

THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 44

What's in this issue:

International Developments

- [IFRS Foundation](#) to publish IFRS Accounting Taxonomy 2023—Proposed Update 2
- A.I. and a changing risk landscape ([Reuters](#))

European Developments

- [EFRAG](#) issues a call for candidates for the EFRAG Sustainability Reporting TEG
- [EFRAG](#) Sustainability Reporting Technical Expert Group webcast meeting

National Developments

- [UK](#): IoD launches Commission to develop a code of conduct for directors

Publication/Article

- [AccountancyEurope](#), [ECIIA](#) and [ecoDa](#): ESG governance - questions boards should ask to lead the sustainability transition
- [ECIIA](#): The role of Internal Audit in ESG in industrial and commercial companies

ecoDa News

INTERNATIONAL DEVELOPMENTS

IFRS Foundation to publish IFRS Accounting Taxonomy 2023—Proposed Update 2

The IFRS Foundation expects to publish IFRS Accounting Taxonomy 2023—Proposed Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update on 6 November 2023. To comment on the proposed update you will need to have an IFRS Foundation account.

A.I. and a changing risk landscape (Reuters)

The widespread consideration of artificial intelligence technologies ("A.I.") across platforms and industries is not surprising. Among other operational advantages, A.I. is touted as creating efficiencies and reducing costs, and on a global scale, accelerating progress on key issues such as health, security and sustainability. Company boards and leadership might face claims for breaches of their fiduciary obligations related to, for example, inadequate financial reporting where A.I. assists with such function, or more broadly the implementation of A.I. policies and safeguards. Companies also run the risk of professional liability exposure to the extent A.I. technologies are alleged to adversely impact professional services, including in the medical and financial management industries.

EUROPEAN DEVELOPMENTS

EFRAG issues a call for candidates for the EFRAG Sustainability Reporting TEG

EFRAG is looking for candidates with a wide range of expertise and specialisations in the ESG domains and in particular standards referenced in the CSRD, from a wide range of backgrounds, geographical origins (EEA nationality) and diversity. Appointments will start on 1 May 2024 and will be for one or two years (i.e. expiring on 30 April 2025 or 30 April 2026).

EFRAG Sustainability Reporting Technical Expert Group webcast meeting

EFRAG announces that it will hold its EFRAG Sustainability Reporting Technical Expert Group webcast meeting on Wednesday 08 November 2023. Documents are available online. There exists the possibility to watch the webcast online, live or at a later stage.

NATIONAL DEVELOPMENTS**UK: Directors remain pessimistic but some green shoots**

The IoD Directors' Economic Confidence Index, which measures business leader optimism in prospects for the UK economy, remained subdued at -25 in October 2023, similar to September's reading of -26. This is the fifth consecutive month in which economic confidence has been relatively low, following a large drop in June. However, there were some more encouraging signs in other indicators from October's survey:

- The index of business leader optimism for the future of their own organisation rose to +37 in October, up from +33 in September.
- There was a noticeable jump in net revenue expectations, up to +46 in October compared to +38 in September.
- Net investment expectations also rose, to +23 in October from +13 in September.
- The longer-term growth ambitions for business are more favourable than it was this time last year, with 69% of business leaders stating that they have plans for growth compared to only 62% a year ago.

PUBLICATION/ARTICLE**AccountancyEurope, ECIA and ecoDa: ESG governance - questions boards should ask to lead the sustainability transition**

Companies' stakeholders from investors to citizens increasingly demand better sustainability performance and disclosures from businesses. Policymakers and regulators are also introducing new legislation on companies' sustainability obligations and value chains. Company boards need to prepare for their enhanced sustainability obligations. The publication aims to help boards with embedding sustainability – and specifically environmental, social and governance (ESG) factors – into company strategy and business models, and to ensure that proper governance supports this. The paper sets out practical questions for boards to consider, structured in three 'thematic areas':

- business model transformation
- aligning governance with sustainability objectives
- sustainability information, reporting and assurance.

The full paper, as well as a summary are to be found online.

ECIIA: The role of Internal Audit in ESG in industrial and commercial companies

Internal auditors and industrial/commercial companies are still looking for best practices in dealing with the risks and benefits associated with ESG. The regulation is evolving quickly and it is not just about compliance but about the business, strategy, culture, and operations that must evolve. This position paper is a clear call for Board Members and Top Management to move towards a more sustainable business with Internal Audit as a valuable partner in this journey; leveraging on the experience, the business knowledge and the role Internal Audit plays in Governance, Risk Management and Internal Controls. It is structured in the sections

- Various regulations and the different maturities in ESG
- The internal audit and the other functions involved in the assurance process in industrial and commercial companies
- Role of IA in ESG
- Conclusion and Final Remarks.

ecoDa News

- **7th of November:** ecoDa Taskforce Manifesto meeting
- **10th of November:** ecoDa Education Committee meeting