

THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 46

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EUROPEAN INSTITUTIONS DEVELOPMENTS

Council: Spanish Presidency mulls excluding finance from due diligence rules ([Euractiv](#))

ESMA is leaning towards the exclusion of the financial sector from the EU corporate accountability rules, which are currently under inter-institutional negotiations, according to an internal document seen by Euractiv. In the document, prepared ahead of a meeting of member state attachés on Friday (10 November), Spain – which is currently at the helm of the rotating EU Council Presidency – proposes to exclude finance from the EU corporate sustainability due diligence directive (CSDDD). The possible exclusion of the financial sector is expected to raise criticism from both civil society organisations, which have long called to make financial institutions accountable for the impact of their investments on human rights and the environment, as well as members of the European Parliament.

EP: [Greens/EFA Press release](#) on Cyprus Confidential

The International Consortium of Investigative Journalists (ICIJ) has just released their latest investigation into how financial firms in Cyprus have allegedly aided Russian oligarchs and billionaires in hiding their wealth offshore. Gwendoline Delbos-Corfield MEP, Greens/EFA Member of the LIBE Committee, comments: “The Cyprus Confidential release shows that only one weak link in the chain can undermine the fight against corruption, money laundering and oligarchs hiding their wealth in the EU. “We must close all loopholes for corruption, wherever they exist in Europe. All EU countries must implement and enforce Anti-Money Laundering legislation to the letter. It is imperative that a strong and ambitious EU anti-money laundering package is adopted and implemented as soon as possible.”

ESMA: Call for expression of interest: Consultative Working Group for Corporate Reporting of ESMA's Issuers Standing Committee

ESMA is launching the process to establish a Consultative Working Group (CWG) for Corporate Reporting of its Issuers Standing Committee (ISC) as the term of the existing CWG of the former Corporate Reporting Standing Committee, which was replaced by the ISC in 2023, will expire shortly. ESMA is therefore calling for expressions of interest from stakeholders by 15 December 2023 to become a member of the CWG. ESMA has established the CWG to benefit from the expertise of stakeholders who are specialised in the topics related to accounting.

ESMA: ESMA to put cyber risk as a new Union Strategic Supervisory Priority, ESG disclosures as second priority

ESMA is changing its Union Strategic Supervisory Priorities (USSPs) to focus on cyber risk and digital resilience alongside ESG disclosures. With this new priority, EU supervisors will put greater emphasis on reinforcing firms' ICT risk management through close monitoring and supervisory actions, building new supervisory capacity and expertise. The aim is to keep pace with market and technological developments, and closely monitor potential contagion effects of attacks and disruptions across markets and firms. The new USSP will come into force in 2025, at the same time as the Digital Operational Resilience Act – DORA.

ECB: ECB sends stark warning to Bank Executives with ESG Regulation (Bloomberg)

The European Central Bank wants finance executives to know they'll be held to account for the industry's continued failure to adequately manage climate and environmental risks. According to Frank Elderson, executive board member of the ECB, the ESG risk building in some bank books "increasingly calls into question the fitness and propriety" of the executives in charge. Banks are taking too long to treat climate and environmental risks as a material threat that can impact their finances, according to the ECB. Elderson's speech, given five years after the European Union started rolling out its sustainable finance agenda, represents one of the ECB's sternest warnings yet on the subject.

INTERNATIONAL DEVELOPMENTS

Investors, businesses to increase ESG investment despite greenwashing scrutiny & political pushback: Bloomberg survey

The vast majority of senior investors and business executives are planning to increase ESG investment over the next 5 years, with each group anticipating a range of benefits from a greater ESG focus, including 90% of investors expecting enhanced returns, and executives seeing improved access to capital and corporate reputation. One of the report's key findings was that the trend of increasing focus on ESG by both businesses and investors over the past few years appears to remain intact, despite various backlash headlines, with around three quarters of executives reporting that the benefits of ESG are worth the increased risk of greenwashing scrutiny, and more than half of investors saying that the political pushback on ESG in the U.S. has actually led them to focus on ESG more than ever before, and another 31% reporting that it has not affected their ESG strategy.

EUROPEAN DEVELOPMENTS**EFRAG announces the programme for the 2023 EFRAG Conference**

EFRAG announced the release of the programme for the 2023 EFRAG Conference "European corporate reporting: two pillars for success" organised in cooperation with the European Commission. The event takes place on 28 November in Brussels.

NATIONAL DEVELOPMENTS**UK: Court fails to engage with key climate risk arguments in Shell directors case dismissal**

LONDON – The Court of Appeal has refused to hear ClientEarth's historic lawsuit against Shell's Board of Directors – the first derivative action worldwide to seek to hold directors personally liable for climate risk mismanagement. ClientEarth's case argued that the Board had breached its legal obligations under company law by failing to properly manage climate risk facing Shell, jeopardising the company's long-term viability. The High Court of England and Wales dismissed the lawsuit without considering the merits earlier this year, which ClientEarth appealed.

UK: Businesses urge to provide a coherent response to the global race to net zero

The transition to a net zero economy is a vital opportunity for the UK economy, but for UK businesses to harness these benefits the government needs to provide a clear and consistent long-term strategy, develop a supportive policy environment, send better signals to the private sector about the scale and type of investment needed, and continuously engage with businesses and financial institutions.

USA: Comer, Scott Demand Transcribed Interviews with Biden SEC Officials Related to Coordination with EU on Climate-Related Measures

WASHINGTON—House Committee on Oversight and Accountability Chairman James Comer (R-Ky.) and Senate Committee on Banking, Housing, and Urban Affairs Ranking Member Tim Scott (R-S.C.) are taking action to further their investigation into the Biden administration's Securities and Exchange Commission's (SEC's) coordination with European Union (EU) regulatory authorities on environmental, social, and governance (ESG) climate-related measures that impact U.S. businesses.

*PUBLICATION/ARTICLE***Recommendations of the Taskforce on Nature-related Financial Disclosures: how to identify, assess, manage and, where appropriate, disclose nature-related issues**

Our society, economies and financial systems are embedded in nature, not external to it. Central banks and financial supervisors are increasingly recognising nature loss as a source of systemic risk to financial systems and economies. Governments are also mobilising through policy and fiscal action. The TNFD recommendations provide companies and financial institutions of all sizes with a risk management and disclosure framework to identify, assess, manage and, where appropriate, disclose nature-related issues. The Taskforce encourages organisations to get started and begin their nature-related assessment and reporting. The TNFD's recommended disclosures, like those of TCFD, are a combination of qualitative process-oriented disclosures and others requiring data and analytics. Those organisations finding data availability and quality a challenge can get started by enhancing their governance and risk management processes, for example, and signalling those actions to the primary users of their sustainability reporting and other stakeholders.

ecoDa News

- **20th of November:** ecoDa European Board Diploma module Audit Committees: a permanent adaptation
- **23rd of November:** ecoDa's Board Meeting in Madrid