

# THE EUROPEAN VOICE OF DIRECTORS

## #EUALERT

Week 17



### What's in this issue:

#### European Institutions

- **EC:** Consultation on the proposal to revise the CSRD (former NFRD) ;
- **EP:** Raised concerns on the Delegated Acts under Taxonomy;
- **EP:** Approved 4.2e billion Single Market Programme;

#### European Developments

- **Letter:** Brussels' sustainable corporate governance plan is flawed;
- **Study** on the implementation of the NFRD;

#### International Developments

- Biden's **plans** for a global corporate tax rate;
- **Book:** New Living Cases on Corporate Governance;

#### National Developments

- The ICSA becomes the **Chartered Governance Institute UK and Ireland**;
- **US** investors face tough decisions at AGMs;

#### Events

- **Greening** the European Green Bond Market;
- The **role** of European companies and boards in sustainability reporting;
- **EFrag:** Risks, opportunities and business model: ESG reporting practices;

#### ecoda's News

### EUROPEAN INSTITUTIONS

#### EC: Consultation on the proposal to revise the Corporate Sustainability Reporting Directive (former NFRD)

Last week, the European Commission released a proposal to amend the NFRD, now called the corporate sustainability reporting directive. This adopted act is now open for feedback until the 22nd of June.

#### EP: Raised concerns on the Delegated Acts under Taxonomy

The EP group of the Progressive Alliance of Socialists and Democrats raised its concerns towards Commissioner McGuinness, regarding the latest draft Delegated Acts under Taxonomy. They urge the Commission to:

- Reconsider the classification of the construction of gas-plants in the Delegated Acts;
- Postpone the inclusion of bioenergy risk as they are currently based on Renewable Energy Directive II, while its review will take place this year;
- Be more ambitious on the forestry section;
- Not consider nuclear energy in the Taxonomy.

#### EP: Approved 4.2e billion Single Market Programme

The European Parliament adopted the Single Market Programme to strengthen the EU's internal market. The programme will support:

- **EU businesses:** Actions to support SMEs will focus on international competitiveness, development of digital and entrepreneurial skills and the green transition.
- **Better governance of the internal market:** Market surveillance will be financed to curb risks for consumers.
- **Stronger consumer protection:** The priority actions include improving the overall protection and awareness of EU consumer rights, as well as actions to promote sustainable consumption and ensure product safety.

The regulation will enter into force on 3 May once published in the EU Official Journal, and will apply retroactively from 1 January 2021.

## EUROPEAN DEVELOPMENTS

**Letter: Brussels' sustainable corporate governance plan is flawed (Financial Times)**

The CEOs of Confederations of Industries in Sweden, Denmark, Finland, Norway, Estonia and Iceland have issued a letter to warn against the negative impact the future European Commission's sustainable corporate governance initiative could have on European companies and board members. Several reasons are advanced:

- What is referred to “stakeholders” remains undefined while the group will be given the right to enforce the new directors’ duties, as well as NGOs;
- The initiative risks weakening current CG models and blurring directors’ duties resulting in risk-averse decision making, conflicts of interest and lawsuits;
- The CG initiative ignores that sustainability “*is already a market-driven competitive factor essential for companies’ ability to attract customers, investors and employees*”;
- The initiative will “*violate the subsidiarity and proportionality principles and the evidence-based approach of good EU regulation*”.

**Study on the implementation of the NFRD (CEPS)**

CEPS has released its final study on the NFRD for DG FISMA. This report provides data analysis as part of the ongoing monitoring of implementation of the NFRD. Among the main findings:

- 2 000 European companies (excluding exempted subsidiaries) come within the scope of the NFRD;
- 10 000 additional companies are obliged to prepare non-financial statements based on a broader transposition of the Accounting Directive and NFRD into national legislation;
- The recurring administrative costs for providing non-financial statements under the NFRD are on average EUR 82 000 per year, of which about 40% can be fully attributed to the legal requirements;
- About two-thirds of the companies surveyed incur assurance costs, which amount to EUR 76 000 per year on average.

## INTERNATIONAL DEVELOPMENTS

**Biden's plans for a global corporate tax rate (The Guardian)**

The change in tone in the US could not be more marked with last week's proposal for a global minimum corporate tax rate. Under proposals submitted to tax negotiators from 135 countries at the OECD, the Biden plan would force big companies to pay taxes where their revenues are earned, not where the profits can be shifted to.

Much negotiation still remains to be done, not least on the rate at which a global minimum tax would be set. Washington wants 21% but several nations have much lower rates. An agreement among EU nations would not be easy, as rates range from 9% in Hungary and 12.5% in Ireland to 33% in France.

**Book: New Living Cases on Corporate Governance (International Board Foundation)**

This open access book features a selection of Living Cases on Corporate Governance, which were developed and compiled by chairpersons, members of the board of directors, and CEOs in various countries, working in close collaboration with prominent researchers. Each Living Case addresses a current issue that a given company or institution needs to resolve. For every case, the problem is analyzed, innovative solutions are developed and the most important lessons learned, summarized.

## NATIONAL DEVELOPMENTS

**The ICSA becomes the Chartered Governance Institute UK and Ireland**

The Institute of Chartered Secretaries and Administrators (ICSA) becomes the Chartered Governance Institute UK & Ireland. The name connects their division to the international governance standard set by the global Institute as the only chartered body providing support to governance professionals globally. It implies refreshed values (ethical, empowering, expert and collaborative) but a remaining purpose, which is to lead effectively and efficiently governance and administration of commerce, industry and public affairs.

**US investors face tough decisions at AGMs (Minerva Analytics)**

The Proxy Preview 2021 reports the rising number of shareholder resolutions on diversity at US companies as the biggest change on previous year (more than twice the number tabled last year and the highest number of diversity resolutions ever). On the contrary, there has been a lower number of shareholder resolutions on ESG issues. Resolutions on workplace diversity account for 16% of all ESG resolutions in 2021, making it the second biggest issue for shareholders after corporate political activity (18%), and placing it ahead of climate change (15%).

## EVENTS

**Greening the European Green Bond Market**

On the 5th of May, from 3.00 to 4.15, the European Capital Markets Institute will hold a webinar to discuss how to green the European Green Bond Market. Several questions will be tackled such as: Do investors' demand for green bonds meet the supply? Is there an impact on the price differential between green and regular bonds? How to verify and certify that green bonds remain green throughout their life? Is 'green data' reliable and trustworthy? How can the quality be improved? Is there a need for a European data provider?

**The role of European companies and boards in sustainability reporting**

European Issuers continues its Capital Markets Webinar Series with a webinar session on "The role of European companies and boards in sustainability reporting" on the 11th of May (from 11.00am to 12.00pm CET). Focused on the EU's sustainability reporting requirements, this webinar will discuss the role of European companies, their management and boards of directors in addressing the major challenges of today, such as climate change and social issues.

**EFRAG: Risks, opportunities and business model: ESG reporting practices**

On Tuesday 25 May, from 12:00 to 14:00, the European Lab Project Task Force on the reporting of non-financial risks and opportunities and the linkage to the business model (PTF-RNFRO) is hosting an outreach event on its draft report, whose key findings will be shared during the event. The PTF-RNFRO aims to discuss and exchange views with stakeholders on its key findings and seek input prior to publishing its final report in the early summer.

## ecoDa's NEWS

- **May 5th:** kick-off meeting of ecoDa's European Corporate Governance Circle on sustainability;
- **May 10th:** ecoDa's Corporate Governance Dialogue's Advisory Committee meeting.