



EUROPEAN COMMISSION

Brussels, 18.9.2013
C(2013) 5679 final

Mr Milan ŠTĚCH
President of the Senát
Valdštejnské náměstí 17/4
CZ – 118 01 PRAGUE 1

Dear President,

The Commission would like to thank the Senát for its Opinion concerning the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Action Plan: European company law and corporate governance – a modern legal framework for more engaged shareholders and sustainable companies {COM(2012) 740 final}.

The Commission welcomes the support of the Senát in general as well as on a number of concrete issues. EU legislation is essential to achieve the objectives of the EU Treaty and to set the conditions for smart, sustainable and inclusive growth, benefitting citizens, businesses and workers. Achieving these goals is a shared responsibility between the Commission, the other European Institutions and the Member States. The economic and financial crisis has revealed various shortcomings in the area of corporate governance and has highlighted the need to reinforce the current framework on a number of points. However, in line with the principles of subsidiarity and proportionality, the Commission is strongly committed to prioritising where appropriate lighter regimes and instruments, and duly takes into account the various legal systems of different Member States.

More concretely, the Commission is currently contemplating various ways for improving corporate governance reporting and reinforcing the 'comply or explain' principle¹, in particular by means of a Commission Recommendation. Introduced at EU level already a number of years ago², a major advantage of this principle is the flexibility it offers to companies and Member States.

As regards boardroom diversity, this issue has been addressed by the Commission on 16 April 2013 in its proposal for enhancing the transparency of large businesses on non-

¹ According to this approach, national corporate governance codes lay down recommendations which companies should either comply with or explain the reasons for deviations.

² By means of Directive 2006/46/EC.

financial matters³. The measure has been designed with a non-prescriptive mind-set, and would leave significant flexibility for companies to disclose relevant information in the way that they consider most useful according to their own characteristics or business environment. The objective has been to increase EU companies' transparency and performance on environmental, social and governance matters, and, therefore, to contribute effectively to long-term economic growth, sustainability and employment. The Commission's proposal will follow the ordinary legislative procedure and will be debated by the Council and the European Parliament as co-legislators with the view to its adoption.

The Commission hopes that these clarifications address the concerns raised by the Senát and looks forward to continuing our constructive political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

³ Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups, COM (2013)207.