

Meeting 3 June – with the European Issuers Association

Participants:

From the **Italian association (Assonime)** : [redacted] and [redacted]
[redacted]

From the **French association (AFEP)**: [redacted], [redacted]

From **German association**: [redacted]

From **European Issuers** (our European association): [redacted]
[redacted]

DG GROW: [redacted]

Main messages:

- Support for SCG if goals clearly identified and addressed
- Opportunity to foster growth if economic elements can be combined with human rights and environment elements
- Welcomed involvement of GROW to take into account the business perspective

General principles to consider in order to address the issues in the appropriate way:

- Competitiveness of EU companies**
- Proportionality**
- Not to discourage access to regulated capital markets** – important for recapitalisation of companies post-COVID

The main issues presented and discussed during the meeting were the following:

Due diligence

- not overly prescriptive framework - aligned with OECD and UN Guiding Principles.
- There should be a **proportionate and risk based approach, focus on most severe risks**, strict obligation concerning only Tier 1 suppliers
- **Obligation of means**: focus on process to establish DD system
- **Scope of due diligence**: human rights are straightforward, whereas **climate change is more complex**: it should be addressed in a separate framework

Liability

- Member States to decide how to implement it, not to be part of the EU proposal.
- avoid FR paradox of very vague legal provisions and very high risks for companies due to liability regime.
- **obligation of means or obligation of results**: interlinked with civil liability, in second case very wide, for big ones endless liability; if obligation of results, you can ensure it for Tier 1.

Due Diligence in Supply chain: SME to be excluded from direct obligation, supplier SMEs indirectly affected, but focus on large companies

Director's duties - interest of companies

- General criticism of the study underpinning the Impact Assessment presented by DG JUST.
- Added value of new legislation is questionable.
- No need for EU legislation – rather open on a recommendation to align the existing voluntary Corporate Governance codes on sustainability