

Press Release

Brussels, Belgium – 3 May 2021

Business and individual investors organisations issue statement on the European Commission's upcoming initiative on sustainable corporate governance

On 3 May 2021, business and individual investors organisations – namely BETTER FINANCE, ecoDa, European Family Businesses, EuropeanIssuers, Federation of European Securities Exchanges (FESE), Invest Europe and SMEUnited - sent a joint letter to the European Commission to convey their shared concerns regarding the upcoming proposal on sustainable corporate governance.

The signing organisations:

- support the concept of sustainable corporate governance as a means to reconcile economic growth, social progress and environmental protection;
- acknowledge the aim of encouraging boards to consider their relevant stakeholders as having intrinsic value for decision-making in the best interest of the company over time;
- encourage the Commission to further pursue strengthening shareholders' active participation in the governance of companies.

However the signatories:

- consider that the two topics of due diligence and corporate governance should be treated separately, and that the European Commission should avoid an oversimplified, one-size-fits-all approach;
- observe that taking into consideration many interests is a natural part of directors' duties, and that principles related to this are already included in many corporate governance codes;
- consider that an EU initiative in this area which goes beyond the form of recommendations would be counterproductive;
- envisage that, if introduced, such a move would paralyse the functioning of the board and, in turn, hamper the ability of companies to act decisively to promote a sustainable transition.

Most shareholders have a long-term vision, whether it concerns the shareholdings of family businesses, public or private equity, or end-investors. One focus of strengthening sustainable corporate governance should therefore be to facilitate and strengthen the long-term engagement of shareholders and investors, including individual shareholders.

As different companies cannot all be managed the same way, developments related to sustainable corporate governance would best come within the existing framework of codes. This way, companies are provided with useful guidance on governance, while allowing shareholders to decide on the best way forward.

As for listed companies, the signatories wish also to highlight that too many restrictions may increase reluctance to use public markets for financing. Further restrictions in this regard would risk conflicting with the objectives of the Capital Markets Union.

All signing organisations agree that the European Commission should take the time to develop a fully comprehensive analysis which can form the basis of an initiative that is appropriate for all EU27 jurisdictions.

To view this press release online, please click [here](#).

NOTES TO EDITORS

About BETTER FINANCE

BETTER FINANCE, the European Federation of Investors and Financial Services Users, is the public interest non-governmental organisation advocating and defending the interests of European citizens as financial services users at European level to lawmakers and the public in order to promote research, information and training on investments, savings and personal finances. It is the one and only European-level organisation solely dedicated to the representation of individual investors, savers and other financial services users.

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About the European Confederation of Directors Associations (ecoDa)

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its 22 national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organizations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.



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About European Family Businesses (EFB)

European Family Businesses (EFB) is a federation of 15 national family business organisations. EFB strives to make political decision makers aware of the contribution of family businesses to society and to promote policies that are conducive to long term responsible entrepreneurship. Its members represent a turnover in excess of One Trillion Euro, and over 9% of European GDP.

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About EuropeanIssuers

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU Institutions. Our members include both national associations and companies from all sectors in 15 European countries, covering markets worth € 7.6 trillion market capitalisation with approximately 8000 companies. We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer-term. We seek capital markets that serve the interests of their end users, including issuers. [EuropeanIssuers Vision 2019-2024](#) contains key priorities and policy recommendations in a number of areas to support the policymakers.

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About Federation of European Securities Exchanges (FESE)

The Federation of European Securities Exchanges (FESE) represents 35 exchanges in equities, bonds, derivatives and commodities through 18 Full Members from 30 countries, as well as 1 Affiliate Member and 1 Observer Member. At the end of February 2021, FESE members had 8,651 companies listed on their markets, of which 14% are foreign companies contributing towards European integration and providing broad and liquid access to Europe's capital markets. Many of our members also organise specialised markets that allow small and medium sized companies across Europe to access capital markets; 1,238 companies were listed in these specialised markets/segments in equity, increasing choice for investors and issuers. Through their RM and MTF operations, FESE members are keen to support the European Commission's objective of creating a Capital Markets Union.

FESE is registered in the European Union Transparency Register: 71488206456-23.

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About Invest Europe

Invest Europe is the world's largest association of private capital providers. It represents Europe's private equity, venture capital and infrastructure investment firms, as well as their investors, including some of Europe's largest pension funds and insurers.

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About SMEUnited

SMEUnited is the association of Crafts and SMEs in Europe with 65 member organisations from over 30 European countries. SMEUnited represents national cross-sectoral Craft and SME federations, European SME branch organisations and associate members. Combined, we represent more than 12 million enterprises with around 55 million employees across Europe. SMEUnited is a recognised employers' organisation and European Social Partner.

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