In response to VP’s question on their views regarding the recently adopted Pay Transparency Directive, BE agreed that the principle is needed, but expressed some reluctance as regards some of the means proposed to achieve the objective.

**Sustainable Corporate Governance**

BE indicated that they brought up this topic also in discussions with VP Sefcovic given the better regulation angle. It is a proposal on which BE members have expressed strong fears and criticism. On Due diligence, the EP Wolters report is unworkable. The BE concern is that one cannot make companies liable for aspects out of their control. Companies can be responsible for means, not for result. As regards SMEs, they will be affected anyway, even if excluded, since they are part of the value chains.

To ensure level playing field, there should not be too much room left to MS to regulate on top of EU law. If companies feel that they are too much exposed to liability due to things they can’t control, there is a risk they will leave certain markets, thus giving the place to for example Chinese investors.

On Directors Duties, generally BE believes this should be in a separate proposal, but understands that COM might put all together. They referred to the Study of Ernst and Young which was criticised by many, and which in their view cannot be the basis for COM action. There are risks that the companies will fall in the hands of other stakeholders; it would lead to an unbalanced influence on the company by actors which are responsible to nobody. This could lead to competitiveness disadvantages. It could end in deadlock and undermine economic models. The most concerning aspect is the overshooting on liability linked to directors and expansion of legal standing. Many companies, especially small ones, feel offended that the narrative might be that companies engage with forced labour. Furthermore, many companies and CEOs are really worried and do not understand how Brussels, especially in Covid context, has an approach by which more and more obligations are put on them, without consideration of competitiveness and their situation currently.

VP Jourova stressed that sustainability is important for the green transition and other priorities, such as social protection. This trend is already there. However, in designing legally binding measures we need to be mindful of unintended effects, burden or rules which might have a counter effect compared to the intended objectives. The process to prepare the initiative is ongoing. We will also need to consider the
Covid context. The approach should be one by which we enable companies to move to sustainability. The final design should be balanced and address the risks, instead of a flat covering of all companies. The VP indicated that COM is aware of the criticism regarding the study on directors duties and better regulation means also solid evidence. She informed that Commissioner Breton will also be closely involved in the work, especially for the SMEs angle. Finally, she referred to the economic support offered under the recovery package.

**Privacy Shield**
BE raised concerns that the approach of EDPB leaves things in limbo. He called on COM to be more outspoken towards EDPB work. They proposed BE support in communication with the US side, in particular the business.
VP Jourova indicated that we are in close contact with EDPB, but there are limits of our actions given the full independence of EDPB. She informed that discussions have started with the new US administration and they seem to understand the need for a new PS system, for the interest of US companies. But she flagged that there are issues of real concern that need to be addressed, when it comes to security in particular. She welcomed an active stance of BE on this matter.

**Consumer agenda**
BE was of the view that the proposals are balanced. It will be important to remove fragmentation of the market and the rules and put efforts into changing the mind-sets of consumers. Furthermore, efforts to strengthen enforcement will be very important. In particular in the area of information on noncompliant products on the digital marketplaces, which is understandably difficult but needed. BE also flagged concerns as regards private litigation funding, given the EP recent INI report on this – this could be a fuelling machine for abusive litigation. He called on COM to monitor the developments and address risks.
VP Jourova indicated that when it comes to changing consumer mind-sets, non-legislative measures might help, including awareness raising campaigns. She referred to the RRF target for spending on green matters, which could also cover consumer actions. She also indicated that COM is fully aware of the ongoing work in EP as regards private litigation funding and we will develop our response on the EP report.

**Conference on the Future of Europe**
BE supported the Declaration, but expressed reluctance as regards the composition of the board and eventual decision-making power of the Plenary.
VP Jourova indicated that on the COM side there is no intention to re-open the Joint declaration. She informed about the online platform and the fact that for COM having a direct line with citizens will be very important. And she stressed the institutional aspects directly under her tasks, linked to the Spitzencandidate and trans-national lists.

VP Jourova and BE agreed to remain in contact given the many files of interest.

**Simona Constantin**
Member of Cabinet of Vice-President Věra Jourová
Values and Transparency