

# THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 33

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## EU INSTITUTIONS DEVELOPMENTS

### **EC: Adoption of the delegated act on the first set of European Sustainability Reporting Standards**

The Commission adopted the European Sustainability Reporting Standards (ESRS) for use by all companies subject to the Corporate Sustainability Reporting Directive (CSRD). EFRAG is now working on Guidance on how to do the materiality assessment. The draft will be available soon and will be submitted for consultation after the summer. The standards for limited insurance will be issued in 2026, and then the standards on reasonable assurance in 2028.

### **ESMA/EBA: Report assessing the implementation of the Shareholder Rights Directive 2**

ESMA (The European Securities and Markets Authority) jointly with EBA (The European Banking Authority) published a Report assessing the implementation of the Shareholder Rights Directive 2 (SRD2). The Report identifies areas for further progress and provides detailed suggestions for policy action regarding SRD2's effectiveness, difficulties in practical application, and the appropriateness of the scope of application.

### **EP: Draft opinion on multiple-vote share structures**

ECON published its draft opinion on the Commission's proposal for the Listing Act. As a general approach, the Rapporteur approves simplification and standardisation of the listing framework in the EU, as long as this is not to the detriment of investors and/or the market. Specifically, to increase the attractiveness of listing in the EU, the option for multiple voting structures should not be limited to SME growth markets but expanded to all regulated markets. Furthermore, to maintain a high level of trust in the market, the Rapporteur introduces a set of obligatory safeguards including a limited voting ratio and a 10-year (definite time-set) sunset clause.

*INTERNATIONAL DEVELOPMENTS***IAAS: Public consultation on proposed global sustainability assurance standard**

The International Auditing and Assurance Standards Board (IAASB) issued its proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements. The standard is profession agnostic, supporting its use by both professional accountants and non-accountant assurance practitioners when performing high-quality sustainability assurance engagements. The IAASB invites all stakeholders to comment on the proposed revisions by December 1, 2023.

**IOSCO: Endorses the ISSB's sustainability-related financial disclosures standards**

The International Organization of Securities Commissions formally backed new international company climate disclosures (developed by the ISSB) to help speed up international adoption and crack down on greenwashing. IOSCO called on its 130 member jurisdictions, regulating more than 95% of the world's financial markets, to consider ways in which they might adopt, apply, or otherwise be informed by the ISSB Standards within the context of their jurisdictional arrangements,

**Brazil: IBGC launches the 6th edition of the Code of Best Practices of Corporate Governance**

The Brazilian Institute of Corporate Governance (IBGC) launches the 6th edition of the Code of Best Practices of Corporate Governance. Periodically revised by the IBGC, the document is a pioneer in Brazil and encourages the conscious and effective use of corporate governance instruments to contribute to the sustainable development of organizations. Five main topics are emphasized in the new version: integrity (as a new principle), transparency, equity, accountability, and sustainability.

*EUROPEAN DEVELOPMENTS***Majority of European Financial Services Directors sit on multiple firms' boards, raising investors concerns of 'overboarding' (EY)**

Board directors serving Europe's largest financial services firms currently hold an average of three board seats each, and over a quarter (26%) hold four or more, according to the latest EY European Financial Services Boardroom Monitor. This comes as new sentiment polling data finds 82% of European investors surveyed believe that holding board positions at three or more firms – rising to 85% if one is at the executive level – could present a challenge to board directors' abilities to fulfill their duty of governing a company.

*NATIONAL DEVELOPMENTS***France: Proposes shareholder approval on corporate climate plans (Green Central Banking)**

The French national assembly has adopted an amendment to its green industry bill, making it the first country to propose mandatory climate plans for companies. The Say on Climate amendment requires companies to disclose climate plans to shareholders every three years with an advisory vote and annual shareholder approval on how the strategy is being implemented. The amendment still needs to be discussed as part of the wider industry bill before being debated for a final time in October.

## Norway: Proposes 40% gender quota for large and mid-size unlisted firms ([Devdiscourse](#))

Large and mid-size private firms (with a minimum of 30 employees and yearly revenues above \$4.7 million when fully implemented in 2028) in Norway must have boards comprising at least 40% women, Norway's government proposed in a bill, in a further push to break the glass ceiling preventing women from reaching top positions. The bill, to be presented in the autumn, will potentially affect around 20,000 firms.

## UK: FRC consults on a revision to ethical standards for auditors

The Financial Reporting Council (FRC) has issued a [consultation on revisions to the FRC's Ethical Standard](#) to further enhance and clarify the principles of integrity, objectivity, and independence auditors must abide by. The proposed revisions enhance prohibitions where an audit firm's independence could be threatened by an economic overreliance on fees from specific entities that are connected. The consultation closes on 31 October 2023.

## UK: ClientEarth loses high court fight with Shell over climate strategy ([The Guardian](#))

ClientEarth has lost an attempt to revive a lawsuit against [Shell](#) over its climate strategy after the high court in London refused permission to bring a case against the energy company. ClientEarth, argues that the company cannot achieve its aim of net zero carbon emissions by 2050 with its current climate transition strategy, and its directors are therefore breaching their duties to shareholders. The judge said ClientEarth's case "ignores the fact that the management of a business of the size and complexity of that of Shell will require the directors to take into account a range of competing considerations", in which the courts should not interfere.

### PUBLICATION

## Sustainable business: Handbook for organisations

Blanka Vezjak, who is a member of ecoDa's Working Group on Audit Committees, has recently published a [handbook](#) intended for every commercial company that strives for sustainable business operation. After explaining the basic sustainability concepts, presentations of individual steps necessary for sustainable business practices follow.

### ecoDa News

- Rytis Ambrazevicius and ecoDa cited in a Politico's article "[Russian roulette for Western companies that stayed](#)";
- **21st of August:** ecoDa's Working Group on State-Owned Enterprises meeting.