


# Webinar Report

## EuropeanIssuers Capital Markets Webinar Series: The Role of European Companies and Boards in Sustainability Reporting



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## EuropeanIssuers Capital Markets Webinar Series

## The Role of European Companies and Boards in Sustainability Reporting

11 May 2021

11.00 – 12.00 (CET)

Webinar Report

Moderator: *Elisabeth Gambert, Co-Chair of Corporate Reporting Working Group, EuropeanIssuers*

Speakers:

- *Zsofia Kerecsen, Team Leader of the Corporate Governance Team, Unit A3 – Company Law, DG JUST, European Commission*
- *Cyril Rolling, Legal Counsel in Corporate Law, L'Oréal*
- *George Dallas, Policy Director, International Corporate Governance Network*
- *Elina Yrgård, Senior Associate General Counsel, Nasdaq*

The European Commission's sustainable corporate governance initiative aims to enable companies to focus on long-term sustainable value creation rather than short-term benefits by better aligning the interests of companies, their shareholders, managers, stakeholders and society. In this regard, the recently engaged revision of the Non-Financial Reporting Directive (NFRD) intends to make the reporting standards more aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to harmonise standards for environmental, social and governance (ESG) information to enhance transparency and promote sustainable investments. As the EU continues to develop a complex framework of environment and social impact related reporting requirements, European companies exercise their license to operate in a highly regulated environment. Moderated by Ms Elisabeth Gambert, this webinar discussed the role of European companies, their management and boards of directors in addressing the major challenges of today, such as climate change and social issues.

The first panellist, **Mr Cyril Rolling**, presented L'Oréal strategy with regards to the involvement of Board of Directors in corporate social responsibility (CSR). Providing an overview from the concrete experience of a large company operating in the real economy, Mr Rolling first acknowledged that the Board of Directors today operates in an extremely regulated environment, composed of national and European rules (hard and soft law) to comply with. The presentation of Mr Rolling showed into more details of L'Oréal's case, and its strategy in order to integrate CSR in the management and its business model to the best extent possible. In particular, Mr Rolling informed that L'Oréal Directors, more than half of them, have an expertise in non-financial matters. This composition thus favours one of the main responsibilities of the Board itself, which is to determine strategic orientations including

non-financial goals and targets, and to make decisions taking into account social and environmental factors. Finally, Mr Rolling illustrated L'Oréal long-term perspective and strategic orientation, with goals to be reached in 2025 up to 2050.

**Mr George Dallas** fed in the discussion by presenting the point of view of investors. Sustainability reporting is essential to a sustainable value creation, which should have a longer term perspective and focus not only on micro but also on macro issues. According to Mr Dallas, today it is fundamental to consider the interconnections between the economic and social/ethical dimensions, and therefore ESG matters are crucial for this development. Investors are very much in favour of this, and support sustainability reporting. In light of this, a good, clear and consolidated sustainability reporting is key as it gives opportunity to build on risk resiliency and create good management quality.

In her intervention, **Ms Zsafia Kerecsen** outlined three main lessons learnt from the application of the NFRD. Firstly, the importance of time horizon and long-term initiatives, as focusing only on short-term will not favour sustainability initiatives. Secondly, the reliability of information deriving from companies, which needs to have in place systems for the proper identification of impacts in order to ensure a correct and reliable disclosure of information. Thirdly, the integration of sustainability in the strategic dimension of companies.

**Ms Elina Yrgård** presented the perspective of the Nordic region. Using public markets for capital raising is comparatively common and thus contributes to an efficient capital market, resulting in an active environment where investors, both retail and institutional, step by step allocate more and more capitals to sustainable investments. Ms Yrgård reported that, in fact, this trend brought the Nordics to experience an exponential growth of the green bond market. In addition, Ms Yrgård commented on the current corporate governance framework, which already prescribes many imperatives to companies with regards to sustainability and a responsible conduct. Therefore, according to her, what needs to be improved relates to the application of said rules and codes in the smartest and most effective way possible.

Following a question on possible next steps and directions, Mr Dallas stressed the importance of having a common reporting language for companies by streamlining the process, through which they can assess the situation and easily deal with sustainable reporting. Ms Kerecsen informed the participants that the European Commission is currently working on a proposal mirroring the duty of vigilance.

Panellists also shared their inputs and insights with regard to the poll questions proposed to the public. Finally, the panellists reflected on the importance of having a balanced environment, thus taking into account also the entity of companies across Europe, which are predominantly small, and of investors.

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EuropeanIssuers' recent positions related to sustainability reporting and sustainable corporate governance:

- Joint letter on European Commission's upcoming initiative on sustainable corporate governance, dated 03 May 2021:  
<http://www.europeanissuers.eu/docs/view/608fec614b546-en>
- Press release on EuropeanIssuers' statement on Corporate Social Responsibility Directive, dated 22 April 2021:  
<http://www.europeanissuers.eu/docs/view/60818184e59b0-en>
- EuropeanIssuers' Position on European Commission's Consultation on Sustainable Corporate Governance, dated 08 February 2021:  
<http://www.europeanissuers.eu/docs/view/602164d014cc5-en>

**EuropeanIssuers** is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU Institutions. There are approximately 13,225 such companies on both the main regulated markets and the alternative exchange-regulated markets. Our members include both national associations and companies from all sectors in 14 European countries, covering markets worth €7.6 trillion market capitalisation with approximately 8,000 companies.

We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer term. We seek capital markets that serve the interests of their end users, including issuers.

For more information, please visit [www.europeanissuers.eu](http://www.europeanissuers.eu).

For the recording of the webinar, please visit [EuropeanIssuers YouTube Channel](#).