COVER LETTER FOR AFG'S RESPONSE TO THE SUSTAINABLE CORPORATE GOVERNANCE CONSULTATION

As a preamble, it seems essential to us to recall that we applaud the EU for its global leadership in promoting sustainable finance as a matter of good corporate governance and investor stewardship.

Investors value positively companies that conduct their business adopting a long-term perspective, as these companies minimise climate, transition, governance and reputational risks, and they are likely to be more sustainable and responsive to the rapid evolution. Environmental, governance and social issues can amount to sustainability risks that may affect the long-term growth and resilience of a company.

We believe it is important to promote soft law and dialogue given the great diversity of listed companies, whether in terms of size or sector of activity. Investor dialogue with listed companies helps them move towards greater transparency and better consideration of the environment in which they operate. The EY Report didn't refer to the potential role of shareholders in steering listed companies and their conclusions.

EY study is the subject of severe criticism by several credible academic commentators (inapposite evidence, bias use of research…) and we share these concerns. We are concerned that the EU is considering regulation changes based on insufficient basis in evidence.
It is essential to remember that the governance of European companies revolves around the distinct roles of directors and managers.

In any event, prior to the implementation of any new regulations, it would seem useful for an assessment of the implementation of the various components of SRD2 in all European countries and more generally of the latest European regulations on these topics (transparency directive, Market abuse regulation…).

About AFG

The Association Française de la Gestion Financière (French Asset Management Association - AFG) represents and promotes the interests of third-party portfolio management professionals. It brings together all asset management players from the discretionary and collective portfolio management segments. These players manage more than €4,000 billion worth of assets, i.e. a quarter of the asset management market in continental Europe.

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Consultation Document Proposal for an Initiative on Sustainable Corporate Governance

Fields marked with * are mandatory.

Disclaimer
This document is a working document of the Commission services for consultation and does not prejudge the final decision that the Commission may take.
The views reflected on this consultation paper provide an indication on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.
Please note that in order to ensure a fair and transparent consultation process only responses received through the online questionnaire will be taken into account and included in the report summarising the responses.

Introduction

Political context

The Commission's political guidelines set the ambition of Europe becoming the world's first climate-neutral continent by 2050 and foresee strong focus on delivering on the UN Sustainable Development Goals[1], which requires changing the way in which we produce and consume. Building on the political guidelines, in its Communication on the European Green Deal[2] (adopted in December 2019) and on A Strong Social Europe for Just Transition[3] (adopted in January 2020) the Commission committed to tackling climate and environmental-related challenges and set the ambition to upgrade Europe's social market economy.

The European Green Deal sets out that "sustainability should be further embedded into the corporate governance framework, as many companies still focus too much on short-term financial performance compared to their long-term development and sustainability aspects."

Sustainability in corporate governance encompasses encouraging businesses to frame decisions in terms of their environmental (including climate, biodiversity), social, human and economic impact, as well as in terms of the company's development in the longer term (beyond 3-5 years), rather than focusing on short-term gains.

As a follow-up to the European Green Deal, the Commission has announced a sustainable corporate governance initiative for 2021, and the initiative was listed among the deliverables of the Action Plan on a Circular Economy[4], the Biodiversity strategy[5] and the Farm to Fork strategy[6]. This initiative would build on the results of the analytical and consultative work carried out under Action 10 of the Commission's 2018 Action Plan on Financing Sustainable Growth and would also be part of the Renewed Sustainable Finance

Strategy.

The recent Communication “Europe's moment: Repair and Prepare for the Next Generation” (Recovery Plan)[7] (adopted in May 2020) also confirms the Commission’s intention to put forward such an initiative with the objective to “ensure environmental and social interests are fully embedded into business strategies”. This stands in the context of competitive sustainability contributing to the COVID-19 recovery and to the long-term development of companies. Relevant objectives are strengthening corporate resilience, improving predictability and management of risks, dependencies and disruptions including in the supply chains, with the ultimate aim for the EU economy to build back stronger.

This initiative is listed in the Commission Work program for 2021 [8].

EU action in the area of sustainable corporate governance will complement the objectives of the upcoming Action Plan for the implementation of the European Pillar of Social Rights, to ensure that the transitions towards climate-neutrality and digitalisation are socially sustainable. It will also strengthen the EU’s voice at the global scene and would contribute to the respect of human rights, including labour rights– and corporate social responsibility criteria throughout the value chains of European companies – an objective identified in the joint Communication of the Commission and the High Representative on the Global EU response to COVID-19[9].

This initiative is complementary to the review of the Non-Financial Reporting Directive (NFRD, Directive 2014/95/EU[10]) which currently requires large public-interest companies to disclose to the public certain information on how they are affected by non-financial issues, as well as on the company’s own impacts on society and the environment. The NFRD also requires companies to report on their social and environmental policies and due diligence processes if they have them, or otherwise explain why they do not have any (comply or explain approach). Whilst the NFRD is based on incentives “to report”, the sustainable corporate governance initiative aims to introduce duties “to do”. Such concrete actions would therefore contribute to avoiding “greenwashing” and reaching the objectives of the on-going review of the NFRD too, in particular the aim of enhancing the reliability of information disclosed under the NFRD by ensuring that the reporting obligation is underpinned by adequate corporate and director duties, and the aim of mitigating systemic risks in the financial sector. Reporting to the public on the application of sustainability in corporate governance and on the fulfilment of directors’ and corporate duties would enable stakeholders to monitor compliance with these duties, thereby helping ensure that companies are accountable for how they mitigate their adverse environmental and social impacts.

The initiative would build upon relevant international standards on business and human rights and responsible business conduct, such as the United Nations’ Guiding Principles on Businesses and Human Rights and the OECD Guidelines for Multinational Enterprises and its Due Diligence Guidance for Responsible Business Conduct.

As regards environmental harm linked to deforestation, the Commission is also conducting a fitness check of the EU Timber Regulation and an impact assessment.

Finally, Covid-19 has put small and medium sized companies under financial pressure, partly due to increased delay in the payments from their larger clients. This raises the importance of the role of board members of companies to duly take into account the interests of employees, including those in the supply chains as well as the interests of persons and suppliers affected by their operations. Further support measures for SMEs also require careful consideration.

Results of two studies conducted for the Commission

To integrate properly sustainability within corporate strategies and decisions, the High-Level Expert Group on Sustainable Finance[11] recommended in 2018 that the EU clarifies corporate board members´ duties so that stakeholder interests are properly considered. Furthermore, they recommended for the EU to require that directors adopt a sustainability strategy with proper targets, have sufficient expertise in sustainability, and to improve regulation on remuneration.

In its 2018 Action Plan on Financing Sustainable Growth[12] the Commission announced that it would carry out analytical and consultative work on the possible need to legislate in this area.

The Commission has been looking at further obstacles that hinder the transition to an environmentally and socially sustainable economy, and at the possible root causes thereof in corporate governance regulation and practices. As part of this work, two studies have been conducted which show market failures and favour acting at the EU level.

The *study on directors' duties and sustainable corporate governance* [13] evidences that there is a trend in the last 30 years for listed companies within the EU to focus on short-term benefits of shareholders rather than on the long-term interests of the company. Data indicate an upward trend in shareholder pay-outs, which increased from 20% to 60% of net income while the ratio of investment (capital expenditure) and R&D spending to net income has declined by 45% and 38% respectively. The study argues that sustainability is too often overlooked by short-term financial motives and that to some extent, corporate short-termism finds its root causes in regulatory frameworks and market practices. Against these findings, the study argues that EU policy intervention is required to lengthen the time horizon in corporate decision-making and promote a corporate governance more conducive to sustainability. To achieve this, it spells out three specific objectives of any future EU intervention: strengthening the role of directors in pursuing their company's long-term interest by dispelling current misconceptions in relation to their duties, which lead them to prioritise short-term financial performance over the long-term interest of the company; improving directors' accountability towards integrating sustainability into corporate strategy and decision-making; and promoting corporate governance practices that contribute to company sustainability, by addressing relevant unfavourable practices (e.g. in the area of board remuneration, board composition, stakeholder involvement).

The *study on due diligence requirements* through the supply chain[14] focuses on due diligence processes to address adverse sustainability impacts, such as climate change, environmental, human rights (including labour rights) harm in companies' own operations and in their value chain, by identifying and preventing relevant risks and mitigating negative impacts. The study shows that in a large sample of mostly big companies participating in the study survey, only one in three businesses claim to undertake due diligence which takes into account all human rights and environmental impacts. Therefore voluntary initiatives, even when backed by transparency do not sufficiently incentivise good practice. The study shows wide stakeholder support, including from frontrunner businesses, for mandatory EU due diligence. 70% of businesses responding to the survey conducted for the study agreed that EU regulation might provide benefits for business, including legal certainty, level playing field and protection in case of litigation. The study shows that a number of EU Member States have adopted legislation or are considering action in this field. A potential patchwork of national legislation may jeopardise the single market and increase costs for businesses. A cross-sectoral regulatory measure, at EU level, was preferred to sector specific frameworks.

Objectives of this public consultation

This public consultation aims to collect the views of stakeholders with regard to a possible Sustainable Corporate Governance Initiative. It builds on data collected in particular in the two studies mentioned above and on their conclusions, as well as on the feedback received in the public consultation on the Renewed Sustainable Finance Strategy[15]. It includes questions to allow the widest possible range of stakeholders to provide their views on relevant aspects of sustainable corporate governance.

About you

*Language of my contribution

- ○ Bulgarian
- ○ Croatian
- ○ Czech
- ○ Danish
- ○ Dutch
- ● English
- ○ Estonian
- ○ Finnish
- ○ French
- ○ German
- ○ Greek
- ○ Hungarian
- ○ Irish
- ○ Italian
- ○ Latvian
- ○ Lithuanian
- ○ Maltese
- ○ Polish
- ○ Portuguese
- ○ Romanian
- ○ Slovak
- ○ Slovenian
- ○ Spanish
- ○ Swedish

* Surname

GARRAULT

* I am giving my contribution as

- ( ) Academic/research institution
- (x) Business association
- ( ) Company/business organisation
- ( ) Consumer organisation
- ( ) EU citizen
- ( ) Environmental organisation
- ( ) Non-EU citizen
- ( ) Non-governmental organisation (NGO)
- ( ) Public authority
- ( ) Trade union
- ( ) Other

* First name

Pierre

* Email (this won't be published)

p.garrault@afg.asso.fr

* Organisation name

255 character(s) maximum

AFG - Association Française de la Gestion financière

* Organisation size

- ( ) Micro (1 to 9 employees)
- (x) Small (10 to 49 employees)
- ( ) Medium (50 to 249 employees)
- ( ) Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

5975679180-97

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France (selected)
- French Guiana
- French Polynesia
-
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South

	French Southern and Antarctic Lands		Sandwich Islands
Barbados	Gabon	Monaco	South Korea
Belarus	Georgia	Mongolia	South Sudan
Belgium	Germany	Montenegro	Spain
Belize	Ghana	Montserrat	Sri Lanka
Benin	Gibraltar	Morocco	Sudan
Bermuda	Greece	Mozambique	Suriname
Bhutan	Greenland	Myanmar /Burma	Svalbard and Jan Mayen
Bolivia	Grenada	Namibia	Sweden
Bonaire Saint Eustatius and Saba	Guadeloupe	Nauru	Switzerland
Bosnia and Herzegovina	Guam	Nepal	Syria
Botswana	Guatemala	Netherlands	Taiwan
Bouvet Island	Guernsey	New Caledonia	Tajikistan
Brazil	Guinea	New Zealand	Tanzania
British Indian Ocean Territory	Guinea-Bissau	Nicaragua	Thailand
British Virgin Islands	Guyana	Niger	The Gambia
Brunei	Haiti	Nigeria	Timor-Leste
Bulgaria	Heard Island and McDonald Islands	Niue	Togo
Burkina Faso	Honduras	Norfolk Island	Tokelau
Burundi	Hong Kong	Northern Mariana Islands	Tonga
Cambodia	Hungary	North Korea	Trinidad and Tobago
Cameroon	Iceland	North Macedonia	Tunisia

- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d’Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
-
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
-
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Democratic Republic of the Congo		Saint Kitts and Nevis
Denmark	Liberia	Saint Lucia

* Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- **Anonymous**
  Only your contribution, country of origin and the respondent type profile that you selected will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.
- **Public**
  Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

- [x] I agree with the personal data protection provisions

If you replied that you answer on behalf of a business, please specify the type of business:

- institutional investor, asset manager
- other financial sector player (e.g. an analyst, rating agency, data and research provider)
- auditor
- other

Consultation questions

If you are responding on behalf of a large company, please indicate how large is the company:

- Large company with 1000 or more people employed
- Large company with less than 1000 but at least 250 people employed

If you are responding on behalf of a company, is your company listed on the stock-exchange?

- Yes, in the EU
- Yes, outside the EU

- Yes, both in and outside the EU
- No

If you are responding on behalf of a company, does your company have experience in implementing due diligence systems?

- Yes, as legal obligation
- Yes, as voluntary measure
- No

If resident or established/registered in an EU Member State, do you carry out (part of) your activity in several EU Member States?

- Yes
- No

If resident or established/ registered in a third country (i.e. in a country that is not a member of the European Union), please specify your country:

If resident or established registered in a third country, do you carry out (part of) your activity in the EU?

- Yes
- No

If resident or established registered in a third country, are you part of the supply chain of an EU company?

- Yes
- No

Section I: Need and objectives for EU intervention on sustainable corporate governance

Questions 1 and 2 below which seek views on the need and objectives for EU action have already largely been included in the public consultation on the Renewed Sustainable Finance Strategy earlier in 2020. The Commission is currently analysing those replies. In order to reach the broadest range of stakeholders possible, those questions are now again included in the present consultation also taking into account the two studies on due diligence requirements through the supply chain as well as directors’ duties and sustainable corporate governance.

Question 1: Due regard for stakeholder interests', such as the interests of employees, customers, etc., is expected of companies. In recent years, interests have expanded to include issues such as human rights violations, environmental pollution and climate change. Do you think companies and their directors should take account of these interests in corporate decisions alongside financial interests of shareholders, beyond what is currently required by EU law?

- (selected) Yes, a more holistic approach should favour the maximisation of social, environmental, as well as economic/financial performance.
- Yes, as these issues are relevant to the financial performance of the company in the long term.
- No, companies and their directors should not take account of these sorts of interests.
- Do not know.

Please provide reasons for your answer:

Question 2: Human rights, social and environmental due diligence requires companies to put in place continuous processes to identify risks and adverse impacts on human rights, health and safety and environment and prevent, mitigate and account for such risks and impacts in their operations and through their value chain.
In the survey conducted in the context of the study on due diligence requirements through the supply chain, a broad range of respondents expressed their preference for a policy change, with an overall preference for establishing a mandatory duty at EU level.
Do you think that an EU legal framework for supply chain due diligence to address adverse impacts on human rights and environmental issues should be developed?

- (selected) Yes, an EU legal framework is needed.
- No, it should be enough to focus on asking companies to follow existing guidelines and standards.
- No action is necessary.
- Do not know.

Please explain:

Note that we are already subjected to that through French Law on Duty of Care. For us, it will be about levelling the playing field and we could have similar regulation at EU level.

Question 3: If you think that an EU legal framework should be developed, please indicate which among the following possible benefits of an EU due diligence duty is important for you (tick the box/multiple choice)?

- [x] Ensuring that the company is aware of its adverse human rights, social and environmental impacts and risks related to human rights violations other social issues and the environment and that it is in a better position to mitigate these risks and impacts
- [x] Contribute effectively to a more sustainable development, including in non-EU countries
- [x] Levelling the playing field, avoiding that some companies freeride on the efforts of others
- [x] Increasing legal certainty about how companies should tackle their impacts, including in their value chain
- [ ] A non-negotiable standard would help companies increase their leverage in the value chain
- [x] Harmonisation to avoid fragmentation in the EU, as emerging national laws are different
- [ ] SMEs would have better chances to be part of EU supply chains
- [ ] Other

Question 3a. Drawbacks

Please indicate which among the following possible risks/drawbacks linked to the introduction of an EU due diligence duty are more important for you (tick the box /multiple choice)?

- [x] Increased administrative costs and procedural burden
- [x] Penalisation of smaller companies with fewer resources
- [x] Competitive disadvantage vis-à-vis third country companies not subject to a similar duty
- [x] Responsibility for damages that the EU company cannot control
- [ ] Decreased attention to core corporate activities which might lead to increased turnover of employees and negative stock performance
- [x] Difficulty for buyers to find suitable suppliers which may cause lock-in effects (e.g. exclusivity period/no shop clause) and have also negative impact on business performance of suppliers
- [x]

Disengagement from risky markets, which might be detrimental for local economies

- [ ] Other

Section II: Directors' duty of care – stakeholders' interests

In all Member States the current legal framework provides that a company director is required to act in the interest of the company (duty of care). However, in most Member States the law does not clearly define what this means. Lack of clarity arguably contributes to short-termism and to a narrow interpretation of the duty of care as requiring a focus predominantly on shareholders' financial interests. It may also lead to a disregard of stakeholders' interests, despite the fact that those stakeholders may also contribute to the long-term success, resilience and viability of the company.

Question 5. Which of the following interests do you see as relevant for the long-term success and resilience of the company?

	Relevant	Not relevant	I do not know/I do not take position
the interests of shareholders	◉	○	○
the interests of employees	◉	○	○
the interests of employees in the company's supply chain	○	○	◉
the interests of customers	◉	○	○
the interests of persons and communities affected by the operations of the company	○	○	◉
the interests of persons and communities affected by the company's supply chain	○	○	◉
the interests of local and global natural environment, including climate	○	○	◉
the likely consequences of any decision in the long term (beyond 3-5 years)	○	○	◉
the interests of society, please specify	○	○	◉
other interests, please specify	○	○	◉

the interests of society, please specify:

other interests, please specify:

Shareholder, employees and customers are key stakeholders that are well identified and needs to be prioritized by companies. The others suggestions are either too vague or could be relevant but not as the same level as their others stakeholders. As the design of the question does not make it possible to rank the interests we did not tick the box relevant for the others answers.

Question 6. Do you consider that corporate directors should be required by law to (1) identify the company´s stakeholders and their interests, (2) to manage the risks for the company in relation to stakeholders and their interests, including on the long run (3) and to identify the opportunities arising from promoting stakeholders' interests?

	I strongly agree	I agree to some extent	I disagree to some extent	I strongly disagree	I do not know	I do not take position
Identification of the company´s stakeholders and their interests	○	●	○	○	○	○
Management of the risks for the company in relation to stakeholders and their interests, including on the long run	○	●	○	○	○	○
Identification of the opportunities arising from promoting stakeholders' interests	○	●	○	○	○	○

Please explain:

It is important to note that the company´s stakeholders and their interests vary from company to company depending on their characteristics (business model, geographical presence etc.). As such, it is for each company to act in its corporate interest and to determine the aspects it needs to take into consideration in order to take a decision.
At company level, the identification and management of stakeholders' risks must be carried out by the management. The supervisory bodies are not well placed to identify and manage the stakeholders. The reason for this is that the management is in charge of the operation of the company whereas the supervisory bodies ("conseil d'administration" or "conseil de surveillance") are primarily responsible for defining the company's strategy and/or controlling the management. The management is consequently more likely to identify and manage these issues.

Question 7. Do you believe that corporate directors should be required by law to set up adequate procedures and where relevant, measurable (science –based) targets to ensure that possible risks and adverse impacts on stakeholders, ie. human rights, social, health and environmental impacts are identified, prevented and addressed?

○ I strongly agree

- I agree to some extent
- (selected) I disagree to some extent
- I strongly disagree
- I do not know
- I do not take position

Please explain:

Directors can ensure that there are in place adequate procedures to identify, prevent and address possible risks and adverse impacts on stakeholders. However, the responsibility of setting up these procedures remain a prerogative of the company's management, acting under the Board's oversight.
Any requirements guidelines to ensure stakeholders' interests are managed and addressed could further improve investors' understanding of how companies are managing sustainability matters. Having more clarity about standards of care companies are required to meet with respect to e.g. supply chain due diligence, will may also allow shareholders to better assess how companies perform across different markets and to hold them accountable.
Nevertheless, requiring companies to set up measurable (science–based) targets is premature. Existing methodologies and the current ESG data landscape do not support this objective, and any requirement would introduce unnecessary complexity and may result misleading to both stakeholders and shareholders. The identification and mitigation of adverse impacts is already required by SFDR, but the assessment of science-based targets presumes a degree of transparency, standards of disclosure and provision of accurate and consistent data on the part of third party agents. It is challenging to see how all these conditions will be satisfied in the short term, and there may well be different arrangements depending on proportionality.

Question 8. Do you believe that corporate directors should balance the interests of all stakeholders, instead of focusing on the short-term financial interests of shareholders, and that this should be clarified in legislation as part of directors' duty of care?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- (selected) I strongly disagree
- I do not know
- I do not take position

Please provide an explanation or comment:

Shareholder interest is that the company is viable in the long term, and therefore should not pit shareholders against other stakeholders. Fund managers are striving for long-term value creation in the interest of their clients. Fund managers contribute to the creation of long-term value by means of engagement with the investee companies that involves exercising of voting rights attached to shares, but also continuous monitoring of a company's financial and non-financial performance and interaction with the company's

directors. Since such interaction relies on a mutually trustful relationship built through dialogue, engagement cannot be successful in the short-term. The goal of engagement is always long-term value enhancement and achievement of long-term KPI targets.
For these reasons, the EU regulatory concept for the upcoming initiative on sustainable corporate governance needs to be adjusted by recognising that consideration of ESG issues is not fundamentally conflicting with the interests of shareholders. Institutional investors such as fund managers are interested in contributing to long-term financial prosperity of their investee companies also by avoiding sustainability risks that may arise from inadequate responses to environmental or social issues.

Question 9. Which risks do you see, if any, should the directors' duty of care be spelled out in law as described in question 8?

The majority of directors' duties – such as to act in good faith in the best interests of the company, to exercise skill and care, and to avoid conflicting interests - are already enshrined in European Regulations .
We do not see merits in new legislative measures.
We also do not, as well as EFAMA, find sufficient evidence of investor-driven short-termism in European capital markets that would justify such legislative measures, as also indicated by the ESA's reports on short termism dating December 2019.

How could these possible risks be mitigated? Please explain.

Where directors widely integrate stakeholder interest into their decisions already today, did this gather support from shareholders as well? Please explain.

Investors value positively companies that conduct their business having regard to stakeholders' interests and adopt a long-term perspective, as these companies minimise climate, transition and reputational risks, and they are likely to be more sustainable and responsive to changing needs of consumers. Investors also have economic incentives to encourage this behaviour by engaging with companies and acting as stewards.

Question 10. As companies often do not have a strategic orientation on sustainability risks, impacts and opportunities, as referred to in question 6 and 7, do you believe that such considerations should be integrated into the company's strategy, decisions and oversight within the company?

- ○ I strongly agree
- ● I agree to some extent
- ○ I disagree to some extent
- ○ I strongly disagree
- ○ I do not know
- ○ I do not take position

Please explain:

We agree that such considerations should be integrated into the company's strategy, decisions and oversight within the company. Most companies do have a strategic orientation on sustainability risks, impacts and opportunities.
Each company addresses these issues differently, according to strategic and materiality considerations, and specific requirements prescribed by law may reduce this process to a box-ticking exercise. Sustainability risks are not one size feats all: each company are different, and it should not be prescript by law. The responsibility of such subject should be deal by companies directly. Generally, the request that companies integrate a strategic orientation on sustainability risks is already addressed by the EU Action Plan.

Enforcement of directors' duty of care

Today, enforcement of directors' duty of care is largely limited to possible intervention by the board of directors, the supervisory board (where such a separate board exists) and the general meeting of shareholders. This has arguably contributed to a narrow understanding of the duty of care according to which directors are required to act predominantly in the short-term financial interests of shareholders. In addition, currently, action to enforce directors' duties is rare in all Member States.

Question 11. Are you aware of cases where certain stakeholders or groups (such as shareholders representing a certain percentage of voting rights, employees, civil society organisations or others) acted to enforce the directors' duty of care on behalf of the company? How many cases? In which Member States? Which stakeholders? What was the outcome?
Please describe examples:

Through dialogue and engagement, shareholders have mechanisms to enforce a good balance in the taking into account by the company of the interests of the stakeholders. Shareholders can vote against directors election, can submit new board members proposals….

Question 12. What was the effect of such enforcement rights/actions? Did it give rise to case law/ was it followed by other cases? If not, why?
Please describe:

The exercise of the engagement can lead to changes in companies' enforcement of duty of care, as well as their strategy, governance structure or board composition. If a company fails to address asset managers' concerns, asset managers can decide to sell their holdings. Following engagement and voting by shareholders, some resolutions has been rejected or receive high level of dissent. Such actions lead to change from companies (change of decision, strategy, governance structure, board composition…)

Question 13. Do you consider that stakeholders, such as for example employees, the environment or people affected by the operations of the company as represented by civil society organisations should be given a role in the enforcement of directors' duty of care?

- ◯ I strongly agree
- ◯

I agree to some extent
- I disagree to some extent
- (x) I strongly disagree
- I do not know
- I do not take position

Please explain your answer:

We are not supportive of stakeholders being assigned a formal enforcement role, with risks of conflicts of interest.
The company's obligation towards third parties should be above all an obligation of transparency through publicly available reporting on its practices. Requiring a high level of transparency on the company's practices towards stakeholders is a way of pushing the company to respect its duty of care.. Other stakeholders should be able to draw attention to potential violations of the directors' duty of care (e.g. whistleblowing rules…) but they should not have a direct role in the enforcement of directors' duties, as it could open doors of abuse.
Furthermore concerning employees, they are part of the board in most of European countries and already are part of the duty of care.

Question 13a: In case you consider that stakeholders should be involved in the enforcement of the duty of care, please explain which stakeholders should play a role in your view and how.

Section III: Due diligence duty

For the purposes of this consultation, "due diligence duty" refers to a legal requirement for companies to establish and implement adequate processes with a view to prevent, mitigate and account for human rights (including labour rights and working conditions), health and environmental impacts, including relating to climate change, both in the company's own operations and in the company's the supply chain. "Supply chain" is understood within the broad definition of a company's "business relationships" and includes subsidiaries as well as suppliers and subcontractors. The company is expected to make reasonable efforts for example with respect to identifying suppliers and subcontractors. Furthermore, due diligence is inherently risk-based, proportionate and context specific. This implies that the extent of implementing actions should depend on the risks of adverse impacts the company is possibly causing, contributing to or should foresee.

Question 14: Please explain whether you agree with this definition and provide reasons for your answer.

We agree with the proposed definition of the due diligence duty, since it seems consistent with the established understanding in accordance with international principles, in particular the OECD guidelines for multinational enterprises and the due diligence guidance related thereto. The decisive difference is, however, that the OECD Guidelines are non-binding for enterprises, whereas the proposed definition shall

form the basis for future EU legal requirements upon companies. A proper balance should thus be sought from the outset between the promotion of responsible business conduct across the supply chain and the actual legal responsibility of companies.
As such, it is critical for implementation that the regulation focused on “reasonable efforts”, and required a risk-based, proportionate and context specific approach. This would help reduce costs and align additional supply chain due diligence efforts with the scope, scale and impacts of the companies’ business activities.

Question 15: Please indicate your preference as regards the content of such possible corporate due diligence duty (tick the box, only one answer possible). Please note that all approaches are meant to rely on existing due diligence standards, such as the OECD guidance on due diligence or the UNGPs. Please note that Option 1, 2 and 3 are horizontal i. e. cross-sectorial and cross thematic, covering human rights, social and environmental matters. They are mutually exclusive. Option 4 and 5 are not horizontal, but theme or sector-specific approaches. Such theme specific or sectorial approaches can be combined with a horizontal approach (see question 15a). If you are in favour of a combination of a horizontal approach with a theme or sector specific approach, you are requested to choose one horizontal approach (Option 1, 2 or 3) in this question.

- ○ Option 1. “Principles-based approach”: A general due diligence duty based on key process requirements (such as for example identification and assessment of risks, evaluation of the operations and of the supply chain, risk and impact mitigation actions, alert mechanism, evaluation of the effectiveness of measures, grievance mechanism, etc.) should be defined at EU level regarding identification, prevention and mitigation of relevant human rights, social and environmental risks and negative impact. These should be applicable across all sectors. This could be complemented by EU-level general or sector specific guidance or rules, where necessary
- ◉ Option 2. “Minimum process and definitions approach”: The EU should define a minimum set of requirements with regard to the necessary processes (see in option 1) which should be applicable across all sectors. Furthermore, this approach would provide harmonised definitions for example as regards the coverage of adverse impacts that should be the subject of the due diligence obligation and could rely on EU and international human rights conventions, including ILO labour conventions, or other conventions, where relevant. Minimum requirements could be complemented by sector specific guidance or further rules, where necessary.
- ○ Option 3. “Minimum process and definitions approach as presented in Option 2 complemented with further requirements in particular for

environmental issues”. This approach would largely encompass what is included in option 2 but would complement it as regards, in particular, environmental issues. It could require alignment with the goals of international treaties and conventions based on the agreement of scientific communities, where relevant and where they exist, on certain key environmental sustainability matters, such as for example the 2050 climate neutrality objective, or the net zero biodiversity loss objective and could reflect also EU goals. Further guidance and sector specific rules could complement the due diligence duty, where necessary.

- Option 4 “Sector-specific approach”: The EU should continue focusing on adopting due diligence requirements for key sectors only.
- Option 5 "Thematic approach": The EU should focus on certain key themes only, such as for example slavery or child labour.
- None of the above, please specify

Question 15a: If you have chosen option 1, 2 or 3 in Question 15 and you are in favour of combining a horizontal approach with a theme or sector specific approach, please explain which horizontal approach should be combined with regulation of which theme or sector?

The adverse impacts are based on the OECD MNEs and UNGPs. The minimum safeguards of the taxonomy as well. It is in the interest of investors that they are applied to companies. If they ought to respect them and they report on them, it will render investors lives much easier. Not only will it facilitate the application of the SFDR and taxonomy regulations, but it will ensure that a larger % of our investments actually comply, benefiting both investors and companies.
Additionally, combining a horizontal approach with the specific guidelines of common environmental goals such as carbon neutrality or stopping biodiversity loss (which by nature are sector specific) is essential to ensure the concrete actions of all companies but at different scale depending of their actual impact on reaching these common goals. Moreover, a horizontal approach is a warranty of integrating all ESG aspect and ensure a just transition which is an equally important aspect of a sustainable development.

Question 15b: Please provide explanations as regards your preferred option, including whether it would bring the necessary legal certainty and whether complementary guidance would also be necessary.

Question 15c: If you ticked options 2) or 3) in Question 15 please indicate which areas should be covered in a possible due diligence requirement (tick the box, multiple choice)

- [x]

Human rights, including fundamental labour rights and working conditions (such as occupational health and safety, decent wages and working hours)

- [ ] Interests of local communities, indigenous peoples' rights, and rights of vulnerable groups
- [x] Climate change mitigation
- [x] Natural capital, including biodiversity loss; land degradation; ecosystems degradation, air, soil and water pollution (including through disposal of chemicals); efficient use of resources and raw materials; hazardous substances and waste
- [x] Other, please specify

Other, please specify:

They should follow the adverse impacts list applied to investors, which basically include: human rights (including indigenous people's rights), labour rights, climate change mitigation and adaptation, natural capital and the list above, circular economy, bribery and corruption

Question 15d: If you ticked option 2) in Question 15 and with a view to creating legal certainty, clarity and ensuring a level playing field, what definitions regarding adverse impacts should be set at EU level?

Same as for investors.

Question 15e: If you ticked option 3) in Question 15, and with a view to creating legal certainty, clarity and ensuring a level playing field, what substantial requirements regarding human rights, social and environmental performance (e.g. prohibited conducts, requirement of achieving a certain performance/target by a certain date for specific environmental issues, where relevant, etc.) should be set at EU level with respect to the issues mentioned in 15c?

Question 15f: If you ticked option 4) in question 15, which sectors do you think the EU should focus on?

Question 15g: If you ticked option 5) in question 15, which themes do you think the EU should focus on?

Question 16: How could companies'- in particular smaller ones'- burden be reduced with respect to due diligence? Please indicate the most effective options (tick the box, multiple choice possible)

This question is being asked in addition to question 48 of the Consultation on the Renewed Sustainable Finance Strategy, the answers to which the Commission is currently analysing.

- [ ] All SMEs[16] should be excluded
- [ ] SMEs should be excluded with some exceptions (e.g. most risky sectors or other)
- [x] Micro and small sized enterprises (less than 50 people employed) should be excluded
- [ ] Micro-enterprises (less than 10 people employed) should be excluded
- [x] SMEs should be subject to lighter requirements ("principles-based" or "minimum process and definitions" approaches as indicated in Question 15)
- [x] SMEs should have lighter reporting requirements
- [ ] Capacity building support, including funding
- [ ] Detailed non-binding guidelines catering for the needs of SMEs in particular
- [ ] Toolbox/dedicated national helpdesk for companies to translate due diligence criteria into business practices
- [ ] Other option, please specify
- [ ] None of these options should be pursued

Please explain your choice, if necessary

The introduction of a legal due diligence duty with regard to supply chains will be a game changer for the established business models and might have implications for the competitiveness of the European industry. In the interest of proportionality, we suggest starting with a commitment of large undertakings that could be defined in line with the future scope of application of the NFRD regime.

SMEs in general should not be excluded from this legal due diligence as they represent a vast majority of the economy and have to be taken into account and share their insights, however due to the burden it can become, they should be subject to exceptions in order to integrate their lack of means such as :

- Exclusion of Micro and small sized enterprises
- Lighter legal requirements and longer periods to comply with regulations.

Question 17: In your view, should the due diligence rules apply also to certain third-country companies which are not established in the EU but carry out (certain) activities in the EU?

(x)

Yes

No

I do not know

Question 17a: What link should be required to make these companies subject to those obligations and how (e.g. what activities should be in the EU, could it be linked to certain turnover generated in the EU, other)? Please specify.

In order to reduce potential competitive disadvantages for the EU industry, companies established outside the EU should be subject to the same obligations in case they have significant operations in the EU markets. In this regard, linking the application of the due diligence duties e.g. to a certain percentage of turnover generated in the EU appears a viable option. In any case, application of substantive due diligence requirements should be accompanied by related disclosures on identified adverse impacts in line with the standards and metrics to be developed under EU law.

Question 17b: Please also explain what kind of obligations could be imposed on these companies and how they would be enforced.

Question 18: Should the EU due diligence duty be accompanied by other measures to foster more level playing field between EU and third country companies?

Yes

No

I do not know

Please explain:

The International Platform on Sustainable Finance should serve as a multilateral forum for promoting a common understanding of due diligence standards for responsible business conduct in line with the established international principles. Members of the International Platform could be encouraged to follow the EU example in introducing a minimum set of principle-based requirements for effective due diligence across the supply chains

Question 19: Enforcement of the due diligence duty

Question 19a: If a mandatory due diligence duty is to be introduced, it should be accompanied by an enforcement mechanism to make it effective. In your view, which of the following mechanisms would be the most appropriate one(s) to enforce the possible obligation (tick the box, multiple choice)?

Judicial enforcement with liability and compensation in case of harm caused by not fulfilling the due diligence obligations

- [ ] Supervision by competent national authorities based on complaints (and/or reporting, where relevant) about non-compliance with setting up and implementing due diligence measures, etc. with effective sanctions (such as for example fines)
- [x] Supervision by competent national authorities (option 2) with a mechanism of EU cooperation/coordination to ensure consistency throughout the EU
- [ ] Other, please specify

Please provide explanation:

In order to be effective, the companies need to be ensured of the level playing field knowing that the companies that will not respect their due diligence duty will face legal issues and fines. However judicial enforcement should be set in a reasonable time horizon in order to make sur the rules are harmonized withing the EU and to lease sufficient time to companies so that they are able to conform to new regulations without severe financial problems

Question 19b: In case you have experience with cases or Court proceedings in which the liability of a European company was at stake with respect to human rights or environmental harm caused by its subsidiary or supply chain partner located in a third country, did you encounter or do you have information about difficulties to get access to remedy that have arisen?

- ( ) Yes
- (•) No

In case you answered yes, please indicate what type of difficulties you have encountered or have information about:

If you encountered difficulties, how and in which context do you consider they could (should) be addressed?

As a professional association, we are not concerned by the question.

Section IV: Other elements of sustainable corporate governance

Question 20: Stakeholder engagement

Better involvement of stakeholders (such as for example employees, civil society organisations representing the interests of the environment, affected people or communities) in defining how stakeholder interests and sustainability are included into the corporate strategy and in the implementation of the company's due diligence processes could contribute to boards and companies fulfilling these duties more effectively.

Question 20a: Do you believe that the EU should require directors to establish and apply mechanisms or, where they already exist for employees for example, use existing information and consultation channels for engaging with stakeholders in this area?

- ○ I strongly agree
- ○ I agree to some extent
- ◉ I disagree to some extent
- ○ I strongly disagree
- ○ I do not know
- ○ I do not take position

Please explain.

Most companies do already have in place mechanisms to facilitate dialogue with their stakeholders (e.g. by having stakeholders represented in an advisory body). Some asset managers also conduct public stakeholder surveys – including clients, public, community, investors etc. and consider stakeholder engagement within ESG materiality maps. In order to make such maps tangible, the exercise should be accompanied by ensuring that they have a share of voice.
In certain EU Member States, such as Germany, Austria, the Netherlands, Belgium, Luxembourg, Italy and France, it is already customary for Worker Councils to be set up to inform management decisions, monitor health and safety concerns and improve and systematize communication channels. As things stand, we do no see the need for further institutionalization of the stakeholder dialogue at the EU level. We believe that directors are obliged to take the company's relevant stakeholders' interest into account when taking decisions, but EU should not require rules on this channel, and should be decided at company level. Moreover such mechanisms are more at the description of management level decision and not board.

Question 20b: If you agree, which stakeholders should be represented? Please explain.

Question 20c: What are best practices for such mechanisms today? Which mechanisms should in your view be promoted at EU level? (tick the box, multiple choice)

	Is best practice	Should be promoted at EU level
Advisory body	○	○
Stakeholder general meeting	○	○

Complaint mechanism as part of due diligence	○	○
Other, please specify	◉	○

Other, please specify:

There are no real best practice, and mechanisms should be left at companies level decision as there is not a one size feet's all approach that will work. Leave company their choice, could be through advisory body,.
We do not understand what is a stakeholder general meeting, and what it could be.

Question 21: Remuneration of directors

Current executive remuneration schemes, in particular share-based remuneration and variable performance criteria, promote focus on short-term financial value maximisation [17] (Study on directors' duties and sustainable corporate governance).

Please rank the following options in terms of their effectiveness to contribute to countering remuneration incentivising short-term focus in your view.

This question is being asked in addition to questions 40 and 41 of the Consultation on the Renewed Sustainable Finance Strategy the answers to which the Commission is currently analysing. Ranking 1-7 (1: least efficient, 7: most efficient)

Restricting executive directors' ability to sell the shares they receive as pay for a certain period (e.g. requiring shares to be held for a certain period after they were granted, after a share buy-back by the company)	★★★★★★☆
Regulating the maximum percentage of share-based remuneration in the total remuneration of directors	★☆☆☆☆☆☆
Regulating or limiting possible types of variable remuneration of directors (e.g. only shares but not share options)	★☆☆☆☆☆☆
Making compulsory the inclusion of sustainability metrics linked, for example, to the company's sustainability targets or performance in the	★☆☆☆

variable remuneration	
Mandatory proportion of variable remuneration linked to non-financial performance criteria	1
Requirement to include carbon emission reductions, where applicable, in the lists of sustainability factors affecting directors’ variable remuneration	1
Taking into account workforce remuneration and related policies when setting director remuneration	1
Other option, please specify	7
None of these options should be pursued, please explain	

Please explain:

Our response are related to executive directors and not to non-executive directors. Non-executive directors in most of countries should only receive fixed salaries, so question/answers are not relevant for non-executive directors.
We are not in favour of EU legislation regarding the application of detailed remuneration provisions and a mandatory approach. We believe that the executive remuneration policy should be the result of engagement between the remuneration committee and stakeholders and decision-making by the shareholders’ meeting (link to SRD2 regulation).

Question 22: Enhancing sustainability expertise in the board

Current level of expertise of boards of directors does not fully support a shift towards sustainability, so action to enhance directors' competence in this area could be envisaged [18] (Study on directors' duties and sustainable corporate governance).
Please indicate which of these options are in your view effective to achieve this objective (tick the box, multiple choice).

- [ ] Requirement for companies to consider environmental, social and/or human rights expertise in the directors' nomination and selection process
- [ ] Requirement for companies to have a certain number/percentage of directors with relevant environmental, social and/or human rights expertise
- [ ] Requirement for companies to have at least one director with relevant environmental, social and/or human rights expertise
- [x] Requirement for the board to regularly assess its level of expertise on environmental, social and/or human rights matters and take appropriate follow-up, including regular trainings
- [ ] Other option, please specify
- [ ] None of these are effective options

Please explain:

Board should reflect the company's strategy, and the most appropriate members for the board has to be examine company per company. In any event, it is important that the companies ensure regular trainings on environmental, social and/or human rights matters for directors . As companies develop their TCFD reporting and improve the quality of their non-financial disclosures while assuring the underlying data, they are successively gathering greater experience of these issues also at the board level. While company should consider ESG expertise in the director's nomination, it should not be tackle by outsourcing the subject to one or two experts in the board. The pending EU reform of NFRD, but also the international thrust for common standards in the area of non-financial reporting to be introduced at the global level should further accelerate this development without the need for direct regulation.

Question 23: Share buybacks

Corporate pay-outs to shareholders (in the form of both dividends and share buybacks) compared to the company's net income have increased from 20 to 60 % in the last 30 years in listed companies as an indicator of corporate short-termism. This arguably reduces the company's resources to make longer-term investments including into new technologies, resilience, sustainable business models and

supply chains[19]. (A share buyback means that the company buys back its own shares, either directly from the open market or by offering shareholders the option to sell their shares to the company at a fixed price, as a result of which the number of outstanding shares is reduced, making each share worth a greater percentage of the company, thereby increasing both the price of the shares and the earnings per share.) EU law regulates the use of share-buybacks [Regulation 596/2014 on market abuse and Directive 77/91, second company law Directive].
In your view, should the EU take further action in this area?

- I strongly agree
- I agree to some extent
- I disagree to some extent
- (x) I strongly disagree
- I do not know
- I do not take position

Question 23a: If you agree, what measure could be taken?

No need further action, because regulation already in place and, and the shareholder’s meeting need to approve share-buybacks programmes.
Before taking action in this area, we recommend competent EU bodies to carry out further research on shareholder payouts and the drivers of short-termism in the EU. Academic literature finds broad evidence that corporate pay-outs to shareholders (in the form of both dividends and share buybacks) have been moderate (after accounting for equity issuance by EU public firms), leaving companies ample resources for investment. In fact, there is evidence that both investment levels and investment intensity have been rising, with R&D levels and intensity at record highs.[1]
At the same time, cash balances have also increased,[2] suggesting that companies find themselves with surplus capital after allocating resources to productive investments and value-creating opportunities, including into new technologies, resilience, sustainable business models and supply chains. When these investment opportunities are exhausted, companies may use surplus capital for buybacks - rather than the other way around. On this basis, we do not find evidence of investor pressure that would justify EU action in this area.

Question 24: Do you consider that any other measure should be taken at EU level to foster more sustainable corporate governance?
If so, please specify:

Yes, barriers still exists on voting and engagement in some markets despite SRD requirement. Power of Attorney , physical representation at the AGM and proxy form to be completed in local language are still requirement under some local regulation in Europe.
At the EU level it would be useful to move towards a full electronical vote with no requirement to fill paper proxy form.

Section V: Impacts of possible measures

Question 25: Impact of the spelling out of the content of directors' duty of care and of the due diligence duty on the company

Please estimate the impacts of a possible spelling out of the content of directors' duty of care as well as a due diligence duty compared to the current situation. In your understanding and own assessment, to what extent will the impacts/effects increase on a scale from 0-10? In addition, please quantify/estimate in quantitative terms (ideally as percentage of annual revenues) the increase of costs and benefits, if possible, in particular if your company already complies with such possible requirements.

Table

	Non-binding guidance. Rating 0-10	Introduction of these duties in binding law, cost and benefits linked to setting up /improving external impacts' identification and mitigation processes Rating 0 (lowest impact)-10 (highest impact) and quantitative data	Introduction of these duties in binding law, annual cost linked to the fulfilment of possible requirements aligned with science based targets (such as for example climate neutrality by 2050, net zero biodiversity loss, etc.) and possible reorganisation of supply chains Rating 0 (lowest impact)-10 (highest impact) and quantitative data
Administrative costs including costs related to new staff required to deal with new obligations			
Litigation costs			
Other costs including potential indirect costs linked to higher prices in the supply chain, costs liked to drawbacks as explained in question 3, other than administrative and litigation costs, etc. Please specify.			
Better performance stemming from increased employee loyalty, better employee performance, resource efficiency			

Competitiveness advantages stemming from new customers, customer loyalty, sustainable technologies or other opportunities			
Better risk management and resilience			
Innovation and improved productivity			
Better environmental and social performance and more reliable reporting attracting investors			
Other impact, please specify			

Please explain:

No answers to questions 25 as these are focused on companies.
Costs will be different depending on the size of companies.

Question 26: Estimation of impacts on stakeholders and the environment
A clarified duty of care and the due diligence duty would be expected to have positive impacts on stakeholders and the environment, including in the supply chain. According to your own understanding and assessment, if your company complies with such requirements or conducts due diligence already, please quantify / estimate in quantitative terms the positive or negative impact annually since the introduction of the policy, by using examples such as:
- Improvements on health and safety of workers in the supply chain, such as reduction of the number of accidents at work, other improvement on working conditions, better wages, eradicating child labour, etc.
- Benefits for the environment through more efficient use of resources, recycling of waste, reduction in greenhouse gas emissions, reduced pollution, reduction in the use of hazardous material, etc.
- Improvements in the respect of human rights, including those of local communities along the supply chain
- Positive/negative impact on consumers
- Positive/negative impact on trade
- Positive/negative impact on the economy (EU/third country).

No answers to questions 26 as these are focused on companies

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