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Amsterdam Insights

Some 300-plus experts gathered in Amsterdam this week for the ***ICGN*** *conference.*

- **Global divides**. A panel on regulatory fragmentation lamented the erosion of shareholder rights, especially in the US, with CEO **Debby Blakey** of Australian pension fund **Hesta** pointing to mounting divergence on sustainability reporting and AI oversight in particular. ICGN senior advisor **Carol Nolan Drake** urged investors to use their voice in the US going to Washington to talk to those drafting legislation and writing comment letters. "If you're not there the space will be filled by some else," she warns.
- **Geopolitical risks**. Boards need to build the capacity to navigate rapidly evolving risks such as technological change, climate change and inequality, counseled **EY** public policy vice chair **Shawn Maher**. That includes qualified people to analyze and advise on such risks and the ability to stress test scenarios on them and to quickly reassess policies and recalibrate if needed.
- **Mandatory arbitration**. SpaceX is the first major company to adopt a mandatory arbitration bylaw since the **SEC** began allowing them last year, said **Jeremy A. Lieberman** of the law firm **Pomerantz** (**GPW** XXIX-34). But it's not clear if others will follow, since doing so could expose them to thousands of arbitration cases and problems if the next administration reverses course.
- **Peter van Veen** was named Monday to be the network's global policy director, a post he will start in August after four-plus years as corporate governance head at the **Institute of Chartered Accountants for England and Wales**. He will replace **Séverine Neervoort**, the former **NBIM** ESG policy advisor who stepped down in April after three years.

Briefings

Objection! *Protest against US GOP attacks:*

- **Proxy advisors**. A Kansas judge Wednesday agreed with lawsuits by **ISS** and **GlassLewis** that a state law violated their free speech rights by requiring them to warn clients, the issuer and the public that recommendations against management lacking a "written financial analysis" have not considered the impact on clients. Expect similar outcomes in a dozen other red states that have adopted similar laws based on a model from a right-wing anti-ESG group called **Consumers Defense** (**GPW** XXX-16).
- **Quarterly reporting**. With just over a week left in the **SEC**'s two-month consultation on ditching quarterly reporting a stunning 97% of the 2,000-plus comments received so far are against the proposal (**GPW** XXX-23). It is even opposed by two-thirds of the 19 companies that commented, according to a tracker maintained by **Tzachi Zach** of **Ohio State University**. This may not deter agency chair Paul Atkins and his fellow Republican **Mark Uyeda**, who will be free to adopt the plan even if they are the only commissioners left after **Hester Peirce** steps down in November (**GPW** XXX-22). Their approval is all the more likely given that the idea was suggested by Trump.

How to Change *More frameworks and guidance for climate transitions:*

- **Transition plans**. A draft framework for companies and other organizations published June 17 by the **International Organization for Standardization** aims to offer a global standard for transition planning, compatible with existing climate reporting ones such as the **Science Based Targets initiative**'s updated **Corporate Net-Zero Standard 2.0** published June 11 (**GPW** XXX-24). The ISO standard fleshes out a 2022 version with detailed guidance developed over two years as well as a framework for investors released June 3 (**GPW** XXX-23). Respond by August 17 through national ISO affiliates such as the **British Standards Institution**, whose consultation can be found here.
- **Insurer transition**. Insurers can find guidance, market insight and case studies in a report published Monday by the **UNEP FI**'s **Forum for Insurance Transition** to help them apply the **Total Balance Sheet** approach outlined in a November paper. The aim: to prod firms to address "a contradiction at the heart of how many insurers currently operate—one side of the balance sheet can work to deliver climate-positive outcomes; the other, often unknowingly, can undermine them. This is the fourth report on transitions from the forum, which replaced the **Net-Zero Insurance Alliance** after US GOP attacks led to its demise in 2024.
- **Transition policy**. Companies and financial institutions should disclose the policy measures that would enable credible transition pathways within their sectors. The reason: to spur governments and regulators to shape coordinated policy signals needed "to correct market failures and make transition-aligned investment consistently attractive." So proposes an inaugural report published June 20 by the **Finance Transition Centre**, a London think tank co-founded in January by former **Aviva Investors** sustainable finance head **Steve Waygood** and

his former colleague **David Neaum** (**GPW** XXX-02). "The financial system cannot solve this problem alone," they write. The duo call for "a major international review of systemic climate-financial risk and a dedicated, time-limited initiative to design, pilot and help institutionalise the governance architecture this approach requires."

- **Nature**. Governments should partner with business groups to develop nature action plans with "clear, measurable targets with timelines and defined responsibilities," counsels guidance published June 16 by **Business for Nature** on how to deliver on the **Global Biodiversity Framework**. It offers examples of countries such as Chile and Indonesia already taking such steps, either sector-specific or economy-wide, although none are advanced economies. Persuading many of the latter to participate could be a challenge—matched by the difficulty of getting the group's own participating companies to dig in. It has struggled to get its members to disclose their nature-related risks and opportunities through **Its Now for Nature** campaign (**GPW** XXIX-40).

Getting There

The EU is slowly wrapping up final ESG regulations post Omnibus:

- **Non-EU ESRS**. Large non-EU firms subject to the **European Sustainability Reporting Standards** would have the option of reporting at the global level or for the EU only for general ESG issues, while still reporting globally on climate. So say draft non-EU ESRS requirements approved Tuesday at a meeting of **EFRAG**'s **Sustainability Reporting Technical Expert Group**, which stopped work on the so-called N-ESRS last year to focus on the main ESRS regulations the **European Commission** consulted on last month (**GPW** XXX-23). About half of the 1,200-odd non-EU firms left after the Omnibus slashed the 10,000 initially subject to the ESRS are US and UK firms, which will be exempt from its double materiality requirement. Instead, they will need to disclose all "material sustainability-related impacts and how the undertaking manages them," EFRAG's draft N-ESRS says. EFRAG now must approve the draft, after which the EC will hold a consultation.
- **CSDDD**. Industry and multi-stakeholder initiatives to help companies police their supply chains for human rights and environmental impacts will be shaped by the **European Commission** consultation opened June 12 on guidelines for the **Corporate Sustainability Due Diligence Directive** (**GPW** XXX-15). The questionnaire asks for input on the fitness criteria for such efforts, such as their independence, competence, governance and accountability. It also delves into a wide range of related CSDDD requirements, such as how regulators should levy penalties that can reach up to 3% of net global revenue on covered companies. One likely but unstated outcome: many of these decisions could fall to the new **European Network of Supervisory Authorities** the CSDDD establishes. Respond by July 24.

Independence Compromise

Relaxed governance standards would be adopted for banks, insurers and pension funds under the third iteration of an updated standard proposed June 16 by the **Australian Prudential Regulation Authority**. It makes several changes to a version proposed in October that dialed back an initial plan after industry protest (**GPW** XXIX-40). The latest version would retain an October rollback of a 10-year lifetime tenure for non-executive directors to 12 years. However, the agency came up with a compromise on another requirement that at least two independent directors at banks and insurers not serve on other boards at the company group, which received particularly strong opposition from insurers, says the consultation paper. Although the proposed standard still omits that requirement, APRA now will remove a prior assumption that a director assessed as independent at the parent will automatically be considered independent on a subsidiary board. The standard also would narrow the scope of executives subject to "fit and proper reporting requirements" under the 2023 **Financial Accountability Regime**, cuts it proposed the same day with the **Australian Securities and Investments Commission**. Respond by August 28.

Audit Controls

Auditors of UK firms do not need to test the internal controls boards that are required to declare under 2024 revisions to the corporate governance code. So says a "Mythbuster" statement published Wednesday by the **Financial Reporting Council** alongside relatively minor clarifications to three audit standards. However, the clarifications do say audit firms should describe the impact of those controls on the audit report, which could lead to confusion, said some respondents to an October consultation. So far, only a few boards have published declarations, which are required starting with 2026 reports, according to FRC code compliance reviews (**GPW** XXVIII-43).

Services

MSCI said Wednesday it has agreed to buy New York-based **First Street**, which offers physical climate risk assessments of buildings and infrastructure to investors, lenders and insurers. See the acquisition as a signal that Trump's anti-climate campaign has not diminished investor appetite for such data.

Diary

The calendar for July. The full 2026 calendar is available on GPW's website ***here***.

- July 7, **London**. *Climate Risk in Financial Reporting Forum*, **Corporate Disclosures**.
- July 7-8, **London**. *Annual Conference*, **Chartered Governance Institute**.
- July 7-10, **Nashville**. *National Conference*, **Society for Corporate Governance**.
- July 27-29, **Newport, Rhode Island**. *Public Funds Summit*, **Opal**.

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