



8<sup>th</sup> October 2020

Attn Commissioner Didier Reynders  
European Commissioner for Justice  
1049 Bruxelles  
Belgium

Dear Commissioner Reynders,

PwC International Ltd (PwC), on behalf of the PwC network, welcomes the opportunity to comment on the EC roadmap for an EU initiative on sustainable corporate governance. We commend the EC's objective to ensure that sustainability is further embedded into the corporate governance framework with a view to better align the long-term interests of management, shareholders, stakeholders and society.

In our view, the purpose of the economy is to support the needs of society. Historically, the market has done that effectively, leading to significant improvements in life expectancy, education and equality. However, in recent decades, economic and social progress have become decoupled. We are now in a race against the clock to avert catastrophic effects of climate change. Technological disruption is creating widespread job insecurity.

Ensuring that the incentives in the economy drive outcomes that address these issues is crucial, whether you look at it from a societal or an investor lens. The rules that govern the economy have been built up over time and we support a serious effort to ensure they fit the needs of the era we are in, particularly in the context of COVID-19. Investors, just as much as other stakeholders, increasingly need to understand, for example, the extent to which companies are exposed to climate risks, or have appropriate controls to safeguard data privacy. It is worth exploring how governance can support appropriate corporate behaviour on these dimensions and others.

Whilst the focus on sustainability and ESG factors is good, we think that in addition it would be worth considering whether more traditional elements of corporate governance deserve attention. In particular, the importance of whether corporate transparency and corporate governance in relation to business continuity and the sustainability of the business model could be enhanced. The Covid -19 crisis has the potential to lead to an economic recession, and increase the risk of additional bankruptcies. If capital markets are to be mobilised to support the green transition, investors must be able to trust a company's controls everywhere across the EU.

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We would be happy to discuss this further with you and share some of the data on these issues. If you have any questions regarding our response please contact me at [michael.x.stewart@pwc.com](mailto:michael.x.stewart@pwc.com).

Yours sincerely,

A handwritten signature in black ink, appearing to read "MS", followed by a long horizontal stroke.

Michael Stewart  
Global Leader, Corporate Affairs and Communications

PwC IL is registered under number 60402754518-05 in the EU Transparency Register