

# THE EUROPEAN VOICE OF DIRECTORS

## #EUALERT

### Week 18



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### EUROPEAN INSTITUTIONS DEVELOPMENTS

#### EFRAG: Consultation on the draft European Sustainability Reporting Standards

EFRAG has launched a public consultation (running until 8 August) on the draft European Sustainability Reporting Standards (ESRS). Feedbacks are expected on three main points: The relevance of the proposed architecture, the possible options for prioritising/phasing-in the implementation of the ESRS and the adequacy of each disclosure requirement.

### INTERNATIONAL DEVELOPMENTS

#### Study: Number of company sustainability officers triples in 2021 ([Reuters](#))

A PwC study shows that the number of companies appointing chief sustainability officers (CSO) jumped threefold in 2021 year-on-year, although less than a third of all CSOs hold an executive position. The survey (of 1,640 companies across 62 countries) also analysed the degree to which companies with a CSO are scored on ESG issues by external data provider Refinitiv, and found 98% of companies with a top rating had an executive with at least some sustainability responsibility.

#### Podcast: What's behind the exploding number of shareholder resolutions on corporate purpose? ([The Economist](#))

At a time where a record number of company shareholders have put forward resolutions at annual meetings this year, pressuring companies on everything from their environmental practices to political donations, this Economist podcast tackles why the new frontline in corporate purpose has shifted to proxy battles.

## EUROPEAN DEVELOPMENTS

**NGOs recommendations regarding the EU draft due diligence directive**

A coalition of NGOs (including the European Coalition for Corporate Justice, Franck Bold...) is calling for the Commission's proposal for a corporate sustainability due diligence law to be clarified and strengthened on several points:

- Clarify and strengthen the obligation of directors' to oversee the due diligence process and ensure the effectiveness of due diligence;
- Clarify and strengthen directors' obligations with regards to climate change mitigation;
- Better align directors' incentives (remuneration) with sustainability objectives and outcomes of due diligence;
- Fix the proposal's coverage of the finance sector to ensure key financial actors are covered and that the scope of their due diligence obligation is not restricted.

**Study: Seven priorities for boards to transform their 2022 agenda (EY)**

As the speed of change continues to accelerate, boards should stay agile to be able to deal with many priorities quickly, while responding effectively to ever-growing investor and stakeholder demands. To support European boards on their journey, EY teams assessed the following core themes that are likely to appear on boards' agendas:

- Corporate purpose and value statement;
- Culture and integrity;
- New ways of working;
- Cybersecurity and internal controls;
- Beyond sustainability reporting;
- GRC transformation;
- The audit committee of the future.

## NATIONAL DEVELOPMENTS

**Sweden: Letter from the Confederation of Swedish Enterprise concerning the EU draft due diligence directive**

The Confederation of Swedish Enterprise released a letter in which it exposes why the EU draft due diligence directive breaches the principle of subsidiarity when it comes to corporate governance:

- The European Commission seems to ignore that existing company law rules at EU level already provide sufficient incentives for directors to apply a duty of care;
- Article 26 may also lead to inappropriate and unnecessary interference in the internal management of companies;
- It is also erroneous and inappropriate to give external stakeholders a legal right to influence directors' decisions, when they bear no legal co-responsibility for the consequences;
- Article 15(3) is not required, as the EU Shareholder Rights Directive II already has provisions on remuneration in listed companies.

**UK: FCA finalises rules on board diversity for listed companies**

The UK regulator, Financial Conduct Authority (FCA) has finalized rules that will require listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their boards and executive management. According to the watchdog, firms must have at least 40% women at the board level, at least one woman in an executive position, and at least one board member from a black or ethnic minority background, or explain failure to comply.

## ARTICLES

**The failures of stakeholder capitalism (Financial Times)**

In this article, the author invites those who care about more equitable markets to focus on monopoly power. As the corporate concentration only increases, corporations have made it challenging for governments and the legal system to protect citizens from undue harm inflicted by companies themselves. While presenting themselves as defenders of the public good, some leading companies are only exploiting the politics of the moment to raise profit margin unfairly. Stakeholder capitalism cannot ignore anymore the detrimental consequences of monopoly power.

## WEBINARS

**Due diligence and responsible sourcing: Can a common approach for all sectors work?**

Euractiv is organising a virtual conference, on the 10th of May (from 9.30 to 10.45 am CET) to discuss responsible sourcing and due diligence. How can companies best develop tools and standards that fit the upcoming European legislation? And how can the European Commission ensure there is a coherent approach for all actors involved?

## ecoDa NEWS

- The recording of ecoDa/Crowell & Moring joint webinar on *"The draft EU Corporate Sustainability Due Diligence Directive: what legal consequences on companies and board members?"* is now available;
- **SAVE THE DATE: 23rd of May (11.00 to 12.00 CET):** ecoDa and EY will organize a webinar on "How can a focus on governance can help reimagine corporate integrity?";
- **10th of May:** ecoDa's Members Forum with a presentation from Fredrik Erixon, Director of ECIPE (European Centre for International Political Economy) on geopolitical disruptions on their impacts on trade;
- **11th of May:**
  - ecoDa's Ordinary General Meeting;
  - ecoDa's Board Meeting with a presentation from Daniel Blume, Senior Policy Analyst, OECD Corporate Governance and Corporate Finance Division;
  - ecoDa's Corporate Governance Dialogue Advisory Committee meeting;
- **12th of May:** ecoDa, ECIIA, FERMA Joint Working Group meeting;
- **13th of May:** Béatrice Richez-Baum at the board of ECIIA.