COMMON STATEMENT BY THE SIX CHAIRS GROUP

THE SIX CHAIRS COMMIT TO ENHANCE SUSTAINABILITY BEST PRACTICES WITHIN CORPORATE GOVERNANCE CODES

The Six Chairs Group of the governing bodies of the Corporate Governance Codes (hereinafter also the "**Codes**") in France, Germany, Italy, the Netherlands, Sweden and the UK met in November in Rome for their 4th annual meeting.

The Six Chairs Group acts as an informal forum for dialogue on the role of Codes in Europe. It meets to exchange views and experiences on the evolution of regulations and market practices and aims to promote a shared understanding of the benefits of Codes and the conditions for their successful operation.

In the last two common statements (see 2016 and 2017), the Chairs called for the enhancement of the Codes and for a better balance between Codes and regulations, as also recognized by the G20/OECD Principles on Corporate Governance.

This year, the Six Chairs decided to further explore this concept with regard to the emerging environmental, social and governance (hereinafter also "**ESG**") topics.

As ESG issues are gathering an increasing attention by market participants, a number of policy makers is willing to develop an efficient framework that would encourage investors and companies to pursue the evolution of a sustainable economy. Indeed, international standard setters and Codes developed best practices principles nudging investors to consider ESG issues in their investment policies and companies to appropriately evaluate sustainability factors when developing their business strategy, and carrying out related risk analysis. At the same time, the European lawmaker introduced some flexible provisions by approving the non-financial information disclosure directive, which is currently facing its first application.

Nevertheless, the EC Action Plan for a Sustainable Finance envisages the introduction of some further regulations in this field. Even if the European Commission's attention to such issues deserves to be supported in principle, these initiatives would need to be carefully considered in light of the under-way evolution of Codes on ESG issues and their intrinsic effectiveness.

In fact, Codes build on company's sustainability and require that environmental, social and governance material factors be tightly integrated to company's business strategy, risk management and, in some cases, to the criteria for directors' variable compensation. Good corporate governance means ensuring that companies are run sustainably, responsibly and as efficiently as possible on behalf of their shareholders. The confidence of legislators and the public that companies act responsibly is crucial if companies are to have the freedom to realise their strategies to create value. The confidence of existing and potential shareholders that such is the case is crucial to their interest in investing in companies, thus securing corporate Europe's freedom to develop and its supply of competence and venture capital. The flexible and adaptable nature of Codes makes them the ideal tool for further evolution of best practices in this area and for ensuring their complementarity with the general governance framework.

Therefore, the Six Chairs call the Legislator for an appropriate evaluation of the role played by Corporate Governance Committees in setting best practices that involve ESG issues and in monitoring their application, and take this role into account before starting any new legislative action.
At the same time, in their role as Corporate Governance Codes custodians, the Six Chairs commit to develop a shared approach to enhance sustainability best standards.