

Mr P Delsaux
Head of Unit
DG Markt G4

DG Markt F2
European Commission
B-1049 Brussels
Belgium

Via E-mail: Markt-COMPLAW@cec.eu.int

15 July 2005

Dear Mr Delsaux,

Re: Fostering an appropriate regime for shareholders' rights

Please find in this note the views of EUROSIF on the European Commission's second consultation document on "fostering an appropriate regime for shareholders' rights".

EUROSIF, the European Social Investment Forum, is the pan-European stakeholder network whose mission is to encourage and develop sustainable and responsible investment (SRI) and better corporate governance. Current members of Eurosif include pension funds, financial service providers, academic institutes, research associations and NGO's. The association is a not-for-profit entity that represents assets totaling over €600bn through its membership.

Eurosif has two main roles: (1) to provide an international forum in order to help multi-stakeholder groups work together on issues facing SRI and Corporate Governance, and (2) to collect input from members and communicate their ideas and initiatives to European policy makers, including the European Commission as well as the European Parliament. Therefore, our input on the consultation document is mainly driven from by the interest and expertise of our membership.

With regards to this consultation, Eurosif welcomes and supports many of the initiatives put forward by the DG Internal Market. Eurosif supports the project of a directive with regards to:

- Clarifying the chain of intermediaries and identifying ultimate investors;
- Providing proper and timely information dissemination to investors ahead of AGMs;
- Allowing investors to voice their support or their concerns through voting, tabling resolutions or calling EGMs;
- Taking consideration of the difficulty for investors to take part in all AGMs and therefore providing as much leeway as possible for voting in absentia;
- Allowing active shareholders to communicate among each other prior to AGMs.

With these objectives in mind, Eurosif supports the contribution to the Consultation provided by the ICGN and Hermes Investment Management.

Shareholders in the field of SRI consider a good governance framework to be paramount to an accountable economic system, where investors and companies each have their rights, roles and responsibilities towards each other and society. Active SRI shareholders are long term investors who pay particular attention to how extra-financial issues, such as governance, social or environmental risks, may affect company performance. This attention translates into regular interaction with investee companies and participation in AGMs and voting to the extent that it is possible and there is a proper framework of shareholders rights. To this extent, the questions raised in the 2nd consultation are essential in how they may enable SRI investors to be active. This is all the more so in a cross-border setting, as European investors' stock portfolios are increasingly international.

Thus, Eurosif is pleased with the direction taken thus far and encourages the EC to continue in its efforts to better enable shareholder democracy and an appropriate regime for shareholder rights in the European Union.

This response has been developed on the Forum's aims encourage disclosure, transparency and active ownership, and to promote the integration of social, environmental and ethical issues into European financial services. It does not necessarily reflect the views of every Forum member.

Yours sincerely,



Matt Christensen
Executive Director
European Social Investment Forum (Eurosif)