ICGN
International Corporate Governance Network

Global Network of Investor Associations

Meeting

10 April 2024 – 11:00-12:00 GMT

Attendees: Assogestioni (Angela Bartiromo), Asia Corporate Governance Association (Jane Moir), Australian Council of Superannuation Investors (Kate Griffiths), Canadian Coalition for Good Governance (Catherine McCall, Sarah Neville), Brazilian Association of Market Investors (Fabio Coehlo), Council of Institutional Investors (Glenn Davis), European Fund and Asset Management Association (Chiara Chiodo), Eumedion (Rients Abma), French Asset Management Association (Michael Herskovich), The Investment Association (Andrew Ninian), Investor Forum (Tim Shanagher), and International Sustainability Standards Board (Hiroshi Komori, Nicolaj Sebrell) - for part of the conversation only.

Apologies: Amy Borrus (substituted by Glenn Davis), Alexander Juschus.

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1. Welcome

ICGN Global Policy Director welcomed the group and special guest, Hiroshi Komori, member of the International Sustainability Standards Board (ISSB).

2. Update on ISSB's work programme

Since the publication of IFRS S1 and S2 in July 2023, the ISSB has supported regulators and national standard-setters in familiarising themselves with the standards. Mr Komori highlighted that overall, there was big momentum for the standards.

Jurisdictional adoption falls into two categories: full adoption, or adoption with amendments. The ISSB could regard the latter as functionally aligned with the global baseline and is pleased to see progress in many markets.

The ISSB engages with the U.S Securities and Exchange Commission (SEC) to discuss a potential roadmap for enhanced alignment with their new climate disclosure rule. In addition, the ISSB is liaising with:

- **Canadian Securities Standards Board** (CSSB) on their draft sustainability reporting standards. The CSSB may make amendments resulting in less alignment with the Sustainability Standards, including their sole focus on climate-related disclosures. The ISSB encourages investors to engage with the CSSB on this matter.
- **Singaporean regulators**, to adopt IFRS S1 and S2 to the greatest extent possible.
- the **Australian Treasury**, which issued a consultation on draft sustainability reporting standards also only focusing on climate.
- **Japan Sustainability Standards Board** (SSBJ), which might become the first G7 country to adopt a national regulatory framework functionally aligned with the IFRS S1 and S2. ISSB encouraged investors to respond to the consultation.

- **European Financial Reporting Group** (EFRAG), to ensure inter-operability of the IFRS Sustainability Standards with the European Sustainability Reporting Standards (ESRS).

On 23 April 2024, the ISSB confirmed that their priorities for the next two years will include amending the SASB standards, a workstream on disclosures regarding biodiversity, ecosystems, and ecosystem services, and a workstream on human capital.

3. **New co-chair**

Assogestioni, the association for the Italian asset management industry, expressed interest in co-chairing the GNIA, following Amy Borrus' departure from the Council of Institutional Investors (CII). The GNIA voted unanimously *for* this proposal. ICGN welcomed Assogestioni to the co-chairmanship, represented by Angela Bartiromo.

4. **Updates from members**

Asia

On 26th April, the Asian Corporate Governance Association (ACGA) published an open letter on strategic shareholdings in Japan, signed by 37 members from 31 firms. In the letter, ACGA and its members made a number of recommendations to improve the governance at companies holding strategic or allegiant investments, including having clear targets on reducing these shareholdings, and improved disclosure on the reasons for holding this stock.

European Union

On 1st February, the European Parliament and Council of the EU reached a provisional agreement on the EU Listing Act. The Act aims to facilitate access to capital for companies, in particular small and medium-sized enterprises, who will be allowed to list with multiple voting rights share structures. The European Fund and Asset Management Association (EFAMA) had tried to limit the Directive's scope to the greatest extent possible.

Similar developments in the UK and France were noted *see below.*

Moreover, EFAMA is set to work on updating its Stewardship Principles, and was keen to engage with ICGN on this topic.

France

A proposal was put forward in the National Assembly to introduce multiple voting rights for IPO companies, including allowing one share to equal 25 voting rights, and a possibility to extend the 10-year sunset provision twice by 5 years. The French Asset Management Association (AFG) proposed limiting this to 5 years, among other, and sought to discuss the proposal with the Senate.

Italy

The Italian Senate passed the Capital Markets Bill, which allows non-listed companies to issue special shares that give existing investors the right to cast up to 10 votes, among other. It also allows a closed-door AGM format. Timeline and implementation remain under review.

United Kingdom

The Financial Conduct Authority (FCA) are proposing revisions to the UK listing rules. ICGN issued a statement signed by over 50 global investors and investor associations cautioning against some of the proposed changes, and responded to the consultation. In relation, ICGN met with the FCA together with investor members to discuss ours as well as FCA's position.

The Investor Forum are engaging with the Financial Reporting Council (FRC) on the revision of the UK Stewardship Code.

United States of America

The Public Company Accounting Oversight Board (PCAOB) put forward two proposals that would expand public reporting by audit firms about their audits and audit practices: Firm and Engagement Metrics and Firm Reporting, which was met by criticism by the audit community. Also, the Council of Institutional Investors (CII) expect that the ExxonMobil case could have significant impact on applications of exemptions that apply for socially related shareholder proposals.

5. Discussion

There was an idea to potentially produce a joint publication on the minimum safeguards investors want companies to have in place when they choose to adopt dual-class shares, which was not agreed upon.

END.