

THE EUROPEAN VOICE OF DIRECTORS



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ecoDa News

EU INSTITUTIONS DEVELOPMENTS

EC: The European Commission announces Business Advisory Group under Global Gateway

On Monday, the European Commission announced its newly established Global Gateway Business Advisory Group. It gathers CEOs or senior executives of European companies and business associations with the aim of promoting cooperation with the European private sector. The initiative forms part of the implementation of the Global Gateway strategy and scaling up of Global Gateway flagships. European Commission President, Ursula von der Leyen, said: "Global Gateway is the EU's contribution to narrowing the global investment gap worldwide. It offers sustainable investments in the prosperity and security of our partners as well as for Europe. To further scale up the Global Gateway flagship projects, we need both public and private resources. The Global Gateway Business Advisory Group will help us to work closer together and deliver faster on the green and digital transitions, boosting the economy of our partners and the EU."

EU reaches deal banning 'climate-neutral' product claims ([Euractiv](#))

In March 2022, the European Commission proposed a law to empower consumers, which, following the conclusion of negotiations between EU countries and Parliament, will now ban companies from claiming that their products are climate-neutral. On Tuesday, 19 September, the EU institutions concluded the new law against Greenwashing. The new law will also firm up rules around environmental claims, which will have to be backed by proof of recognised performance. Widespread product affixes like "Eco" and "natural" will need to be backed by solid evidence.

*INTERNATIONAL DEVELOPMENTS***Overseeing ESG and Green Issues - Board Preparedness**

Many corporate board directors aren't confident about their or their board's ability to oversee sustainability and social impact issues, even as companies pursue such goals and regulators want more disclosures on environmental, social and governance impact. Directors of larger firms and listed companies expressed higher confidence, as did those in the energy industry. Respondents relied on external advisers to build their knowledge

US: U.S. Treasury releases Principles for Net Zero Commitments by Financial Institutions

The U.S. Treasury announced this Tuesday, 19 September, the publication of its new "Principles for Net-Zero Financing & Investment," aimed at establishing a set of best practices, and promoting consistency and credibility for private sector financial institutions in making and pursuing net zero commitments. Introduced as voluntary principles, the new publication focuses primarily on financial institutions' Scope 3 financed and facilitated greenhouse gas (GHG) emissions, which typically account for the vast majority of financial firm's carbon footprint.

*EUROPEAN DEVELOPMENTS***BIAC, ecoDa, IFAC webinar on revised OECD/G20 Corporate Governance Principles**

On 20th of September, ecoDa, BIAC, and IFAC organized a webinar on "Revised OECD/G20 Corporate Governance Principles- What can companies do to promote sustainability and investor confidence?".

The OECD just completed a review of the G20/OECD Principles of Corporate Governance to reflect the recent evolutions in capital markets and corporate governance policies and practices. The revised Principles aim to foster a corporate culture that aligns with today's societal expectations, promotes trust and confidence, and supports the sustainability and resilience of the broader economy.

The discussion focused on the new chapter on « Sustainability and resilience » with a deep dive on:

- Board responsibilities and liabilities (including the notion of safe harbours for management and board member actions as well as for the disclosure of information);
- Boards' consideration of stakeholder interests when making business decisions;
- The provisions on remuneration, including the use of sustainability indicators in executive remuneration.

The speakers highlight a couple of points like:

- It is highly important to understand the difference between the liability/ responsibility of the executive director and of the non-executive directors;
- Board members and management have to be protected from litigation and frivolous lawsuits. The safe harbour provision celebrates the business judgment rule;
- A new challenge for companies is to look downstream and upstream the supply chain, while respecting the double materiality;
- The publication of objectives in terms of climate transition will generate new risks for managers and board members (if the objectives are not met).

PUBLICATION/ARTICLE**ECIIA Risk in Focus 2024: Hot topic for internal auditors**

For the past eight years, Risk in Focus has sought to highlight key risk areas for internal auditors when preparing their independent risk assessment work, annual planning and audit scoping. The 2024 research report has revealed a looming poly-crisis as a series of high-impact risk events occurring simultaneously and exacerbating a multitude of interconnected risks. The report calls on boards to collaborate with internal auditors to navigate the poly-crisis by having an unwavering focus on organisational resilience and working together to respond rapidly to the myriad of immediate and fast-moving risks businesses now face.

Advancing UN Sustainable Development Goals through IFC's Environmental, Social and Governance Standards

IFC, with support from the SDG Partnership Fund, has developed a Private Sector Guide and Dataset to assist the private sector in leveraging ESG risk management approaches to contribute to achieving the SDGs. Developing countries face an annual financing deficit of \$4.3 trillion to achieve the Sustainable Development Goals (SDGs) by 2030. The private sector plays a key role in mobilizing resources for sustainable solutions and building greater resilience.

Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD published its final TNFD Recommendations. The publication includes a set of general requirements for nature-related disclosures and a set of recommended disclosures structured around the four pillars of governance, strategy, risk and impact management, and metrics and targets. Key outcomes highlight the importance of nature and its biodiversity for business and finance and claim recommendations suitable for organisations of all sizes, sectors and value chains.

Investor preferences during Say-on-Pay Votes: Evidence from the UK

Shareholder say-on-pay voting is a powerful tool that investors can use to steer corporate behaviour by influencing the incentives of managers. Surprisingly, we know little what shareholders demand when they use say-on-pay rights. The preferences of investors on executive compensation have been largely overlooked in the ongoing debates on the role of say-on-pay in corporate governance and the impact of shareholder stewardship on sustainable corporate behaviour. The paper seeks to understand how and why shareholders use their compensation-related voting rights.

ecoDa News

- **25th of September:** ecoDa and PwC's video recording on Country-by-Country reporting
- **26th of September:** ecoDa Board meeting and strategic session