

# THE EUROPEAN VOICE OF DIRECTORS



#EUAAlert | Week 28

## What's in this issue:

### European Institutions Developments

- European Parliament reelects Van Der Leyen as European Commission President

### European Developments

- Is the CSDDD Really Setting a Level Playing Field for Human Rights Due Diligence?
- CFA warning on unreliable ESG data
- Call for a constructive relationship between boards and investors

### National Developments

- Austrian Representative Actions Directive

### Publication/Article

- Europe's coming investment crisis: Capital markets can only match a third of EU's essential needs
- Vigilance Duty : Big Business Far from Human Rights Accountability
- Public Companies Plan to Invest in Sustainability Reporting Technology and Tools Over Next Year: Deloitte Survey

ecoDa News

## EUROPEAN INSTITUTIONS DEVELOPMENTS

### European Parliament reelects Van Der Leyen as European Commission President

The European Parliament elected Ursula von der Leyen for another five years as European Commission president, choosing stability and continuity for the EU's most powerful institution and the bloc. Von der Leyen had the backing of the three mainstream, pro-EU groups – the center-right European People's Party, the Socialists and the liberals of Renew. Now that von der Leyen has the support of both the European Council and the European Parliament, she will begin to assemble her new European Commission.

The vote was preceded by a speech from von der Leyen and followed by a debate. Von der Leyen was passionate about the importance of preserving a pro-European mindset. She noted that Europe has a clear choice between how it handles these times of uncertainty – either by being shaped in a reactive way by events or by proactively shaping the world around us – and made a direct appeal for how Europe can lead in the coming years. While she touched on a plethora of issues – from the ongoing conflicts in the world to the Green Deal, supporting European farmers, the need to build a single market for defence, invest in security, enhance the social pillar, and more – the core area of focus was on Europe's competitiveness. She promised to reduce administrative hurdles for companies by reducing bureaucracy and reporting requirements, as well as lowering the volume of new legislation the Commission is putting forward. Instead, the focus will be on successful implementation, especially around the Green Deal.

Reducing 'burden' will be part of the responsibilities of each Commissioner, with a dedicated Vice-President overseeing this. On the topic of her College of Commissioners, she also announced the creation of new Commissioner posts, notably for the Mediterranean, for Housing, and for Defense. In terms of what to expect, she announced that the flagship of the new mandate – a Clean Industrial Deal – will be published within her first 100 days. This would channel investment in infrastructure and industry, particularly for energy-intensive sectors.

Additionally, ahead of the statement, incumbent President von der Leyen published her political priorities for 2024-2029. Titled 'Europe's Choice', her priorities are centred around seven pillars: i) A new plan for Europe's sustainable prosperity and competitiveness; ii) A new era for European Defence and Security; iii) Supporting people, strengthening our societies and our social model; iv) Sustaining our quality of life: food security, water and nature; v) Protecting our Democracy, upholding our values; vi) A global Europe: Leveraging our power and partnerships; and vii) Delivering together and preparing our Union for the future.

In terms of next steps, the newly elected President will now start organising her College of Commissioners. Between July and August, each Member State will prepare a shortlist of Commissioners designates. Between 30 September and 4 October, the Commissioners' hearings are expected to take place in Brussels. If successful, their appointment should take place around mid/late September, followed by a plenary vote on 21-24 October. By early November, the new College of Commissioners is expected to take off.

## **Is the CSDDD Really Setting a Level Playing Field for Human Rights Due Diligence?**

With the recent adoption of the CSDDD, the international law firm Paul Hasting evaluates the extent to which the law as adopted has met its original objectives. By permitting Member States to "introduce more stringent national provisions", the overall objective of developing a single market strategy might be diluted. On civil liability, while the CSDDD contemplates potential liability for companies based only on their own activities and not those of their business partners, Member States apparently may go further, as civil liability falls outside of the Protected Provisions.

## **CFA warning on unreliable ESG data**

The Chartered Financial Analyst (CFA) Institute has urged the European Union (EU) to address the challenge of unreliable ESG data and mitigate greenwashing risks in its ESG regulatory framework. A survey by the CFA Institute found 65% of its members in EU member states said the lack of reliable ESG data was the biggest challenge for asset managers in the implementation of the EU Sustainable Finance Disclosure Regulation (SFDR). By comparison, 45% said increased confusion because of the quantity and technicality of the information that they receive before making an ESG investment decision was the biggest challenge for retail investors.

## **Call for a constructive relationship between boards and investors**

The relationship between boards and investors should not be "combative", according to the head of a leading asset managers group. Jen Sissons, recently appointed chief executive of the International Corporate Governance Network (ICGN), made the remark at the organisation's annual conference in London. Reflecting on the need for "long-term sustainable economic returns" from business, Sissons argued boards and investors should be focused on the same aims: advocate for good governance.

**NATIONAL DEVELOPMENTS****Austrian Representative Actions Directive**

As infringement proceedings against Austria were already underway and an Austrian Regional Court had ruled in favour of its direct applicability, the Representative Actions Directive (RAD) has now been finally transformed into national law. It will take effect still in July 2024. The RAD forms a crucial part of the EU's New Deal for Consumers, designed to modernise and strengthen the enforcement of EU consumer law. A key provision of the new law allows for actions seeking redress, such as compensation or repairs, at no cost to consumers.

**PUBLICATION/ARTICLE****Europe's coming investment crisis: Capital markets can only match a third of EU's essential needs**

In these times of hardship, Europe's financing channels – even with the full strength of capital markets – would only match a third of the EU's essential investment needs. Finance Watch's new report urges the EU Commission to evaluate the coming investment crisis: this could create the conditions for a new discussion on the financial architecture of the EU.

**Vigilance Duty : Big Business Far from Human Rights Accountability**

Officially published a few days ago, the CSDDD will gradually force large European companies or companies operating in Europe to better respect human and environmental rights throughout their production chains. Until then, the compliance work promises to be gigantic, as large companies are lagging behind their duty of vigilance. This is in any case what reveals an analysis published by the World Benchmarking Alliance (WBA) a few days ago. The organization has analyzed the way in which the 2,000 most important global companies act for the respect of human rights, decent work or respect for ethical standards, and the observation is without appeal. 80% of companies score 0 when it comes to implementing the duty of vigilance on human rights. Concretely, the report notes the “disconnect” between companies' human rights allegations and their actual practices.

**Public Companies Plan to Invest in Sustainability Reporting Technology and Tools Over Next Year: Deloitte Survey**

74% of public companies report are likely to invest in new technology or tools to help improve their ESG disclosure capabilities over the next year, according to a new Deloitte survey. One of the key areas of sustainability-related development highlighted by the survey was the formation of cross-functional ESG teams at many companies, with 52% of respondents reporting already having such teams in place, and nearly all others, 46%, reporting that that they are in the process of establishing or making plans for these teams. The report highlighted the key steps that companies are taking to prepare to meet growing ESG reporting requirements, most notably including investments in technology and human resources.

**ecoDa News**

- ecoDa video on board members' role to be issued on Monday.