

Directorate-General for Justice and Consumers

Unit for Company Law

Att: Maija Laurila, Head of Unit, and Susanne Knöfel, Deputy Head of Unit

The European Commission's study on directors' duties and sustainable corporate governance

With reference to the study on directors' duties and sustainable corporate governance that the European Commission is carrying out together with EY, the Swedish Corporate Governance Board would like to express some strong concerns.

The Board's concerns include the chosen survey methodology and the approach to legislative measures that it implies. The role and responsibilities of a company's board of directors and the purpose of the company are fundamental and integral parts of the national company laws of each member state. Many of the policy solutions suggested in the study would have far reaching implications for the functioning of the legal systems of the member states, with negative consequences for the European economy. The underlying assumptions of the survey are simplistic and the questions are in many cases biased towards finding evidence of short-term value maximization on the part of EU companies. The survey seems to have been prepared to fit an already set policy agenda where the European Commission appears to be prepared to abolish fundamental principles of corporate law that have been carefully developed and refined over some 150 years.

Legislative changes of this magnitude should be underpinned by research and cannot be prepared based on "evidence" that has been collected by a consultant on the basis of a simplified and biased survey. The survey should be withdrawn and should not form the basis for any action by the European Commission.

Stockholm, 6 December 2019

THE SWEDISH CORPORATE GOVERNANCE BOARD

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