

THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 8

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EUROPEAN INSTITUTIONS DEVELOPMENTS

EP: A common position reached on the Banking Package

The European Parliament has adopted its [final position](#) on the Banking package. ESG requirements have been strengthened as the text will oblige banks to adopt climate transition plans to address ESG risk, focusing on the EU objective of achieving climate neutrality by 2050, and will impose disclosure requirements. In addition, MEPs addressed the suitability of members of management bodies, which should be sufficiently diverse and gender-balanced to present independent opinions and respond to challenges. The trialogue negotiations between the European Commission, Council, and Parliament can now begin and should be concluded before the end of this year.

INTERNATIONAL DEVELOPMENTS

Shareholder votes offer checks on unjustified CEO pay at S&P 500 companies, study finds (Reuters)

[A new study](#), to be released by activist shareholder group As You Sow makes the case that the votes say on pay votes can limit high pay, especially in cases where it is not matched by solid returns for shareholders. The conclusion amounts to a warning for corporate directors who will face investor judgments as the springtime annual shareholder meeting season gets underway, amid continued inflation and worker layoffs. The group noted that the average share of votes cast 'against' executive pay at S&P 500 companies climbed to 12.6% last year, from 11.7% in 2021 to 10.4% in 2020.

IFRS: Standards effective from January 2024 (Minerva Analytics)

On [February 16](#), the International Sustainability Standards Board (ISSB) unanimously agreed on the implementation date during a review of the two reporting standards – the IFRS S1 General Requirements for Disclosure and Exposure Draft and IFRS S2 Climate-related Disclosures. The standards will implement a “core baseline” level of sustainability reporting to meet the market’s needs and unify disclosures. Following the ISSB’s decision, all entities will be required to file reports under the two standards from early 2025.

China mulls mandatory ESG disclosures for domestic public firms (Bloomberg)

China is planning to make ESG disclosures compulsory as part of efforts to shift to a lower-carbon economy. Regulators are working with advisory bodies and rating agencies to formulate a framework for mandatory environmental, social, and governance-related disclosures for companies listed in China. The country may introduce the requirements first on a “comply or explain” basis before transitioning to a full-scale compulsory framework.

NATIONAL DEVELOPMENTS

Germany: Business community's joint appeal concerning the planned CS3D

The German business community organised in BDI and BDA warned about the red tape, legal uncertainty, and ultimately the withdrawal of European companies from high-risk regions, that would imply the CS3D. They are instead calling for:

- a maximum level of harmonisation;
- due diligence obligations to be limited to the supply chain and more specifically to the direct supplier;
- the threshold for the scope to be 1.000 employees;
- the civil liability-related articles to be deleted;
- clear and appropriate support measures for companies.

France: World's first climate lawsuit against a commercial bank (Le Monde)

NGOs Notre Affaire à Tous, Oxfam France, joined by Friends of the Earth, formally served notice on France's leading bank, BNP Paribas, to stop supporting the development of fossil fuels. They cite the law on the duty of care, which obliges large French companies to identify risks and prevent serious environmental and human rights violations that may result from their activities. In this case, the activist groups accuse BNP Paribas of not applying the law in the area of climate change, by continuing to finance oil and gas projects. They have set an ultimatum for the banking group: It has three months to "comply with the law." If it fails to do so, the associations will refer the matter to the Paris court. This would be the "first climate litigation in the world" involving a commercial bank.

UK: Watchdog consults on sustainability governance frameworks

The UK's Financial Conduct Authority has launched a discussion paper on the role of sustainability-related governance frameworks in finance. This discussion paper aims to encourage an industry-wide dialogue on firms' sustainability-related governance, incentives, and competencies. The paper also looks at how regulated firms' sustainability objectives and strategies can be supported by governance frameworks, and the role asset owners and asset managers can play in stimulating change. The deadline for feedback is 10 May 2023.

*REPORTS***Due diligence in the downstream value chain: Case studies of current company practice (The Danish Institute for Human Rights)**

This publication aims to shed light on how businesses across a range of sectors are already conducting human rights due diligence processes in the downstream part of the value chain, with case studies from six companies (including Novo Nordisk, Ericsson...) illustrating their approaches. It aims to inform companies developing their own practice as well as inform the development of smart and coherent policy and regulatory frameworks. A related webinar is organized on the 27th of February (10.00 am to 11.00 am CET).

ecoDa News

- **SAVE THE DATES:** ecoDa and Mazars are launching a series of two webinars on the **Corporate Sustainability Reporting Directive**, the rules, their impacts and the challenges they raise for companies:
 - **17th April**, from 10.30 am to 12.00 pm CET - [Registration link](#);
 - **18th April**, from 11.00 am to 12.30 pm CET - [Registration link](#);
- **27th of February:** ecoDa's Working Group on Independence meeting;
- **2nd of March:**
 - ecoDa's Corporate Governance Dialogue Advisory Committee meeting in the presence of Stilpon Nestor, Senior Advisor to Morrow Sodali;
 - Fireside Event for ecoDa's Alumni community
- Several preparatory meetings for the Spring Edition of ecoDa's European Board Diploma.