



The Commission's plans for EU Corporate Governance

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DWS/EUROFINUSE

International Investors' Conference
'Shareholder Value meets Sustainability'

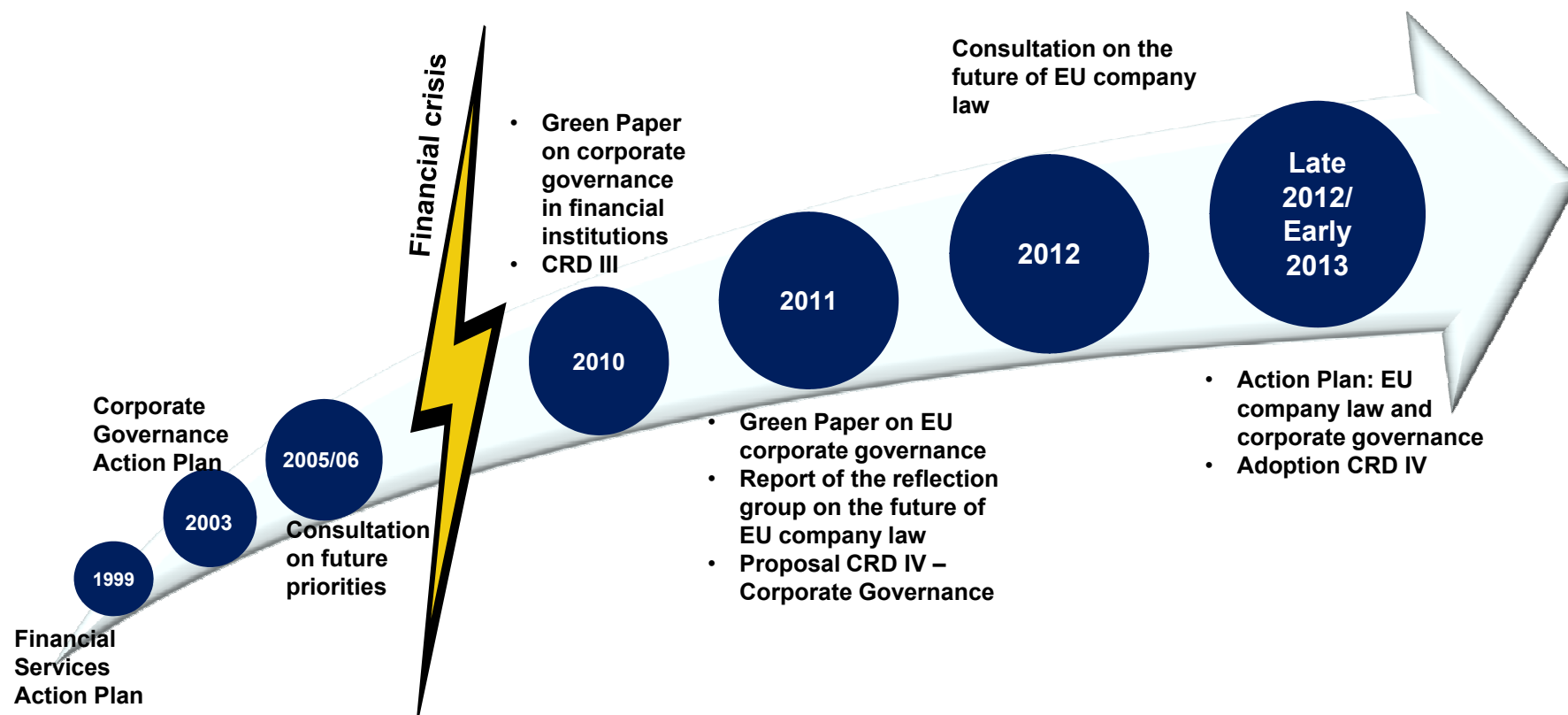
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Internal Market
and Services

04/12/2012

Overview of developments





Green Paper on Corporate Governance (2011)

- **Board of Directors**
- **Shareholders**
- **Comply or explain**



Feedback on Green paper

- **General remark:**
 - No *one-size-fits-all* approach
 - Need for a principle-based and flexible approach
- **EU measures need to be taken in some specific fields**
- **Regulation v. soft-law**



Future of the EU Company Law

- **Report of an ad hoc expert group (April 2011)**
- **Conference (May 2011)**
- **Online consultation (February 2012)**
- **European Parliament's views (June 2012)**

Feedback on consultation

- **General support for certain actions at EU level**
- **Pay attention to cross border operations**
- **Support for measures on groups of companies**
- **Support for codification of EU company law**



Action Plan on European Company Law and Corporate Governance

Objective:

To clarify the Commission's roadmap for a modernised framework for corporate governance and company law

No revolution, but evolution!

Main lines of action

1. Increasing the level of transparency between companies and their shareholders in order to improve corporate governance
2. Encouraging and facilitating long-term shareholder engagement
3. Supporting European businesses and their growth and competitiveness

Increasing the level of transparency (1)

Diversity

Objective:

Encourage companies to reflect more on diversity in their boards

How?

Strengthen disclosure requirements of board diversity policy

(e.g. gender (Commission proposal 14 November), but also professional and educational background, nationality, age etc.)

Increasing the level of transparency (2)

Comply or explain: a flexible instrument which allows companies to adapt their corporate governance to their specific situation

Objective:

Improve the quality of corporate governance reports ("explain")

How?

Possible recommendation Commission

Increasing the level of transparency (3)

Transparency institutional Investors

Objective:

To improve the transparency of the voting and engagement policies of institutional investors

How?

Regulate the disclosure of voting and engagement policies and voting records of institutional investors, possibly through modification of the Shareholders rights Directive.



Encouraging and facilitating long-term shareholder engagement (1)

Remuneration

Objective:

Reinforce link between performance and pay and stimulate long-term value creation

How?

Disclosure of remuneration policy and individual remuneration of directors; shareholders right to vote on remuneration policy and report

Encouraging and facilitating long-term shareholder engagement (2)

Proxy advisors

Objective:

Ensure transparency and reliability of work of proxy advisors

How?

Create coherent and effective operational framework for proxy advisors, possibly in Shareholders rights Directive



Encouraging and facilitating long-term shareholder engagement (3)

Employee share ownership

Objective:

Increase proportion of long-term oriented shareholders

How?

Identify and investigate potential obstacles to employee share ownership in Member States and take, if necessary, appropriate action



Supporting growth and companies' competitiveness

Cross-border transactions

Objective:

Facilitate cross-border transactions

How?

Improve mechanism for cross-border mergers

Create an EU legal framework for cross-border divisions

Promote European company forms

Continue assessment of transfer of seat (14th)



Codification of EU Company law

Objective:

Make EU company law more user friendly and reduce risk of future inconsistencies

How?

Codify and merge major company law Directives



Next steps?

- Adoption CRD IV?
 - corporate governance + remuneration provisions (for financial institutions)
- Review shareholders-rights Directive? (Impact assessment; 2013)
- Consultation on the long-term financing of the European economy (Communication shortly)
- Consultation on the cross-border transfers of registered offices of companies



European
Commission



*"In the interest of cultural diversity, we've hired Jason,
here, who owns a number of hip-hop CDs."*