

THE EUROPEAN VOICE OF DIRECTORS

#EUALERT



WEEK 5

1. EC 2020 Work Programme

The European Commission adopted its 2020 Work Programme. It is divided into six headlines addressing the main objectives of the Von der Leyen Commission including (i) A European Green Deal (ii) A Europe fit for the digital age (iii) An economy that works for people (iv) A stronger Europe in the world (v) Promoting our European way of life (vi) A new push for European democracy.

To ensure mainstreamed sustainable investments across the financial system, the EC announced:

- a Renewed Sustainable Finance Strategy which will aim at redirecting private capital flows to green investments. **Embedding a culture of sustainable corporate governance in private sector firms will be equally important,**
- **a review of the Non-Financial Reporting Directive (Q4 2020).**

To get an economy that works for people, the EC announced:

- The Action Plan on the Capital Markets Union will aim at better integrating national capital markets and ensuring equal access to investments and funding opportunities for citizens and businesses across the EU, including an initiative to strengthen intra-EU investment protection. This work, along with completing the Banking Union, will be evermore important after the United Kingdom's departure and is an essential tool to help strengthen the international role of the euro (non-legislative, Q3 2020),
- A new Action Plan on Anti-Money Laundering which will seek to improve the supervisory system and improve the enforcement of the rules (non-legislative, Q1 2020);
- Review of the Capital Requirements legislation (legislative, Q2 2020).

New European Commission, new practices: the Vice-President of the European Commission for Interinstitutional Relations and Foresight, Maroš Šefčovič, announced on Wednesday 29 January, on the occasion of the presentation of its work programme for the year 2020, the introduction of multiannual programming between the three EU institutions (European Commission, European Parliament and Council of the EU).

2. The Boston Consulting Group: Getting Uncomfortable on Purpose

An [interesting article](#) has just been issued by the BCG Henderson Institute. It highlights the following:

- Purpose is developed at the intersection of aspiration, external need, and action.
- A clear sign that purpose has lost its power is if discussing it is easy and comfortable—if in articulating purpose you are merely describing, rather than disrupting, how your company works. Such discussions are probably not adding much value.
- At the heart of the idea of purpose are a number of discomforting tensions. A good purpose integrates and balances all of these tensions. It is a balance of idealism (setting a real aspiration) and realism (not ignoring brutal truths); it is an imaginative way to meet a genuine need; it suggests a path for making an impact while attracting and maintaining sufficient resources to do so; and it captures what is timeless while leaving room for evolution of thought and action.
- When addressing an ideal cannot generate a return, the purpose will not be sustainable. On the other hand, when the need is conceived as little more than providing a useful product, the purpose is hardly inspiring. The tension is between fulfilling a societal need and keeping the machine of the business running to fund the purpose on a sustainable basis.
- The growing complexity and scale of the corporation make it increasingly necessary to create an overarching narrative and set of beliefs that bind it together.

3. France: French employees are asking the company to refocus on its primary missions

As large companies multiply global commitments, [a French survey](#) conducted by IFOP / Philonomist shows that French employees are asking the company to refocus on its primary missions.

For the respondents, it is not up to the company to resolve global disturbances. They overwhelmingly deem the state more credible in the face of global warming, inequality, or poverty. As for the “corporate purpose”, promoted by the Pacte law, they also have a very classic vision: above all “to serve their customers” (35%) or “to make a profit” (34%), but only 12% respond “to make the world a better place”.

77% would like the company to function as a democracy for its employees, and 58% consider themselves linked to the company beyond the employment contract. Finally, 37% would be willing to earn less in exchange for meaningful work.

4. France: Upcoming new CG Code & Gender Quotas for Executive Committees

According to a French newspaper (Les Echos), in its new version which will be published next week, the Afep Medef corporate governance code makes new recommendations to companies to advance gender balance in senior management. The board of directors will have to set gender diversity objectives within the executive committees. The general management will have to put an action plan, define a timetable, report to its shareholders. And if the objectives are not reached, the company will have to explain why and detail the measures it intends to take to remedy them.

5. UK: Are non-standardised ESG metrics such a bad thing?

Among the many calls to address climate risk in Larry Fink's recent Letter to CEOs was the advocacy of aligning company reporting with standards laid out by the Sustainability Accounting Standards Board. Additionally, [Fink championed](#) the framework provided by the Task Force on Climate-related Financial Disclosures, noting firms should disclose climate-related risk in line with these recommendations.

6. GNDI: Towards Principles on the Corporate Governance of Climate Change

The Global Network of Directors Institutes (GNDI) – of which ecoDa is part – is in the process of developing Global Principles on Corporate Governance of Climate Change and Biodiversity. They want to incentivize boards to exercise oversight and to address the following questions:

- Does management culture foster an understanding of climate change and biodiversity loss at all levels of the company?
- Does management develop business cases based on company-specific and societal assessments of risks and opportunities?
- Does the company develop instruments to measure the company's carbon footprint and effects on biodiversity?
- Does the company develop and implement incentives and career models that encourage a path of professional growth that aligns with the company's sustainability strategies and goals?
- Is the company in a process of creating a culture of sustainability within the organization?

7. ecoDa's News

Past meetings of the week:

- January 30th: ecoDa Education Committee – a conference call mainly dedicated to soft skills;
- January 31st: Kick-off meeting of the WG on CG for unlisted companies

Upcoming events/meetings:

- February 7th: Interview of Michel de Fabiani (ecoDa's Policy Chair) and Béatrice Richez-Baum (ecoDa's DG) on the **Study on directors' duties and sustainable corporate governance that EY is conducting on behalf of DG JUST**. EY is now seeking to collect stakeholders' feedback on the likely impacts of possible policy options.
- February 7th: ecoDa's Policy Committee
- February 18th: Meeting with the MEP Michèle Rivasi (Greens), Michel de Fabiani (ecoDa's Policy Chair) and Béatrice Richez-Baum (ecoDa's DG)
- February 18th: Virginie Lagrange, ecoDa's board member speaking at ICAEW - Deloitte conference on their joint report 'Facing change - audit committees in Europe' – Brussels

- February 18th: Meeting with Beate Sjøfjell (SMART Project) and: Michel de Fabiani, Béatrice Richez-Baum, Leena Linnainmaa (DIF), Annelies de Wilde (Guberna).
- February 18th: Michel de Fabiani, Chair of ecoDa's Policy Committee to speak at "Final SMART conference: Sustainability is Possible!", in Brussels
- March 11th: Gro Braekken (ecoDa's board member) to speak at OECD/CFA conference on "A brave new world for brave new boards: What can gender diversity contribute?" *tbc*



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