



# PRIORITIES FOR EU CORPORATE GOVERNANCE & EU COMPANY LAW

## INTRODUCTION

European companies are committed to playing their role in society by producing quality goods and services at competitive prices, creating productive and fulfilling jobs, contributing to the financing of necessary public services and infrastructure, innovating and delivering enabling technologies for the green and digital transitions (see, [here](#) BusinessEurope Reboot agenda).

For European companies to deliver on the above, it is essential that the legal environment in which they operate and the legal conditions around the company, support companies' creation, scale-up, and mobility within the EU. Well-functioning company law and corporate governance frameworks are pivotal for companies to flourish and bring societal benefits. This is why BusinessEurope would like to set its priorities for the next legislature in the areas of corporate governance, corporate sustainability due diligence, and company law.



# KEY OBJECTIVES FOR A COMPETITIVE EUROPE

## ON CORPORATE GOVERNANCE

- **The integrity of national, tailored-made corporate governance models must be nourished and preserved.** Current corporate governance models in the Member States are well-functioning and have been developed and fine-tuned over many years and adapted to their respective legal and cultural environments. We do not see a need for a regulatory approach in this area. These models in the Member States must remain flexible enough to give room for and incentivize continued financial and organizational innovation, and the widely accepted “comply or explain approach” applied across the EU in this area must not be diluted. Continued respect for the Member States’ different structures is key for the competitiveness of European businesses.
- **A potential future revision of the Shareholder’s Rights Directive** should focus on securing a helpful legal framework for EU corporations and serve as an opportunity to identify and remove current practical obstacles to shareholder engagement and assess if the current approach around market players advising shareholders (e.g. proxy advisers) on their decisions is fit for purpose.
- **The recent focus on strengthening the capital markets within the EU is welcomed. Securing European businesses’ access to finance is critical to achieving the EU’s long-term goals,** such as the Twin Transition and increased competitiveness, and makes up an integral part of the EU’s broader strategy for long-term competitiveness and productivity. However, the continued work relating to the Capital Markets Union/ Savings and Investment Union will require careful consideration of the impacts on Corporate Governance systems and Company law across the member states.

## ON CORPORATE SUSTAINABILITY DUE DILIGENCE

- The new **EU framework on corporate sustainability due diligence (CS3D) must be implemented in a harmonised and uniform way** across member states with no tolerance for gold-plating.
- Transposition and application of the CS3D and other sectoral/thematic due diligence or forced labour requirements must **not result in overlaps and contradictions.**
- **Guidelines** on the application of the CS3D must be available in a timely manner, be reasonable, practical, and helpful, and stay within the boundaries of the CS3D (there should be no expansion of the scope through the Guidelines).
- **Supporting measures** by the Commission and Member States need to be in place in a timely manner, also having in mind the needs of SMEs who, being part of value chains, will also be confronted with the requirements. In order for the CS3D to have the positive effects sought, the Commission and local supervisors must be encouraged to take a **guiding/supportive approach** instead of a purely punitive one.
- **Give Companies time to adapt to new rules and regulations.** Companies need due time to adapt to new requirements, e.g. the extensive frameworks under the CS3D and the Corporate Sustainability Reporting Directive, to ensure their application is practical, has a meaningful impact, and allows companies to follow a business-focused approach.

## ON COMPANY LAW

- The EU must deliver on its **competitiveness focus** and on its **commitment to simplification and administrative burden reduction, including the goals to reduce companies' reporting obligations**.<sup>1</sup> European companies need to be able to refocus on their businesses, job creation, and continuous innovation, which is currently being hampered by the constant creation of new complex and extensive rules on reporting and beyond. The EU should reflect on how to pursue effective initiatives around **simplification, reduction of administrative burden, consolidation, and codification<sup>2</sup> of existing company law**.
- Continue to **explore the possibilities around a 28th regime form of European company** - designed for SMEs taking inspiration from previous initiatives (Societas Privata Europaea, Single Member Company)<sup>3</sup>.
- **Continue the progress towards digitalisation and simplification** of company law, including in the area of judicial procedures in commercial matters.
- **The ongoing work on EU insolvency law**, one of the areas of interest in view of the Capital Markets Union/ Savings and Investment Union, needs to uphold legal certainty and a balance between the interests of creditors and debtors. This work should also be well aligned with the existing Second Chance Directive.
- BusinessEurope is ready to contribute to an informed reflection on the idea of a **European business code**.

---

<sup>1</sup> Increasing and complex reporting requirements are acknowledged also in the [Mario Draghi report](#) (e.g. see pages 317, 321).

<sup>2</sup> For example: Directive (EU) 2017/1132 brought together a large part of European Union (EU) company law rules in one single directive. It covers issues such as company formation, capital and disclosure requirements, and operations (such as mergers and divisions) of companies.

<sup>3</sup> The Mario Draghi report suggests the idea of an EU-wide legal statute (Innovative European Company) (page [29](#)).



# BUSINESSEUROPE



**BusinessEurope** is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic
Denmark	Denmark	Estonia	Finland	France	Germany
Germany	Greece	Hungary	Iceland	Iceland	Ireland
Italy	Latvia	Lithuania	Luxembourg	Malta	Montenegro
Norway	Poland	Portugal	Rep. of San Marino	Romania	Serbia
Slovak Republic	Slovenia	Spain	Sweden	Switzerland	Switzerland
The Netherlands	Turkey	Turkey	Ukraine	Ukraine	United Kingdom



Avenue de Cortenbergh 168  
 B - 1000 Brussels, Belgium  
 Tel: +32(0)22376511 / Fax: +32(0)22311445  
 E-mail: [main@businesseurope.eu](mailto:main@businesseurope.eu)

[WWW.BUSINESSEUROPE.EU](http://WWW.BUSINESSEUROPE.EU)

EU Transparency Register 3978240953-79