

THE EUROPEAN VOICE OF DIRECTORS

#EUALERT

Week 36



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ecoDa's News

EUROPEAN INSTITUTIONS

EC: Upcoming initiatives

On the 22nd of September, the European Commission should issue the review of the capital requirements legislation as well as the review of Solvency II (prudential rules for insurances). As for sustainable corporate governance, the file should be tackled on the 27th of October. However, rumors are emerging that DG Just is facing again difficulties in front of the scrutiny board.

EP: Exchange of view with the Chair of US SEC

Gary Gensler, Chair of the US Securities and Exchange Commission (SEC) informed the ECON members about SEC's ongoing work:

- The development of a proposal for climate risk disclosure requirements for the Commission's consideration, as well as similar disclosure requirements with respect to human capital and board diversity;
- The review of practices and enactment of recommendations about whether fund managers should disclose sustainability criteria and underlying data they use to market themselves as "green" or "sustainable";
- The development of a proposal for the Commission's consideration on cybersecurity risk governance, which could address issues such as cyber hygiene and incident reporting.

EFRAG: Climate standard prototype

The EFRAG Project Task Force on European sustainability reporting standards received a working paper titled 'Climate standard prototype' prepared by its subgroup dedicated to this topic. The PTF-ESRS welcomed this presentation as a robust basis for future PTF-ESRS discussions and further steps towards a draft standard.

INTERNATIONAL DEVELOPMENTS**IAASB consultation for proposed new standard for audits**

The IAASB has developed a draft standard to respond to demands to have a set of high-quality requirements tailored for the needs of less complex entities. It has been developed to be understandable, clear and concise, to reduce the risk of jurisdictional divergence by driving comparability globally and to achieve a quality audit engagement. The consultation is open for comment until 31 January 2022.

Virtual shareholder meetings best practices 2021 (Broadrige)

The report, issued by Broadrige, summarizes the main principles that emerged from the 2020 Multi-Stakeholder Working Group on Practices for Virtual Shareholder Meetings, published by the Center for Corporate Law and Governance at Rutgers University Law School released its Report of the 2020. It explains how companies can implement best practices regarding virtual shareholder meetings and how to set new standards for transparency, engagement, and participation.

Interview: Innovating the board (KPMG)

In How Boards Work: And How They Can Work Better in a Chaotic World, Dambisa Moyo, author, economist, and veteran board director, shares her views of how and why boards, like the companies they oversee, must innovate to go beyond surviving to thrive amid the challenges ahead. In an interview with KPMG, Moyo discussed the opportunities and challenges facing boards as they adapt to meet the increasing demands of stakeholders, regulators, and the public.

EUROPEAN DEVELOPMENTS**Investors step up pay protests at European companies (Financial Times)**

European companies have been hit with a rise in shareholder protests over pay at annual meetings this year. According to a report by Georgeson, there was an 18% rise in shareholder dissent over remuneration-related resolutions across seven major European markets, including the UK, Germany, the Netherlands and Spain. Georgeson classes a vote of at least 10% cast against a management proposal as “significant dissent”. Spain’s Ibex 35 index of big companies had the highest proportion of contested pay resolutions, with 60.6% of remuneration report proposals contested in 2021 compared with 33.2% last year.

NATIONAL DEVELOPMENTS**UK: IoD appointed to deliver programmes for college boards**

The Education and Training Foundation (ETF), the government-supported workforce development body for the Further Education (FE) and training sector, has appointed the Institute of Directors to help equip key members of college governing bodies with the skills they need to drive success in their organisations. The IoD approach will not only develop the knowledge, skills and mindset of participants but also have a positive and lasting impact on the effectiveness of college corporation boards and the sector overall.

Belgium: GUBERNA's Home of Governance

ecoDa's Belgium Institute of Directors, GUBERNA, welcomes its members at the GUBERNA Home of Governance in Brussels for a chat or a quiet place to work between meetings. The GUBERNA Home of Governance is open from Monday to Thursday between 09.00 and 17.00.

ARTICLE

The promise and perils of agile governance (Board Perspectives)

In a new article, Michael Hilb, presents considerations for improving the compatibility of agile leadership with the principles of effective corporate governance. Indeed, when the increasing demands on the accountability of boards of directors and the call for agile leadership principles coincide, a number of challenges arise for companies and especially for boards of directors (unclear distribution of roles, unclear rights of intervention, insufficient decision-making skills...). The cultural-cognitive approach may be the right way to reconcile agility and corporate governance by:

- Creating shared awareness to ensure that everyone in the company is aware of the possible conflicting goals;
- Delimiting functional areas of the two concepts;
- Defining subsidiarity rules;
- Aligning goals and expectations;
- Codifying principles to ensure enough flexibility and long-term effects.

EVENT

Corporate sustainable reporting and EU Taxonomy: a compass for the recovery of Europe?

This event is organised by the Sustainable, long-term investment & competitive European industry intergroup of the European Parliament, on September 15th from 10.00 to 11.30am CET. The session will be dedicated to exploring the practical implications of the Taxonomy Regulation and the new Corporate Sustainability Reporting Directive (CSRD) with respect to EU investors and companies, while considering the COVID-19 recovery.

ecoDa's NEWS

- **LAST CHANCE TO REGISTER : 28th of September:** As part of the European SME Week, ecoDa will organise an event, under the patronage and with the participation of DG GROW, on "Underpinning entrepreneurship and resilience: Key governance challenges for unlisted companies".
- **14th of September:**
 - ecoDa's Education Committee meeting with the participation of the Institute of Directors of Israel;
 - Interview with Mr.Kaufmann (Founder and CEO of WeBoard) as part of ecoDa's Corporate Governance Dialogue;
 - ecoDa, ECIIA and FERMA Joint Working Group meeting;
- **15th of September:**
 - ecoDa's Education Working Group meeting;
 - ecoDa's ESG Working Group meeting with the participation of Ms.Montoro (Partnership Manager, Datamaran).