

THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 40

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ecoDa News

INTERNATIONAL DEVELOPMENTS

US: The “anti-woke” proxy war – politicians versus shareholders

US politicians have attacked shareholder rights in a letter to Net Zero Financial Services Providers Alliance (NZFSPA) members, a global group supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. Tennessee Attorney General Jonathan Skrmetti led a coalition of 22 Republican state attorneys general in warning members of NZFSPA that its coordinated commitments to net zero may violate state and federal law in the US. Skrmetti said: “If financial service providers are colluding to limit consumer choices and manipulate market outcomes in support of international climate activists that could violate our antitrust and consumer protection laws.” In her response, Minerva chief executive Sarah Wilson noted that its role involves ensuring asset managers and other institutional investors are appropriately managing risks, thereby not damaging their clients’ long-term investment returns. She added: “[Skrmetti’s] letter does not seek ‘understanding’ of anything; it is nothing less than an elaborate fishing expedition designed to waste valuable time [...]”

NATIONAL DEVELOPMENTS

UK: ACCIF consultation on the UK Corporate Governance Code

The board of the Audit Committee Chairs’ Independent Forum (ACCIF) commented on the proposed changes to the UK Corporate Governance Code. Amongst the comments it is voiced that significant incremental effort will be required to make the declaration on the effectiveness of risk management and internal control systems. ACCIF raises the concern that the level of incremental resource required may be considerable.

They suggest thought to be given to the following options:

1. Call for specific narrative on the steps taken by the board to assess the effectiveness of the risk management and internal control systems.
2. Focus the declaration just on the effectiveness of internal controls over financial reporting in the first instance.
3. Make the declaration on the effectiveness of internal controls over financial reporting as at the balance sheet date.
4. Stagger the implementation of these proposed changes, so that well-resourced organisations, perhaps with experience of Sox reporting, are required to adopt the changes first with a phased implementation thereafter.

Furthermore, it is pointed out that an expectation gap may be created if additional ESG/narrative reporting responsibilities are allocated to the Audit Committee.

PUBLICATION/ARTICLE

Accountancy Europe's 5-step starting guide to a sustainable transition for SMEs

The sustainable transition is a collective effort and a matter for society as a whole. SMEs, as the backbone of Europe's economy, also have a key role to play. The transition poses challenges, but also offers opportunities. The five steps identified by Accountancy Europe are

1. Reach out to experts, peers, information points and other stakeholders
2. Reflect on your business' future vision
3. Map and prioritise your sustainability information
4. Analyse, prioritise and reach out to your immediate value chain
5. Develop transformation targets and measures.

IBE Guidance for Board members on developing an ethical business culture

An ethical business culture that goes beyond compliance represents a source of competitive advantage, promoting high standards of business conduct and integrity. It builds trust, loyalty and advocacy among employees, customers, suppliers, regulators, governments and other stakeholders. The ethical challenges facing an organisation vary by geography, sector, company size and function. They also vary over time, as societal expectations change. The purpose of this guidance is to set out a summary of areas for consideration by Boards as they seek to promote an ethical business culture within their companies. IBE suggests 12 points for the ethical business culture.

WIPO Global Innovation Index (GII)

The Global Innovation Index 2023 (GII) takes the pulse of global innovation trends against the background of an economic environment fraught with uncertainty. It provides detailed profiles and reveals the ranking of this year's most innovative economies in the world amongst 132 economies. It localizes the top 100 science and technology innovation clusters. Tokyo-Yokohama and four other Asian clusters lead the top 100 S&T clusters.

Voice of the Asset Owner Survey 2023 Quantitative Analysis

The survey, amongst other findings, lists investment considerations per dimension of the ESG. Key findings are

- More than two-thirds of asset owners (67%) believe ESG has become more material to investment policy in the past five years despite persistent challenges to implementation
- Issues related to the market environment, regulatory confusion, and the need for improvements in ESG data, ratings, indexes and tools ranked among the top concerns of asset owners
- Regulatory confusion is a significant challenge for asset owners, with the lack of clarity and rising costs related to ESG regulation cited as particular pain points
- Despite persistent implementation challenges, allocations to ESG strategies are increasing, with environmental issues driving materiality—especially those related to climate change and the transition to net-zero.

IBM research: the ESG data conundrum

The IBM Institute for Business Value (IBV) analyzed the results of two in-depth surveys. In the first, surveyed more than 20,000 consumers across 34 countries about their attitudes toward sustainability and social responsibility, and how these beliefs influence shopping, investing, and career decisions. For the second, 2,500 executives across 22 industries were surveyed. It was found that top-performing companies don't make trade-offs between sustainability, social responsibility, good governance, and shareholder value; they achieve all these outcomes at once. Transparent data can open the door to new markets, business models, partnerships, and investments. In a tight labor market, transparency on ESG data can also help attract and retain top talent. Consumer commitment to sustainable development has intensified, even as economic challenges hamstringing purchasing power. And the need for change is urgent: consumers are increasingly skeptical of ESG claims. Only 20% of consumers say they trust the statements companies make about environmental sustainability, down from half just two years ago.

PwC Global Internal Audit Study 2023

This survey captured views from 4,680 IA leaders (41%), board members and executives in the business (37%), and second line risk (11%) and compliance (11%) leaders. It covered 81 countries across a wide range of industries. The five key findings are:

1. Megatrends are creating a complex and interconnected risk multiverse
2. IA needs more involvement in strategic areas to remain relevant
3. IA can be a unifying force
4. IA's human 'superpowers' are more important than ever
5. IA can boost its RoI by changing its approach to technology.

ecoDa News

- **12th of October:** ecoDa and Accountancy Europe's in-person event: Shaping a future-proof corporate ecosystem. Information and registration [here](#).
- **13th of October:** ecoDa Advocacy Committee meeting