

Brussels, 7 July 2017

Dear Member of the INTA Committee of the European Parliament,

You are about to vote on the draft report on the **‘Impact of international trade and the EU’s trade policies on global value chains’** scheduled on 11 July 2017.

Ahead of the vote, EuropeanIssuers, representing the interests of European publicly quoted companies, would like to express its views regarding the draft report. Our main comments are:

- European companies **support internationally recognised frameworks for responsible business conduct**, such as the OECD Guidelines for Multinational Enterprises (2011), which recommend that companies carry out risk-based due diligence. This means identifying, preventing and mitigating actual and potential adverse impacts and reporting on the measures taken.
- **European companies are among the best in class worldwide** regarding responsible business conduct. The [study published by Vigeo Eiris](#) in February 2017, comparing 3 000 companies listed in 35 countries, concluded that European companies perform better than their international competitors with regard to human rights.¹
- The recent Directive 2014/95/EU on non-financial reporting, that applies as of this year², already requires large European companies to disclose *“policies pursued by the undertaking in relation to those matters, including due diligence processes implemented”*. This provision encourages companies to set up due diligence procedures and to report on their outcome in their non-financial reports.

OUR RECOMMENDATIONS

- In line with Better Regulation Principles, **before adopting any new requirements regarding due diligence, first conclusions should be drawn from the implementation of the Directive 2014/95/EU** on non-financial reporting, as well as from legislation and initiatives at the national level (e.g. French law on duty of care; UK Modern Slavery Act, German Action Plan);
- We call on the European Parliament to **improve the system of incentive-based corporate due diligence for EU and non-EU companies** operating in the EU and **support amendments 145, 149, 150 on the draft report**;
- It is important to address the unfair competition faced by EU companies vis-à-vis their competitors from third countries. EU companies already comply with high level standards on CSR, while many of their competitors with headquarters outside EU do not. There is no level-

¹ France (48/100) ranks first, followed by Sweden (42/100), Spain (41/100), Finland (39/100) and Denmark. Countries where companies get the lower scores on human rights are mainly in emerging markets, especially South Eastern Asian countries.

² with first reports to be published in 2018

playing field while products manufactured without regard for environmental and social impact, compete on the EU market with products manufactured by EU based companies.

We hope that you can take these concerns into account when voting on this report on July 11.

We remain at your disposal should you wish to discuss this subject further.

Yours sincerely,



Florence Bindelle
Secretary General

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU Institutions. As at 31 December 2014, there were 13,225 such companies on both the main regulated markets and the alternative exchange-regulated markets. Our members include both national associations and companies from all sectors in 14 European countries, covering markets worth €7.6 trillion market capitalisation with approximately 8,000 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