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## OpenAI's Governance Challenges and EU's Steps Forward in AI Regulation

The spotlight on AI governance intensified during the last week of May, ranging from scrutiny over governance practices at OpenAI to proactive measures by the EU to establish comprehensive regulatory frameworks. OpenAI CEO Sam Altman [faced](#) tough questions at the AI for Good conference, and received criticism from former board members in news pieces and podcast episodes.

Former OpenAI board members Helen Toner and Tasha McCauley, who resigned following the board's decision to reinstate CEO Sam Altman in November, [shared](#) their perspective on AI regulation in an invitation piece for The Economist. They highlight the limitations of self-governance in private AI firms. Despite their initial optimism about OpenAI's innovative approach to self-regulation, after their experience on the board, they now believe that profit incentives often clash with broader societal interests. They stress the difficulty of aligning corporate interests with the public good and advocate for establishing effective regulatory frameworks for AI. Toner provided further insights into these challenges in a [podcast](#), revealing instances of misinformation and a lack of transparency at OpenAI. Her remarks emphasize the complexities surrounding self-governance in the AI sector, stressing the need for regulatory oversight to uphold ethical standards.

Amidst these developments, the European Union (EU) [launched](#) the European AI Office. This office, aimed at addressing AI's societal impact and shaping future governance in the context of the impending EU AI Act, will play a crucial role in providing guidance on regulation, compliance, safety and innovation.

Valoris Partner Martin Steindl [shared](#) a blog piece in late last December expressing his thoughts on the governance model implemented at OpenAI and many other firms.

## Navigating Sustainability Reporting: EFRAG's Helpful Implementation Guides

On May 31, 2024, the European Financial Reporting Advisory Group (EFRAG) [released](#) its first three European Sustainability Reporting Standards (ESRS) Implementation Guidance documents: EFRAG IG 1 Materiality Assessment, EFRAG IG 2 Value Chain and EFRAG IG 3 ESRS Datapoints. The guides aim to support reporting companies and make it easier for them to understand and meet sustainability reporting standards. They include practical examples and FAQs to clarify requirements and promote consistent reporting.

**IG 1: Materiality Assessment Implementation Guidance (MAIG)** provides an illustrative materiality assessment process for undertakings, and it develops the concept of impact and financial materiality with a number of examples, including how these two concepts interplay. It also contains FAQs on the double materiality assessment.

**IG 2: Value Chain Implementation Guidance (VCIG)** outlines the reporting requirements for the value chain from materiality assessment to policies and actions to metrics and targets. It also includes FAQs for further information and a 'value chain map' summarizing value chain implications per disclosure requirement across all ESRS.

**IG 3: ESRS Datapoints** translates the complete ESRS Set 1 list of detailed requirements in each Disclosure Requirement and related Application Requirements in Excel format. The file contains additional information, such as the types of requirements (quantitative or qualitative) or whether these are subject to transitional provisions. This list can form the basis for a data gap analysis or data collection exercise.

## Empowering Nigeria's SMEs: Launching New Corporate Governance Guidelines

On May 30, 2024, the Financial Reporting Council (FRC) of Nigeria, in collaboration with the Convention on Business Integrity (CBI) and UN Global Compact Network Nigeria, launched the [Small and Medium Enterprises \(SME\) Corporate Governance Guidelines](#).

These guidelines, a simplified version of the Nigeria Code of Corporate Governance 2018, represent the FRC's initiative to address the growing needs of the business sector, as it is composed of 96% SMEs. The SME Corporate Governance Guidelines present principles regarding specific aspects:

- Corporate Governance Policies and Procedures
- Board of Directors
- Control Environment
- Stakeholder Relations
- Family-run entities
- Environmental, social and Governance (ESG) Considerations