



## CORPORATE GOVERNANCE: A DRIVER OF A SUSTAINABLE ECONOMY

Scientists and a growing part of the general public agree: we must shift to a sustainable economy.

On 26 June, [Accountancy Europe](#) brought together over 100 stakeholders from the EU institutions, business, academia and NGOs to debate its publication [10 ideas to make corporate governance a driver of a sustainable economy](#). The publication outlines steps that boards and policymakers need to take towards a sustainable economy. Boards must recognise their public interest responsibility and commit to making the business sustainable. Policymakers and regulators need to focus on better outcomes rather than more rules.

Opening the session, Olivier Boutellis-Taft, CEO of Accountancy Europe said, “We must leverage the power of markets to make the global economy sustainable before it is too late. This means companies need to transform their business models: redefining the corporate governance framework is the best tool to do so. Boards and policymakers must act now.”

The event featured a speech by Professor Mervyn King, Chair Emeritus of the IIRC and GRI and creator of the Chief Value Officer concept. He described how value should encompass more than financial gain and how accountants are in the right strategic place to measure the value that a business creates.

### A CONTRIBUTION WELCOMED BY THE EUROPEAN COMMISSION AND OECD

Salla Saastamoinen, Director from the European Commission’s DG for Justice and Consumers said “Accountancy Europe’s publication is a welcome addition to the European Commission’s work on sustainable corporate governance. It is the role of policymakers to shape the environment in which boards act. We need to curb short term thinking. The paper is useful because it offers specific actions for both boards and policymakers towards greater sustainability.”

She further noted that the EU has a track record on improving corporate governance, such as with the Shareholder Rights Directive. She sees a sense of urgency among policymakers, including the European Parliament and Council, to prioritise sustainability. The European Commission is engaging with a broad range of stakeholders to build a common EU approach to move towards a sustainable economy.

Principal Administrator at the OECD, Xavier Leflaive felt that the publication was a very relevant contribution to the debate. He highlighted that sustainable corporate governance is also tied to the issue of society’s trust in business. Currently, citizens do not believe that businesses are trustworthy. To shift to sustainability, this trust needs to be rebuilt. He ended his intervention with a challenge to all professions, accountants included: strong governance needs to improve everywhere!

## SELF-REGULATION VS LEGISLATION

"It is time for Europe to go for a due diligence regulation on sustainability impacts of large corporates. It is a no regret option: corporate leaders already integrating ESG issues outperform their peers, and it will contribute to reaching the EU sustainability targets. We don't have time anymore for voluntary initiatives," said Sebastien Godinot, Economist, WWF.

Chair of ecoDa's Policy Committee Michel de Fabiani said, "Boards should ensure that companies create value for their shareholders and relevant stakeholders in a sustainable way."

Aleksandra Palinska, Senior Regulator Policy Advisor, EFAMA, emphasised the importance of investor stewardship. Asset managers should monitor and engage with the companies in which they invest. EFAMA aims to further European consistency in their stewardship code. She added: "Environmental and social concerns, as well as sustainability of business are increasingly addressed during meetings between asset managers and company management or board members. EFAMA is encouraging those lagging behind to enhance their engagement and include E&S concerns in these discussions." She further stressed the need for mandatory, robust and standardised ESG corporate disclosures.

The panel also included Florence Bindelle, Secretary General, EuropeanIssuers and Andrew Hobbs, Partner, EY. Speakers debated how to use corporate governance to make business sustainable, ecoDa, EuropeanIssuers and EFAMA believed that change is already happening, and voluntary corporate actions are moving in the right direction. However, the WWF advocated the need for a firm regulatory approach.

Long-time campaigner for capital market reform, Paul Druckman, said: "The focus on capital markets being aligned to the interests of societies and economies is what makes this Accountancy Europe contribution to corporate governance so pertinent."



## NEVER GIVE UP!

Moderator Jyoti Banerjee, Partner, Fronesys concluded: "The Accountancy Europe paper is a timely challenge to corporate boards to respond positively to the huge crises we face as a planet and in our companies. To the naysayers, I say this: can you really afford the time to waste by not acting now? What if you turn out to be wrong? There is no second chance. To those who are driving change everywhere ... I simply want to urge you to never give

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