

THE EUROPEAN VOICE OF DIRECTORS

#EUALERT

Week 46 & 47



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EUROPEAN INSTITUTIONS DEVELOPMENTS

CS3D: EU member states fight over the scope ([Euractiv](#))

As EU member states are trying to find a common position on the Corporate Sustainability Due Diligence Directive ahead of a Council meeting on 1 December, a compromise proposal shows that investment companies would not fall under the scope of the directive in the latest version of the text. The latest compromise put forward would also propose a solution to the fight over the supply/value chain debate by referring to a “chain of activities” that encompasses a company’s supply chain as well as “the distribution, transport, storage and disposal of the product.”

EP: Parliament approves rules to boost gender equality on corporate boards

The adoption of the so-called “[Women on Boards](#)” Directive aims to:

- Introduce transparent recruitment procedures in companies, so that at least 40% of non-executive director posts or 33% of all director posts are occupied by the under-represented sex by the end of June 2026;
- Obligate companies to provide information about the gender representation on their boards, if the objectives have not been met, how they plan to attain them;
- Define penalties: Member states need to put in place rules on effective, dissuasive and proportionate penalties for companies that fail to comply with open and transparent appointment procedures. A judicial body could also annul the board of directors selected by the company if it breaches the principles of the Directive.

EFRAG: Delivers the first set of draft ESRS to the European Commission

EFRAG submitted the first set of draft ESRS to the European Commission. This first set:

- Takes account of international reporting standards and other international instruments to the maximum extent possible;
- Gives a more central role for the materiality assessment process (the concept of “rebuttable presumption” has been abandoned);
- Offers a significant reduction in the reporting burden compared to the exposure drafts (a significant number of disclosure requirements were removed, many others were made subject to a phase-in period - these changes have led to a reduction by nearly half of the disclosure requirements compared to the exposure drafts).

ESAs: Call for evidence on greenwashing

The three European Supervisory Authorities (EBA, EIOPA and ESMA) published a Call for Evidence on greenwashing to gather input from stakeholders on how to understand the key features, drivers and risks associated with greenwashing and to collect examples of potential greenwashing practices. Respondents are invited to submit their responses by 10 January 2023. Contributions will feed into the ESAs’ findings for their progress reports due in May 2023, and final reports due in May 2024.

EUROPEAN DEVELOPMENTS

AccountancyEurope: Comparing European corporate governance models

This publication explores the different corporate governance systems based on a survey of 17 European countries. It identifies significant differences in national legislation and practice to lay the groundwork for EU sustainable corporate governance initiatives to be well integrated into the national corporate structures. The paper looks into the following: boards' structure, composition, remuneration, internal controls, shareholders and stakeholders' roles. *AccountancyEurope benefited from the support of some ecoDa member institutes for this exercise.*

NATIONAL DEVELOPMENTS

UK: Cost of UK plan to break Big Four stranglehold rises to £1bn (Financial Times)

The impact of the “managed shared audit” proposal put forward as part of the long-awaited package of audit and corporate governance reforms, would require FTSE 350 companies audited by one of the Big Four to hire a smaller firm to carry out up to 30% of the work. The cost of such measures has risen fivefold to about £1bn over 10 years, according to the latest government estimates. The government said managed shared audits were “the best approach to reforming the market” but would not comment on the projected costs of the policy until it published a revised impact assessment alongside the draft legislation “in due course”.

NATIONAL DEVELOPMENTS

NEDCommunity: Corporate Governance Guidelines for Unlisted Companies

NEDCommunity, the Italian Institute of Directors (a member of ecoDa) will organize, on the 25th of November (from 10.00am to 1.00pm CET), an event to present the Italian version of the new version of ecoDa’s Corporate Governance Guidance and Principles for Unlisted Companies in Europe. Pascal Durand-Barthez represented ecoDa.

ecoDa News

- The recording of the latest webinar organised by ecoDa, together with Mazars, on “Corporate reporting: Avenues to improve audit quality, supervision and governance” is now available;
- **21st of November:** Leena Linnainmaa represented ecoDa at an OECD stakeholder consultation on the review of the G20/OECD Principles of Corporate Governance in Paris;
- **22nd of November:** ecoDa’s Board Meeting followed by a meeting with European Women on Boards;
- **23rd of November:** Manon Roehrig represented ecoDa at a workshop organised by the Global Network of Directors’ Institutes on training and certification;
- **25th of November:** ecoDa, together with Chapter Zero Brussels, will run its course on 'Climate issues' as part of the European Board Diploma;
- **28th of November:** ecoDa’s Advocacy Committee meeting in Prague;
- **29th of November:** Leena Linnainmaa, Rytis Ambrazevičius and Pascal Durand-Barthez will represent ecoDa at the 2022 European Corporate Governance Conference (co-organised by ecoDa) in Prague;
- **2nd of December:** ecoDa and Mazars will organised a closed workshop to discuss the impact of the Corporate Sustainability Reporting Directive on boards.
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