

# THE EUROPEAN VOICE OF DIRECTORS

## #EUALERT

Weeks 48



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### EUROPEAN INSTITUTIONS DEVELOPMENTS

#### EC: The sustainable corporate governance file delayed

The European Commission's proposal for sustainable corporate governance rules is set to be delayed from late December until 2022 (not before March). This delay could be explained by the Commission's Regulatory Scrutiny Board having rejected again the impact assessment for the initiative.

#### EP: Debate on amendments regarding CSRD

This week, the rapporteur Pascal Durand presented the draft amendments report regarding CSRD. Among the main issues raised by the group:

- While the draft report suggests broadening the scope of the legislation to SMEs operating in risky sectors (to be defined by the EC) and to non European companies operating in the EU, not all the shadow rapporteurs are in favor of this recommendation. For some of them, the size should not be a decisive factor but rather the risk level of the sector in which companies operate. According to the Commission, including non European companies within the scope might be legally impossible;
- Some MEPs are afraid that the new reporting requirements might infringe trade secret;
- Some MEPs would like to see the responsibility of companies increased regarding the accuracy of information disclosed;
- Additional reporting requirements have been raised such as diversity and gender pay gap.

#### EC: Calling for evidence to assess the environmental liability directive

The European Commission has launched [a call for evidence](#) (open until December 29th) to gather information, data and evidence on the effectiveness of the environmental liability directive (which established a framework of environmental liability, based on the 'polluter pays' principle, to prevent and remedy environmental damage). While the European Parliament is calling for the EU rules to be revised (by expanding the scope of application and strengthening the liability of companies), a follow up consultation is expected for Q2 2022.

## EP: Assessed the Commission's plans to boost capital markets

The Economic and Monetary Committee, during a meeting with Commissioner McGuinness, voiced that:

- EU investors should be able to access clear information about how sustainable their investment is;
- The package doesn't contain enough measures aiming at reducing fees and costs for retail investors;
- The EU's capital markets are currently too fragmented to allow SMEs or small investors to make use of their money and invest in a sustainable way.

## EP: Welcomed proposals on anti-money laundering

In a hearing, MEPs argued that the EU's upcoming anti-money laundering (AML) package is necessary, while raising questions about its details. They particularly questioned its emphasis on crypto-assets over real estate, for example. They also asked if fragmentation could result from the package, which contains proposals for both regulations and directives, and questioned its decentralized enforcement.

### INTERNATIONAL DEVELOPMENTS

## ESG Book aims to 'disrupt' sustainability sector with free data (Euractiv)

The World Bank's International Finance Corporation, Hong Kong Exchanges & Clearing, Glass Lewis, Allianz X, the Climate Bonds Initiative, HSBC, among others, have launched a new ESG platform (called ESG book) to 'disrupt' the market with a free "public good" service for companies and investors. Companies can use ESG Book at no cost to disclose, manage and keep ownership of their ESG data in real-time. The data is then available to users for free, with a charge for analysis of the data, such as temperature scores.

## The Finance for Biodiversity pledge

Another nine financial organizations (among them Nordea, PensionDanmark...) have signed the Finance for Biodiversity pledge. The 84 signatories now represent €12.6 trillion in assets and have committed to set targets to increase funds for biodiversity conservation, create assessment mechanisms and publicly report on their progress.

### EUROPEAN DEVELOPMENTS

## Letter to the EC to make the forthcoming due diligence law gender responsive

The European Coalition for Corporate Justice and 60 civil society organisations sent an open letter to European Commissioners and other policy makers, urging them to seize the opportunity to fight gender inequality and discrimination in global value chains. The letter sets out recommendations:

- Cover entire value chains, including semi-formal and informal working schemes, unofficial subcontracting and home-based work at the lowest tiers of value chains;
- Apply to companies of all sizes as sectors where women are hit hardest include many small and medium-sized enterprises;
- Identify gender-based violence and sexual harassment as severe risks of human rights violations to be prevented, redressed and remedied.

## The EU Technical Expert Group on sustainable finance calling on the exclusion of gas in the Taxonomy

The signatories of the [letter](#), who are all members of the EU Technical Expert Group on Sustainable Finance, explain that fossil gas power has a carbon intensity of more than the double of the thresholds set in line with Europe's 2030 emission reduction target. They recall that both Russia and China have adopted taxonomy that excludes gas, and stress that if the EU to relax the threshold of its Taxonomy, this would damage its scientific credibility and bring the EU from its position of climate leadership to one weaker than China and Russia.

### NATIONAL DEVELOPMENTS

## UK: Companies warned over remuneration practices ([Minerva Analytics](#))

UK companies have been put on notice over aligning executive remuneration with stakeholder experience as the Investment Association updates its [guidelines](#). The main recommendations include:

- Remuneration Committee Chairs have to better take into consideration wider stakeholder experience when determining executive remuneration outcomes;
- Remuneration Committees should provide a clear rationale for an increase to any element of, or to the overall level, of remuneration;
- The IA's new guidance recognises the importance of the incorporation of ESG factors for executive remuneration;
- Executive pensions should be aligned with the majority of the workforce by the end of 2022.

## France: Due diligence related lawsuit against EDF rejected

In October 2020, representatives of the indigenous Zapotec community and two NGOs filed a lawsuit against EDF. The lawsuit alleges that the energy company failed to establish and implement appropriate measures to prevent human rights abuses and adverse environmental effects in the course of its windpark project according to France's 2017 duty of vigilance law. However, the French Court has rejected the applicant's request due to a procedural formality, arguing that the summons filed did not refer to the adequate vigilance plan.

## Norway's largest wealth fund calls on companies to act on climate (Reuters)

Norges Bank, holding stakes in around 9 100 companies worldwide and owning 1.4% of all listed stocks, is for the first time [setting out expectations](#) to the companies it invests in on how they protect nature's biodiversity. It declared that, for the voting season, it may start to vote against the company chairs, or chairs of relevant committees, where it believes they are not addressing climate change in an adequate manner. In addition, the fund is assessing whether it will not expand its gender policy recommendations (having at least 30% of females on boards) to other parts of the world (as it currently focuses on European and American large and mid-cap companies).

### REPORTS

## White Paper: Future readiness of SMEs to drive sustainability and prosperity (WEF)

The recently published [report](#) from the World Economic Forum uncovers the set of organizational capabilities and orientations needed for SMEs to become future ready. It also highlights a series of best practices from SMEs leading the way in terms of future readiness. The paper builds on an in-depth analysis of more than 200 peer-reviewed articles and the engagement of more than 300 chief executive officers and founders of SMEs.

*ecoDa's NEWS*

- **Past Event** - The recording of the last ecoDa/Mazars Webinar on "The impact of sustainability on supply chains" is now available as well as a related summary report;
- **3rd of December:** ecoDa had a meeting with the French Permanent Representation to the EU to discuss the priorities of the French EU Presidency;
- **8th of December:** ecoDa's Working Group on ESG meeting with the participation of Rogier Wezenbeek (DG FISMA, European Commission);
- **13th of December:** ecoDa Policy Committee meeting with the participation of Tatyana Panova (Head of Unit, DG FISMA B.1, European Commission).