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PRESS RELEASE

European Parliament votes on the Shareholders' Rights Directive: the right step forward, but country-by-country provisions are misplaced

The European Confederation of Directors' Associations (ecoDa) and EuropeanIssuers welcome:

- shareholder identification as a right for companies (instead of a service provided by intermediaries) and better focus on the original objective of the proposal which is shareholder engagement;
- simplification of the control of related party transactions and focus on material transactions. However, the report could go further, for example regarding exemptions for intragroup transactions;
- improvements on the provisions on directors' remuneration. However, more flexibility should be granted to adapt to different corporate governance models and individual companies' needs (e.g. avoid cumulating both an ex ante and ex post vote).

Lars-Erik Forsgardh stated that: "ecoDa welcomes the revised position of the European Parliament concerning executive remuneration. Opting for flexibility is a valid solution to cope with the diversity of European Corporate Governance models. To ensure a greater sense of corporate accountability over pay policy, countries with a widely dispersed shareholding base and very active stock market require different solutions than countries with controlling shareholders."

Susannah Haan, Secretary General of EuropeanIssuers said: "Since the directive aims at enhancing shareholder engagement, thus transferring more power to shareholders, an effective cross-border shareholder identification system is an indispensable prerequisite for companies to meet this objective. Therefore, we are pleased that the European Parliament acknowledged this by granting companies the right to identify their shareholders, rather than leaving the proposal as a sales opportunity for intermediaries."

At the same time, ecoDa and EuropeanIssuers would like to emphasise that this proposal is not the right place to include provisions on country-by-country reporting (CBCR) on profits, taxes and subsidies and on tax rulings. Public disclosure of CBCR information for all large companies - including non-listed ones - could lead to loss of tax revenues for Member States and potential double taxation for companies. Given that this issue is now subject to a separate consultation and impact assessment and that a directive on automatic exchange of tax rulings is already under discussion, we would like to see these provisions deleted from the text of the shareholder rights directive during trialogue negotiations.

Notes to editors:

About the proposal

A proposal to revise the Shareholder Rights Directive was published by the Commission in April 2014. Council has already agreed on a compromise text and gave the mandate to start trilogues in March 2015. The JURI Committee voted 13 to 10 to pass the report on 7 May. However, due to considerable disagreement among the different political groups in the European Parliament, the report was submitted to a vote in plenary. The plenary vote was postponed from 10 June to 7 July again due to difficulties to reach a compromise. After the mandate approved by the plenary trilogue discussions will start under the Luxembourgish Presidency.

On 17 June 2015 the Commission published a Corporate Taxation Action Plan with a consultation on public disclosure requirements for multinational companies (including CBCR like provisions).

About EuropeanIssuers

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies to the EU Institutions. As at 31 December 2014, there were 13.225¹ such companies on both the main markets and the exchange-regulated (growth) markets. Our members include both national associations and companies from all sectors, covering markets worth €7.2 billion 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.

For more information, please visit www.europeanissuers.eu

About ecoDa

The European Confederation of Directors' Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Its objective is to represent the views of company directors from EU member states to corporate governance policy-makers at EU level. ecoDa, the European Confederation of Directors' Associations, is a not-for-profit association acting as the "European voice of board directors".

Through its 19 national institutes of directors, ecoDa represents around fifty-five thousand board members from across the EU, ensuring that their views on Corporate Governance are clearly communicated to policymakers in the EU institutions. ecoDa's member organisations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.

For more information, please visit www.ecoda.org

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¹ FESE, LSE and Borsa Italiana stats