THE EUROPEAN VOICE OF DIRECTORS

#EUALERT
Week 31

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EUROPEAN INSTITUTIONS

EC: Consultation on technical screening criteria for the EU Taxonomy

On 3 August 2021, the Platform on Sustainable Finance published a draft report on preliminary recommendations for technical screening criteria for the EU taxonomy. While the first part of the report describes the EU taxonomy approach, the activities considered, and the methodological framework followed, the second part proposes draft technical screening criteria on which feedback from stakeholders is sought. The call for feedback runs until the 24th of September. After considering the stakeholder input, the Platform will submit its report to the Commission in November 2021.
An explicative video on the screening criteria is also available here.

INTERNATIONAL DEVELOPMENTS

SEC Chair sets wheels in motion for mandatory climate risk disclosures (Minerva Analytics)

The chair of the US Securities & Exchange Commission (SEC) has asked staff to develop a mandatory climate risk disclosure rule for listed companies by the end of the year. The disclosures should feature a variety of qualitative and quantitative information about climate risk. This would include how the company's leadership manages climate-related risks and opportunities, and metrics related to greenhouse gas emissions, financial impacts of climate change, and progress towards climate-related goals.

Australia: Consultation to strenghten corporate governance of cyber security risks

The Australian Government released a consultation paper, Strengthening Australia's Cyber Security Regulations and Incentives, on regulatory options on cyber security. The Government's aim is to "create stronger incentives for Australian businesses to invest in cyber-security." The consultation considers two reform options to strengthen cyber risk governance:

- A voluntary governance standard for large businesses which would be co-designed with industry and aligned with international standards. It would describe the responsibilities of large businesses and processes for managing cyber security risk, supporting the role of company boards to oversee the risk.
- A mandatory governance standard for large business involving a similar standard to the first option, but requiring large businesses to achieve compliance within a specific timeframe.

A practical guide to sustainability reporting using GRI and SASB Standards

The main objective of this <u>practical guide</u> is to demonstrate how the GRI and SASB Standards can be used concurrently for reporters who are considering using both sets of standards. This is done by focusing on real-world examples that demonstrate the complementary nature of the GRI and SASB Standards and that provide insights and lessons learned from reporting companies.

Report: How to achieve good governance of pay, people and culture (CIPD and the High Pay Centre)

The Chartered Institute of Personnel and Development (CIPD), jointly with the High Pay Centre, issued a <u>report</u> calling for "more meaningful workforce engagement" and greater involvement of workers in the pay-setting process. At the heart of the report's advice is recommendations for a remoulded remuneration committee that not only sets executive pay but also reviews workforce pay and oversees issues such as people matters and workplace culture. The report attempts to set out in more detail how a workforce voice should be heard inside the boardroom. This includes recommending forums where trade unions and executives can meet to talk over executive pay issues and aligning chief executive performance pay with metrics used to work out employee bonuses. The report also advocates a workforce director to feed information directly into the boardroom.

NATIONAL DEVELOPMENTS

UK: FRC's feedback on the future of corporate reporting

The FRC has issued a <u>feedback statement</u> following publication of its thought leadership paper on the Future of Corporate Reporting. There were over 75 responses to the consultation with the majority of respondents welcoming the FRC's initiative.

- Respondents were broadly supportive of a reporting model that accommodates the information needs of investors and wider stakeholders; the development of guiding principles; the concept of the reporting network; and the development of standards for non-financial reporting.
- A key theme that emerged from the responses was the strong support for the role of technology and the importance of non-financial reporting in any future corporate reporting model.
- There was also a strong steer from respondents to align any initiatives with international developments and to work with government and other stakeholders, both domestically and internationally, to develop standards and encourage best practice for the future.

EVENTS

EU Platform on proposed "significantly harlmful" and "no significant impact" Taxonomies

On Tuesday 17 August (15:00 CET), the EU Platform will present and <u>discuss </u>its <u>draft </u>report which focuses on support for the environmental transition needed in the whole economy. It clarifies both activities that are significantly harmful to environmental sustainability, and those that have no significant impact on it. The aim is to support transitions in areas currently of "significant harm".

Purposeful Business in Policy, Practice and Business Education

From the 22 to 24 Septembre, a <u>summit </u>is organised by the British Academy's Future of the Corporation to discuss the role of policy, practice and business education in firmly embedding purpose in the way business operates. Over three sessions, experts will explore how the concepts of purposeful business are embedded in how business is taught in a range of settings.

ecoDa's NEWS

- **Interviews as part of the Corporate Governance Dialogue:**
  - **23rd of August: with Dr.Enders and Dr.Schneider (EY);**
  - **23rd of August:** with Ms.Fau (Founder of EUCapital);
  - **24th of August:** with Mr.Bresson and Mr.Krantz (Invest Europe);
  - **24th of August:** with Mr.Epstein (Founder and Managing Partner, Pacifica Global Corporate Governance) ;

- **SAVE THE DATE: 28th of September:** As part of the European SME Week, ecoDa will organise an event, under the patronnage of DG GROW, on "<u>Underpinning entrepreneurship and resilience: Key governance challenges for unlisted companies</u>". This event will be an opportunity to discuss the unique challenges SMEs have to face and to hear testimonies of unlisted companies to understand the importance of discipline and consistency.