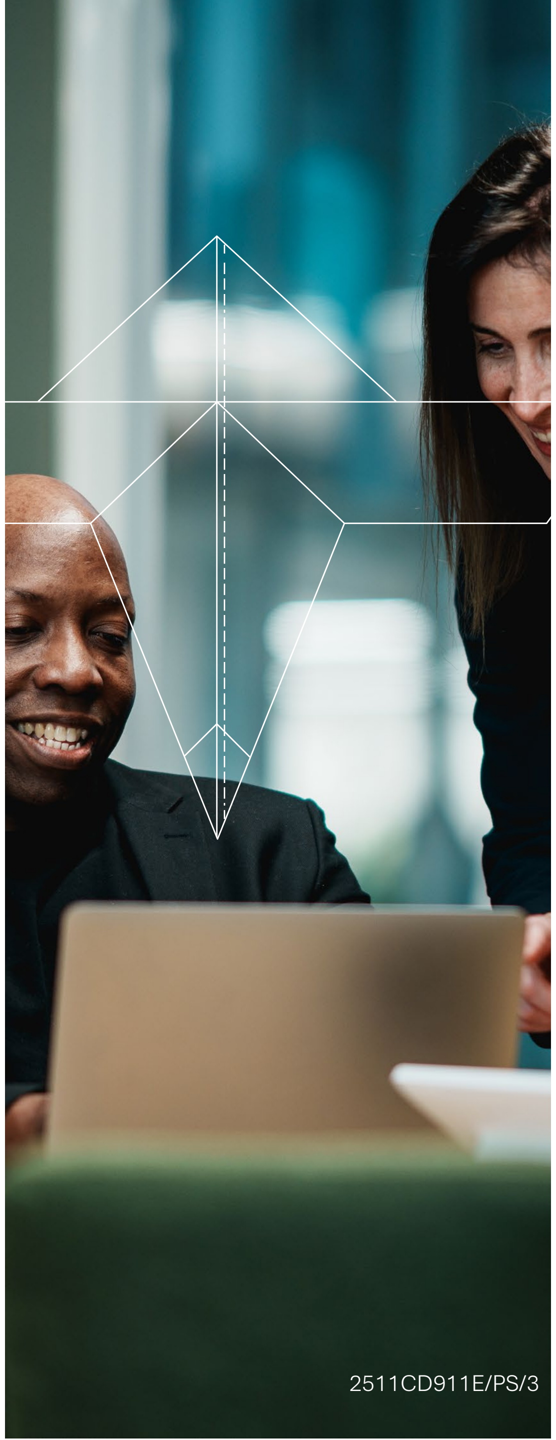
The VOR: what should management consider?

The management board and the supervisory board are ultimately responsible for the company's corporate governance and for ensuring compliance with the Code, which operates on a **'comply or explain'** basis. Management must determine whether — and to what extent — the Code's 2025 amendments relating to the VOR will be applied. Where management chooses to apply the Code, it may also make use of the Code's flexibility in applying the principles, to depart from principles or best practice provisions where justified. When applying the VOR principles, management should consider the matters set out alongside.

Given the considerations alongside, it is recommended to establish responsibilities within the three lines model with regards to the implementation of VOR, e.g. in addition to management board, supervisory board, and audit committee, first line (operational management), second line (risk, compliance, tax and legal) and third line (internal audit).

Key considerations for management:

- The **applied framework(s)** for financial reporting, sustainability reporting, operational and compliance risks.
- The approach to **monitor and systematically assess the design and operation** of internal risk management and control systems.
- The **level of management certainty** to be provided for operational and compliance risks.
- Management should define 'reasonable and limited **'assurance'** for financial and sustainability reporting risks, and **'certainty'** for operational and compliance risks.
- The **management definition** of, among other things, 'any (major) failings', 'material shortcoming', 'material inaccuracies' and 'material misstatements'.
- The **methods used by the audit committee** to assess the effectiveness of the design and operation of the internal risk management and control systems and report the way management board has substantiated the statement required by best practice provision 1.4.3.
- The **content and wording of the management statement** in the management board report required under the best practice provisions 1.4.2 and 1.4.3.



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The role of the external auditor

The external audit of the financial statements is subject to requirements related to the annual report, including the management board report, based on article 2:393 (3) DCC and NV COS 720. The external auditor examines whether the financial statements provide the insight as required by article 2:362 (1) DCC. The procedures to be performed by the external auditor in relation to the VOR are tailored to the company's specific application of the Code. The external auditor will verify whether the annual report:

- is **prepared in accordance with the present Title 2.9** (presence check),
- whether it is **consistent with the financial statements** (consistency check),
- and **whether the management board report** in light of the knowledge and understanding of the entity and its environment obtained during the audit of the financial statements, **contains material misstatements** (assessment for material misstatements).

Key considerations for the external auditor:

In the context of the VOR, the **external auditor will continue the dialogue regarding the application of the Code provisions**, with focus on amendments **relating to the VOR**. Based on the external auditors' responsibilities in light of the audit of the financial statements or review of the sustainability statement, an understanding will be obtained regarding the company's risk management and control systems. In context of the external auditor's responsibilities **the auditor will also consider the management matters** mentioned on the previous page.

If the external auditor concludes that there is a material misstatement in the management report, and it is not corrected after communication with management and those charged with governance, the external auditor is required to take appropriate action, including considering the implications for the auditor's report.

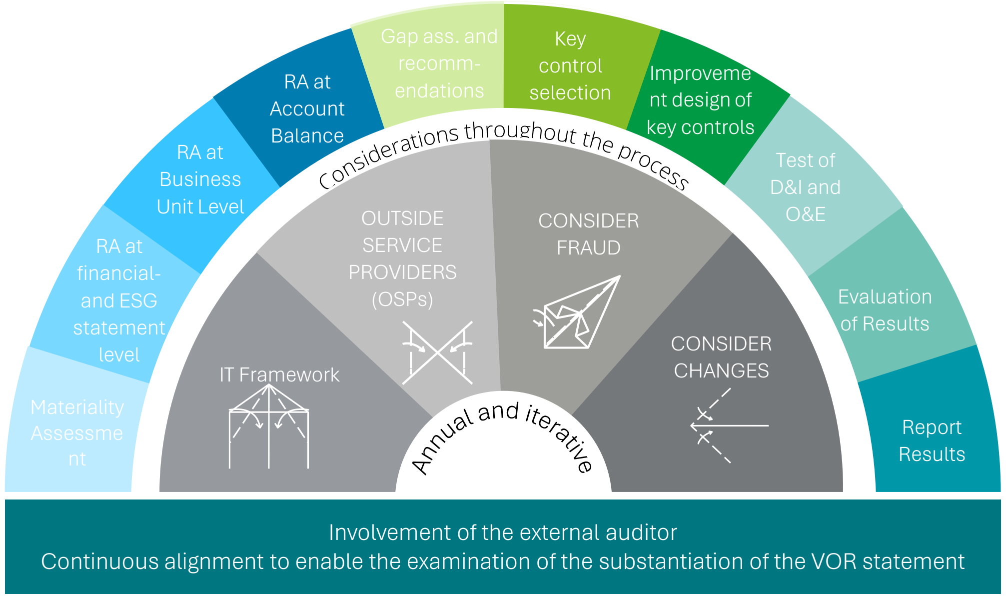
Deloitte VOR Readiness Quick Scan

An illustrative Deloitte VOR approach, outlined below, is designed to help a company to avoid common pitfalls associated with both current and new provisions. By leveraging the Deloitte expertise and structured methodology, a company may ensure that the organisation can effectively navigate the complexities of VOR compliance and enhance its overall effectiveness of the internal risk management and control systems practices.

By overseeing the risk assessment and control systems process from start to finish, we support companies transform VOR compliance from a 'tick the box' exercise into a significant organisational change that effectively addresses the operational, compliance and reporting risks. While flexibility is crucial to accommodate company-specific and industry-specific nuances, it can also lead to uncertainty when faced with too many options.

Deloitte Quick Scan

To assess readiness and prioritise actions, **Deloitte offers a Quick Scan** — a fast, focused review of current application of the VOR that identifies gaps, recommends immediate measures and provides a clear, practical remediation roadmap.



Deloitte support

Next steps management board

- Determine the company's application of the amendments of the Code related to the VOR.
- Document management's position regarding the applied framework(s).
- Document the level of management 'certainty' related to operational and compliance risks.
- Document the definitions of management terms 'certainty' for operational and compliance risks and the terms "reasonable assurance" and "limited assurance" as they apply to financial-reporting and sustainability-reporting risks, respectively.
- Document the definitions of, among other things, 'any (major) failings' and 'material shortcomings'.
- Determine the frequency of the assessment related to design and operating effectiveness.
- Determine the management approach to monitor the design and operation of the internal risk management and control systems and the systematic assessment of their design and operation.
- Determine the company's responsibilities within the three lines model with regards to the VOR.
- Determine the audit committee's method to review the substantiation of management statement.

Deloitte support on the VOR

Deloitte's Assurance practice combines technical depth with practical delivery to help a company assess VOR readiness and move quickly to prioritised action. **To support you, Deloitte can offer**:

- A Quick Scan: rapid review of current arrangements to identify gaps, immediate priorities and a practical remediation roadmap.
- Support with foundational position papers on VOR implementation requirements in line with best practice (e.g. levels and definitions of management assurance).
- Support with materiality, risk and gap assessments, and with (IT) control design, implementation and testing of control effectiveness to achieve internal and external assurance readiness.
- Value-added insights from a core team with deep technical knowledge and subject-matter expertise to identify efficiencies and enhance control quality.

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