

THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 16

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- 25th of April: ecoDa joins the AccountancyEurope's Task Force on ESG Governance project
- 26th of April: ecoDa WG on Audit Committees to discuss the draft standards for internal audit developed by IIA
- 27th of April: ecoDa's module on Climate issues in partnership with Chapter Zero - as part of the European Board Diploma

EUROPEAN INSTITUTIONS DEVELOPMENTS

EP: Negotiators reach accord on CS3D ([Euractiv](#))

Negotiators in the European Parliament on the Corporate Sustainability Due Diligence Directive (CSDDD) reached agreement on the main elements of the text. They are thus preparing to vote on the report by Lara Wolters (S&D, Dutch) in the Committee on Legal Affairs, probably on 25 April. The report could then be voted on in plenary session at the end of May.

- Reversal burden of proof is out;
- Removal of use in definition of value chain, meaning limitation to fewer activities in downstream;
- Single market clause has not been taken in its full form but at least some language on maximum harmonisation stayed allowing to bring the discussion to trilogue;
- NGOs got representation powers in lawsuits against companies, but they need to be mandated by victims. Not a class action system which would have been even more problematic.

EC: Commission publishes draft "[Environmental Delegated Act](#)"

On 5 April 2023, the European Commission published the draft version of its long-awaited "Environmental Delegated Act" with technical screening and Do-No-Significant Harm criteria for the four remaining environmental objectives of the Taxonomy Regulation. According to the European Construction Industry Federation (FIEC), some elements of the draft delegated act on environmental issues in the taxonomy, which aim in particular to promote the circular economy, "[still lack justification and could create an uneven playing field between EU Member States](#)".

INTERNATIONAL DEVELOPMENTS

G7 pledge increased efforts in nature protection ([G7 Communiqué](#))

G7 Environment and Climate Ministers committed to increase funding to support the developing world in protecting nature. The group stressed its commitment to transforming global value chains towards net-zero, climate-resilient, pollution-free, more circular and nature positive ones, while also ensuring their security, and respect for human rights and in line with the relevant international guidelines in the field of responsible business conduct.

ICGN warns against virtual-only annual general meetings ([Statement](#))

Shareholders continue to be tolerant of the need for this in the event of 'emergency' situations. It must however be recognised by regulators and companies alike that this pragmatism comes at the expense of watered-down shareholder rights. For example, virtual only meetings have significant limitations on the ability of shareholders to directly interact with boards and management (particularly on contentious proposals), view materials presented at the meeting, ask unmoderated questions, and make statements from the floor.

ISS challenges directors' unequal voting rights ([Financial Times](#))

ISS has said that from February it will suggest voting against individual directors or against the discharge from liability of board members if there are unequal voting rights. As reported by the FT, Sweden's Jacob Wallenberg hits out at ISS over dual-class share attack. Wallenberg stressed that under the "freedom to contract", other investors had agreed to the different voting rights.

EUROPEAN DEVELOPMENTS

NGOs challenge Commission on sustainable investment criteria ([Reuters](#))

Environmental NGOs are taking legal action against the European Commission for labelling nuclear energy and natural gas as sustainable investments. The groups argue that the Commission failed to adhere to scientific advice in its assessment criteria. Greenpeace organisations plan to file a lawsuit at the Court of Justice of the EU, while the other NGOs will file a separate lawsuit related to natural gas. Greenpeace Germany's director, Nina Treu, criticised the inclusion of gas and nuclear in the taxonomy as a tool for greenwashing. In February, the EU executive rejected requests from both groups to review the technologies' inclusion in the taxonomy. The NGOs are now asking the court to annul this refusal, claiming the Commission ignored scientific evidence. Anaïs Berthier, head of ClientEarth's Brussels office, argued that fossil gas-based activities significantly contribute to climate change, violating science-based criteria and EU Climate Law. If successful, the NGOs' review requests will be sent back to the Commission. The court is not expected to comment on the sustainability of the activities. A hearing is anticipated next year, with a possible court ruling in 2025. The current taxonomy will remain in force until then.

PUBLICATIONS

PwC: Managing nature risks - From understanding to action

The PwC report "[Managing nature risks: From understanding to action](#)" highlights the significant exposure to nature risks across industries, with 55% of global GDP being moderately or highly dependent on nature. The report emphasises the importance of addressing nature risks for investors, as more than half of the market capitalisation listed on 19 of the largest stock exchanges faces material nature risks. Key recommendations for executives include:

- Elevating nature to the same level as climate change in risk assessments;
- Assessing baseline performance to determine a company's nature dependence and impact;
- Enhancing decision-making and transparency through improved data;
- Setting ambitious goals to manage risk and capture opportunities.

ecoDa News

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