

THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 43

What's in this issue:

European Institutions Developments

- [EP](#): Multiple-vote share structures

International Developments

- ecoDa represented in the OECD Consultation session with stakeholders and advisory bodies on the review of the OECD Guidelines on Corporate Governance of SOEs
- Norway: Vote on the proposed legislation to even the gender balance on boards of private companies
- [Does every company need a climate transition plan?](#)
- [Switzerland](#): Switzerland to Introduce Labelling and Disclosure Rules for Sustainable Investment Products

European Developments

- [ecoDa's comments](#) on the ordinary legislative procedure on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities
- [EFRAG ESRS Q&A Platform](#)

National Developments

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

ecoDa News

EUROPEAN INSTITUTIONS DEVELOPMENTS

EP: Multiple-vote share structures

Fear of losing control of a company deters controlling shareholders in SMEs and family-owned companies from trading on public markets. MEPs stress that multiple-vote shares may provide an incentive for companies to raise investment funds by issuing shares while protecting a company from focussing too much on short-term interests, by giving a stronger voice to founders and long-term shareholders. They are of the view, however, that such companies should be required to have a stock name that ends with the marker 'WVR' (weighted voting rights) to clearly indicate to the public that their shareholder structure and liquidity profile is different to that of traditional companies. In addition, safeguards are proposed to protect the interests of the shareholders who do not hold multiple-vote shares. The text on multiple-vote share structures (a new directive) was adopted with 43 votes for and 10 abstentions.

INTERNATIONAL DEVELOPMENTS

ecoDa represented in the OECD Consultation session with stakeholders and advisory bodies on the review of the OECD Guidelines on Corporate Governance of SOEs

On Tuesday, 24 October the OECD held its 41st Meeting of the Working Party on State Ownership and Privatisation, in form of a consultation session with the working party as part of the public consultation on the review of the OECD Guidelines on Corporate Governance of SOEs. Mr. Filip Gorczyca, Chair of the ecoDa Working Group on SOEs, spoke on behalf of ecoDa, addressing the topic "Enhancing two-way accountability between the state-owner and SOEs". Filip Gorczyca expressed strong support for the revision and stressed the importance of the revision for less developed markets and markets where the number of SOEs is considerable. He also called for more guidance on good governance for SOEs. The preparation of a final draft will be considered by the Working Party in March 2024.

Norway: Vote on the proposed legislation to even the gender balance on boards of private companies

The Norwegian Parliament will soon vote on the proposed legislation to even the gender balance on boards of private companies. That will potentially affect around 10.000 corporate entities already at the 2024 AGMs.

Does every company need a climate transition plan?

Climate Transition Plans (CTPs) have gained significant momentum within the last 18 months. They have also spurred a heated debate about whether CPT advocates are becoming too prescriptive or interventionist in companies' climate strategies. While, unfortunately, this debate has been contaminated by politicisation and emotion (even across Europe), it has nevertheless raised strategic questions about the role of the corporation in climate change. What are realistic boundaries to corporate sustainability? 23 interviews with senior executives were held. Findings are:

- A company's top priority is to remain a going concern and a climate strategy must support its vital resources;
- A company should define long term based its natural capex and product life cycles, and longest-term contractual liabilities;
- It all comes down to materiality, which should be conducted as a matter of natural course of business, including stakeholder and board engagement;
- For some companies, a transition plan can be very useful. Whether a company should have a published CTP is a board-level decision.

Switzerland: Switzerland to Introduce Labelling and Disclosure Rules for Sustainable Investment Products

Switzerland's Federal Department of Finance (FDF) announced that it will proceed with plans to propose regulations to address greenwashing in the financial sector, including investment and disclosure rules for financial products using labels such as 'sustainable,' green,' or 'ESG.' The announcement follows the release in December 2022 of a paper by the Swiss Federal Council outlining its position on the prevention of greenwashing, or the risk of having a financial product falsely or misleadingly portrayed as having sustainable characteristics.

EUROPEAN DEVELOPMENTS

ecoDa's comments on the ordinary legislative procedure on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities

ecoDa commented on the directive on ESG rating activities, explaining considerations regarding the scope of the directive, the assessment mechanism, as well as training and independence. Furthermore, ecoDa is calling for more engagement between ESG rating providers and companies, even if this comes with a cost. It is essential that rating providers understand the business strategy, as well as the sector and the context in which companies are evolving. This is especially the case if companies are in a transitional phase.

EFRAG ESRS Q&A Platform

EFRAG has just launched the ESRS Q&A platform which aims to collect and answer technical questions that remain unresolved after thorough analysis by stakeholders to support the implementation of European Sustainability Reporting Standards (ESRS).

NATIONAL DEVELOPMENTS

UK: IoD launches Commission to develop a code of conduct for directors

Recent corporate scandals at Carillion, BHS, Patisserie Valerie, P&O Ferries and the Post Office suggest that business conduct does not always meet the standards expected by society. This is reflected in the latest Edelman Trust Barometer, where only 50% of respondents expressed trust in UK business, below the percentage in many other countries. To address this issue, the IoD is launching a Commission to develop a code of conduct for directors. The Commission is being chaired by Lord Iain McNicol of West Kilbride, and consists of 16 leading figures from the worlds of business and public affairs. The Commission will run between September 2023 and March 2024, and report its findings in April 2024.

ecoDa News

- AccountancyEurope, ecoDa and ECIIA publication on "ESG Governance: questions boards should ask to lead the sustainability transition" - **to be launched on 7th of November**
- Successful initial days of our European Board Diploma happened on 25th and 26th of October - see more details on ecoDa's LinkedIn profile!