

Corporate Governance Newsletter

22nd Edition | April 2024

Hawkamah institute publishes this periodic Newsletter to promote good governance practices and to provide you with the latest governance updates regionally and globally. Our newsletter covers the most important news, reports, insights and events on corporate governance.

Global News



Nokia commits to net zero value chain emissions by 2040

Nokia announced a series of new climate targets, including a new commitment to achieve net zero greenhouse gas (GHG) emissions, both in its own operations and across the value chain, by 2040.

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Challenged climate disclosure rule

The U.S. Securities and Exchange Commission (SEC)'s climate disclosure rules were temporarily halted by the U.S. Fifth Court of Appeals on 19th March after a petition for an administrative stay was filed by oilfield companies, trade associations, and the states Louisiana, Mississippi, and Texas. On 22nd March, the Court lifted the halt, but now energy companies Liberty Energy and Nomad Proppant Services are again trying to stop the regulation after it got reassigned to the 8th Court of Appeals. Adopted by the SEC on 6th March, the new rules will require public companies to disclose information about climate-related risks that could materially impact their business strategy, operations, or financial condition. So far, at least nine lawsuits have challenged the rules

Global News



Accounting Standards

The UK Financial Reporting Council (FRC) issued revisions to its accounting standards. Key changes apply to leases and revenue recognition to align with changes to international standards. The FRC has also made some clarifications designed to make it easier for preparers to apply and understand the standards. The FRC's Executive Director of Regulatory Standards said that the new amendments, alongside "the removal of unnecessary reporting burdens", are expected to provide "a net benefit to the UK" and support "better access to capital by UK corporates". Meanwhile, the FRC's CEO Richard Moriarty criticised "serious gaps" in the FRC's regulatory toolkit, calling for more powers to bring it in line with watchdogs for other sectors.



Global Corporate Sustainability Report 2024

OECD published their Global Corporate Sustainability Report 24 which examines the evolving landscape of corporate sustainability practices worldwide.

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Harvard Law School on Corporate Governance

Harvard Law School on Corporate Governance published a guide on what to expect from the 2024 U.S proxy season.

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Global News



Corporate Sustainability Due Diligence Directive (CSDDD)

The CSDDD creates a legal liability for companies relating to environmental and human rights violations within their supply chain.

This Directive established a corporate due diligence standard on sustainability issues for businesses operating in the EU. The new due diligence requirements apply to the company and also to their subsidiaries and supply chain.

Hence EU-based companies, as well as non-EU based companies that conduct a set level of business in the EU, could become liable for the actions of their suppliers.

The Directive was approved by the European Council on March 15th, 2024.

It applies to companies with 1,000 employees and a turnover of 450 million Euro.

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EU AML Developments: a new EU wide AML authority with competence over EU financial sanctions compliance

The Council and the European Parliament representatives reached an agreement on the seat of the future European authority for anti-money laundering and countering terrorist financing (AMLA).

AMLA will be based in Frankfurt/Germany and begin operations mid-2025.

This new authority is the centrepiece of the reform of the EU's anti-money laundering framework. AMLA will have direct and indirect supervisory powers over obliged entities and the power to impose sanctions and measures.

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Regional News

DIFC Sustainable Finance Catalyst



The Sustainable Finance Catalyst is a strategic initiative to grow sustainable finance flows from Dubai to USD 100bn by 2030. Other targets of the initiative include enabling 1mn future sustainability leaders by providing easy access to curated training programmes, toolkits, networking opportunities, and events, while shaping the future of finance by growing DIFC-based, sustainability-driven start-ups 50x by 2030. As a strategic partner, GEFI will be the catalyst's implementation partner, which will see the launch of an AI-driven knowledge hub.

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Upcoming Events & Workshops

Workshop

Enterprise Risk Management Governance

[Register](#)

28th May 2024

10:00am-1:00pm

Dubai

Workshop

Cybersecurity

[Register](#)

30th May 2024

10:00am-1:00pm

Dubai

Webinar

On "The value of board evaluations - the way to add value and drive growth and development"

[Register](#)

6th May 2024

11:00am - 12:00pm

Online

Event

Annual Conference: Future-ready boards

[Don't miss the chance to be our sponsor!](#)

19th November 2024

Dubai



ANNOUNCEMENTS & UPCOMING EVENTS

Overview of Our Services



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CG Assessments



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Board Briefing



Policy Development



Events & Conferences

Visit our website www.hawkamah.org for full details of our services.

Past Event Recap



Webinar on "Role of the board secretariat and governance department on reporting "

In our recent webinar focused on Annual Reporting, an insightful dialogue unfolded as our esteemed panellists shared their regional experiences and expertise. The discussion underscored the importance of transparency, accuracy, and stakeholder engagement in crafting impactful annual reports.

Watch the Webinar! [🔗](#)

Bridging Global Standards with Local Excellence: Environmental, Social, and Governance Evolution in the United Arab Emirates

This content was written by Robert L Ford



Bridging Global Standards with Local Excellence: Environmental, Social, and Governance Evolution in the United Arab Emirates

Inspired by COP28 and global benchmarks like the European Union (EU), the US Securities and Exchange Commission (SEC), and California's progressive ESG standards, the UAE is transforming its ESG integration. Emirates Global Aluminium (EGA), Masdar, and Emirates NBD (ENBD) are a few examples of the UAE's commitment to sustainability. These organisations show how local initiatives can meet or exceed international standards in carbon management, climate action, and environmental stewardship.

Globally ESG

The European Union has driven legislation on environmental, social, and governance (ESG). The Sustainable Finance Disclosure Regulation (SFDR) sets high standards for reporting and disclosures on sustainable investments.

The global Task Force on Climate-related Financial Disclosures (TCFD) were developed to help organisations with their disclosures and reporting.

The United States SEC recently passed climate change financial reports rules which demonstrate an emphasis on environmental accountability and financial disclosures.

Some say these rules didn't go far enough but this is a very positive step forward.

In the US, California has been the national leader in tough climate policies, namely, the Cap-and-trade systems and strict emission rules.

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New industrial sustainability standard

Emirates Global Aluminium (EGA)'s use of waste heat recovery systems to decrease its carbon footprint meets certain global norms. EGA strategy [1](#) is similar to the EU's circular economy action plan, which emphasizes waste reduction and reuse. As an added bonus, the EGA's efforts mirror the SEC's calls for environmental transparency and responsibility. Industrial sectors worldwide can learn from this as they strive toward sustainability.

Promoting Green Energy and Urbanism Through Masdar

Masdar's global renewable energy investments [2](#) demonstrate the UAE's commitment to climate change. It matches the EU Green Deal and California's renewable energy schemes. Masdar City, a sustainability hotspot, shows how urban development may combine renewable energy, water conservation, and trash reduction. It exemplifies international sustainable living goals through environmental stewardship.

ENBD strives to lead sustainable finance by example

In accordance with global financial trends toward ESG integration, Emirates NBD's green bonds and loans show its commitment to sustainable finance [3](#). ENBD is pursuing the EU's Action Plan on Financing Sustainable Growth's goals of refocusing capital flows toward sustainable investment [4](#). ENBD follows the SEC's call for more climate risk and possibility disclosures. Financial companies may lead in environmental transparency and accountability.

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Barriers and Opportunities to Bridging the Gap

The UAE's ESG successes mirror worldwide standards, indicating local organisations faced the challenges and embraced opportunities. Local laws and economic factors must be considered when aligning with global ESG benchmarks. The proactive approach of the UAE, as shown by EGA, Masdar, and ENBD, shows the potential for compliance and leadership in global sustainability efforts.

What's the way forward for ESG Excellence?

The experiences of EGA, Masdar, and ENBD demonstrate the feasibility of connecting local activities with international ESG expectations. These lessons can help other regional and global organisations adopt ESG initiatives effectively as global ESG requirements evolve, and more regulation and laws are introduced.

Although the road ahead for benchmarked ESG reporting is paved with obstacles, it is an opportunity for the UAE and others to showcase a commitment to ESG excellence in the region and even beyond.

Sustainability, corporate culture and good governance don't just happen by accident, they are nurtured and developed by successful organisations aligning these with their strategy and corporate objects. The road to ESG excellence is a journey of commitment. We can each do our part in the organisation we work, the society we are part of and the nation where we live.

ESG excellence requires dedication and is not a one-time fix that organisations adopt at the Board and then is forgotten in a policy which gathers dust. The best organisations have their Board, the CEO and their team working collaboratively to implement ESG standards and continually strive for ESG excellence.

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Each of us can contribute towards ESG excellence in our workplace, society, and in the nation where we live and make our home.

Good governance, ESG excellence and sustainable growth are possible when organisations align their strategy, culture and governance.

What can you do? We can each do our part to make the world a better place for our children and future generations to come by considering the environment, starting to recycling and reduce our carbon footprint.

About Robert L. Ford



Robert is a leading international authority on corporate governance and business excellence, specialising in strategic governance and ESG integration. As the head of Governance Gurus, he spearheads impactful corporate governance projects, board evaluations, and delivers advanced masterclasses and workshops on leadership, ESG, and diversity.

His role as a transformation specialist involves refining governance frameworks to drive organisational efficiency and profitability, ensuring compliance and fostering sustainable growth. Robert is also a prominent chairman and speaker at global conferences, promoting board effectiveness and a sustainable corporate culture.

A Fellow of The Chartered Governance Institute of UK and Ireland (CGI), and Chairman of CGI MENA, his expertise is further recognised through his active roles, including as an Engagement Committee Member and Liveryman of the Worshipful Company of Chartered Secretaries. Robert's strategic vision is enhanced by a master's degree in Leading Innovation and Change, positioning him as a pioneer in corporate governance transformation.

References

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2. <https://masdar.ae/en/global-footprint>
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