

ESG Corporate Governance and the Role of Public Affairs Béatrice Richez-Baum

17th February 2021

Legislative initiatives targeting the private sector

Revision of the non-financial Directive

Towards materiality, relevance and comparability

Sustainable Corporate Governance (Directors' Duties and Due Diligence)

To develop and disclose a sustainability strategy, including due diligence through the supply chain



Revision of the non-financial Directive



- 2014: New Directive
 -
 -
- 2017: European Commission Guidelines
 -
 -
- 2019: Announcement that the directive will be reviewed
 -
- 1st quarter of 2021: the target delivery date for the revised directive

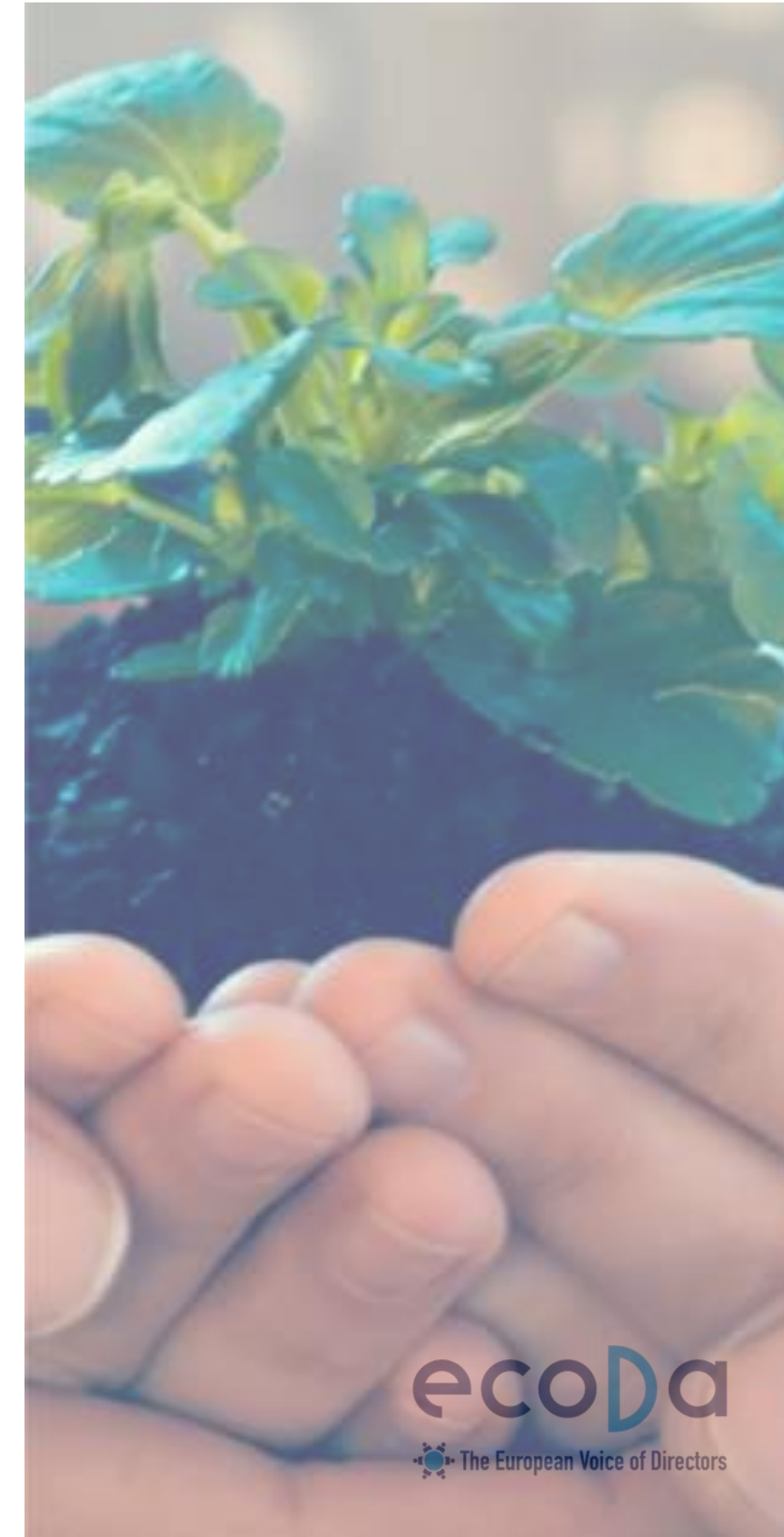
Sustainable Corporate Governance

- 2018: Action plan on sustainable finance– Action 10 (directors' duties)
- 2020: External survey commissioned by the EC
- October 2020 – February 2021: European Commission Public consultation

An initiative based on an external report which has triggered many adverse reactions...

- Companies & boards are too short-termist;
- Shareholder payouts increasing;
- Shareholder payouts deprive firms of resource for future investments.

[to think twice before responding to the call for tender]



EC Consultation on Sustainable Corporate Governance

...and that could result in possible pitfalls:

- Being accountable to everyone means being accountable to no one;
- “The interests of stakeholders” is not a clear homogeneous concept;
- Risk of endless lawsuits.



However, boards should..

- Work towards long-term sustainability;
- Get a mapping of their relevant stakeholders;
- Report on their decisions and on the chosen engagement methodology;
- Reflect on how it impacts their purpose, mission, etc.



What implications for public affairs?

- From monitoring to anticipation;
- Understanding the spirit of the times (weak signals);
- Helping boards and companies make compliance a strategic exercise;
- Importance of data.



A person in a dark suit is holding a silver smartphone in their right hand. The background is a blurred city skyline with many skyscrapers, including the Empire State Building. The overall tone is professional and modern.

Contact Details

Address

Avenue des Arts 41
1040 Brussels
Belgium

Contact

Béatrice Richez-Baum, Director General
contact@ecoda.org,
Tel: 003222315811

Website

www.ecoda.org