

Brussels, 24 September, 2014

**Briefing to Members of the European Parliament
in advance of the Hearings of the Commissioners Designate**

Subject: Unit MARKET F2 (Corporate Governance, Social Responsibility) move from DG Internal Market and Services (MARKT) to the Directorate-General for Justice (JUST)

We are writing you on behalf of the European Confederation of Directors' Associations (ecoDa), and EuropeanIssuers to express our **concern over the consequences that may result from moving Unit MARKET F2** (responsible for company law, corporate governance and corporate social responsibility) **from DG Internal Market and Services (MARKT) to the Directorate-General for Justice (JUST).**

The rationale behind the move is not clear to us and therefore we would appreciate a better understanding of it. We would therefore ask Members of the European Parliament to consider the potential advantages and disadvantages of such a move.

Questions raised by our members, being both quoted companies and company directors, include:

- Corporate Governance is the process by which companies try to ensure that they make better decisions and manage risks better, in order to be a more successful enterprise. Corporate Governance influences the composition and quality of boards, while directors are in charge of strategic decisions and ultimately of ensuring value creation. Why is DG Justice not included in the project team for "A new boost for jobs, growth and investment"? Will this not prevent the Corporate Governance unit from contributing to realizing a more competitive Europe?
- Company law forms the business environment that applies to all companies, large and small. Why does this not fit better within the Enterprise / Internal Market remit? Will there not be a risk that the move will cause the link between company law and value creation to be lost?
- Disconnecting corporate social responsibility from enterprises and from the internal market could risk removing support for the sustainability and the competitiveness of European companies. What is the link to DG Justice?

- Corporate Governance should not be confined to the social, political agenda; it extends beyond diversity of boards and gender equality. From a governance point of view recruiting more female board members is embedded in the principle of diversity which in itself is beneficial to business. However, gender balance in boardrooms is but one element helping boards to work in a more professional way. Will the move towards DG Justice not limit or reduce the scope of action of corporate governance for the unit?
- Isn't there a risk that Corporate Governance will be confined to its legal aspect if the Unit F2 is moved to the Directorate-General for Justice? In what way will a move to DG JUST help Unit F2 to support European entrepreneurship? Academic research as well as business practices prove that limiting governance to a mere 'compliance' exercise substantially downsizes its potential for creating value added and sustainable business. The most important drivers of good governance are in fact professionalism and behavior, elements one can hardly regulate.
- Why is there no mention of Corporate Governance in the mission letter addressed to Věra Jourová, Designated Commissioner for Justice, Consumers and Gender Equality?

Your support in asking the questions and obtaining some answers would be most welcome.

For further information or assistance, please do not hesitate to contact:

EuropeanIssuers Susannah Haan Secretary General +32 2289 2571 susannah.haan@europeanissuers.eu	ecoDa Beatrice Richez-Baum Secretary General +32 2231 5811 contact@ecoda.org
---	---