

# THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 42

## What's in this issue:

### European Institutions Developments

- **EC:** Commission Work Programme 2024
- **EP:** Greening the bond markets: MEPs approve new standard to fight greenwashing
- Council and EP: AI act - options on fundamental rights, sustainability, workplace use ([Euractiv](#))
- Council: Council to discuss inclusion of finance under EU due diligence rules ([Euractiv](#))

### European Developments

- Ugandan activists call on EU to move forward on due diligence law ([Euractiv](#))

### Publication/Article

- [Study on the cumulative effect of due diligence EU legislation on SMEs](#)
- [EFRAG PTF-RNFRO Report wins a prize at the ISAR Honours 2023](#)

ecoDa News

## EUROPEAN INSTITUTIONS DEVELOPMENTS

### **EC: Commission Work Programme 2024**

The 2024 Commission Work Programme, adopted on 17 October 2023, puts a strong focus on simplifying rules for citizens and businesses across the European Union. This follows up on President von der Leyen's commitment to reduce reporting requirements by 25%, in line with our strategy to boost the EU's long-term competitiveness and to provide relief for SMEs.

### **EP: Greening the bond markets: MEPs approve new standard to fight greenwashing**

MEPs adopted a new voluntary standard for the use of a "European Green Bond" label, the first of its kind in the world. The regulation, adopted by 418 votes in favour, 79 against and 72 abstentions, lays down uniform standards for issuers who wish to use the designation 'European green bond' or 'EuGB' for the marketing of their bond. The standards will enable investors to direct their money more confidently towards more sustainable technologies and businesses. It will also give the company issuing the bond more certainty that their bond will be suitable to investors who want to add green bonds to their portfolio. This will increase interest for this kind of financial product and support the EU's transition to climate neutrality.

### **Council and EP: AI act - options on fundamental rights, sustainability, workplace use ([Euractiv](#))**

The Spanish presidency circulated three discussion papers on Friday (13 October) to gather EU countries' feedback on key aspects of the AI law ahead of an upcoming negotiation session: fundamental rights, sustainability obligations and workplace decision-making. On workplace dispositions, MEPs want workers' representatives to be consulted before an AI model is deployed in the workplace and the affected employees informed in accordance with the relevant EU law. On sustainability obligations, for instance, the MEPs' text includes environmental harm in assessing whether a system is high-risk.

## **Council: Council to discuss inclusion of finance under EU due diligence rules ([Euractiv](#))**

EU countries are set to start discussions on the inclusion of the financial sector under the scope of the proposed EU corporate accountability directive, in an effort to find a negotiating mandate and strike a deal with the European Parliament.

The inclusion of finance is one of the most contentious points in the ongoing negotiations of the corporate sustainability due diligence directive (CSDDD), first proposed by the European Commission in February 2022 to ensure large companies are held accountable for human rights and environmental violations throughout their value chain. While the European Parliament voted in favour of mandatory due diligence rules for financial institutions, including asset managers and institutional investors, member states initially opted for a carve-out of the sector in their general approach reached last December. The inclusion of finance was opposed in particular by France, which pushed to give EU countries the choice to include or exclude finance when transposing the directive into national law.

### **EUROPEAN DEVELOPMENTS**

## **Ugandan activists call on EU to move forward on due diligence law ([Euractiv](#))**

Human rights lawyer Maxwell Atuhura and environmental activist Nick Omonuk have called on EU lawmakers to decide on a strong due diligence law so that they have an avenue to justice that is barred to them in Uganda. To help argue the case for a strong due diligence law that is more than just a “box-ticking” exercise, the ECCJ invited Ugandan activists Atuhura and Omonuk to Brussels. Atuhura is a human rights defender in the Ugandan Albertine region, who has closely followed the development of the Ugandan oilfields and of the East African Crude Oil Pipeline (EACOP) and its effects on the region. The French oil company Total Energies is a majority shareholder in the project. Omonuk, an environmental activist from Uganda, is focused on the aspect of the financial sector. “There are so many interlinkages between the banks and these projects,” he said, mentioning the example of the Austrian Erste bank that helped finance Total Energies.

### **PUBLICATION/ARTICLE**

## **Study on the cumulative effect of due diligence EU legislation on SMEs**

This study has addressed the expected impact of the EU’s CS3D on SMEs. Throughout the study, the differences between SMEs in the EU and third (developing) countries were taken into consideration. The German supply chain act has been considered as an example that could offer insights when it comes to implementing the EU due diligence legislation. Due diligence regulations are associated with considerable challenges for SMEs. Compared to larger firms, they are disadvantaged due to their relative sensitivity towards the higher imposed costs and their lower capability to implement standards. Most notably, SMEs often lack sufficient human resources to deal with specific regulations. There is a risk that the burden of compliance is shifted from large companies with market power to their SME suppliers. Interviews with German stakeholders corroborate that due diligence regulations present both opportunities and challenges for SMEs. The supply chain act, for instance, presents opportunities for companies to

expand their customer base by catering to the growing demand for sustainable and ethically sourced products. Companies that comply with the supply chain act may also enjoy indirect benefits, such as gaining access to public procurement. Uncertainty regarding the legal requirements of the German supply chain act is seen as the most important obstacle. For many companies, it is not clear what they are obliged to do to be regarded as compliant.

### **EFRAG PTF-RNFRO Report wins a prize at the ISAR Honours 2023.**

The report "Towards Sustainable Businesses: Good Practices in Business Model, Risks and Opportunities Reporting in the EU" developed by the PTF-RNFRO, co-chaired by Dawn Slevin and Mario Abela, was selected for this year's session of ISAR Honours. The report presents the state of play and the drivers of current reporting practices, the application of technological solutions, and suggests a path to improvement in the reporting of sustainability risks, opportunities and their linkage to the business model with the overall objective of helping companies to benchmark and improve their current reporting practices.

#### ***ecoDa News***

- **24th of October:** OECD Consultation session with stakeholders and advisory bodies - Filip Gorczyca, Chair of ecoDa's WG on SOEs, will speak on behalf of ecoDa
- **25th and 26th of October:** Days 1 and 2 of the European Board Diploma
- **27th of October:** ecoDa / Allen & Overy Webinar on CS3D: The possible impacts on Directors' Duties - [Register here!](#)