Valoris
Stewardship Catalysts

Monthly GSS News Digest

Governance, Sustainability and Stewardship

July 2026

News of the Month

1

Japan and Australia advance parallel corporate governance reforms

2

EBA finalizes Pillar 3 ESG disclosure standards for banks

3

GHG Protocol and ISO move to a single global carbon accounting standard

Japan and Australia advance parallel corporate governance reforms

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Key Highlights

Japan

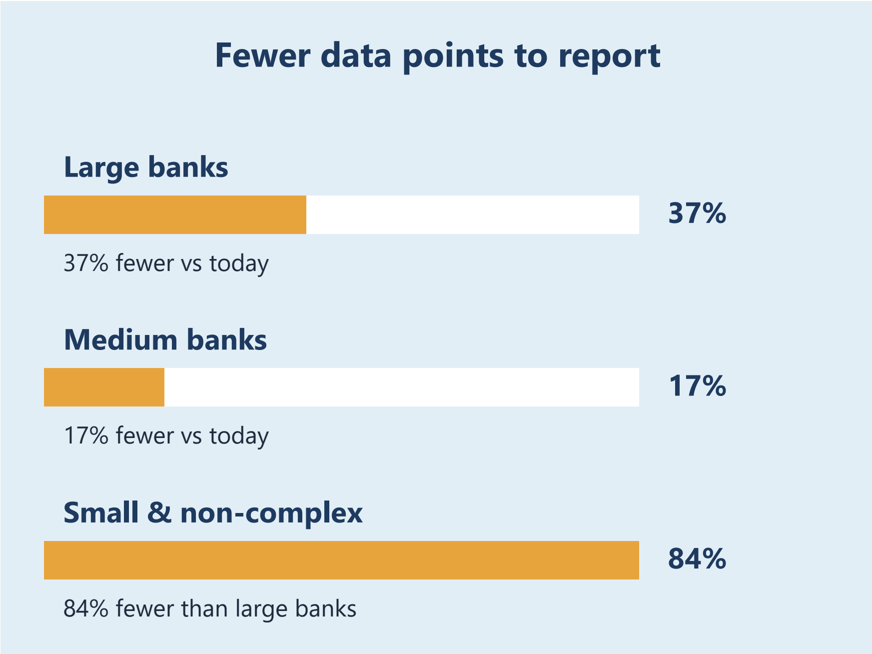
- The FSA finalized the 2026 revision of the Corporate Governance Code.
- Capital allocation is a new focus: boards must show how cash and retained earnings support growth rather than sit idle.
- More transparency on the purpose of cross-shareholdings and on beneficial ownership.
- Stronger independent director oversight, plus board responsibility for cybersecurity, supply chain and geopolitical risk.
- Builds on Stewardship Code version 3.0 (June 2025) and updated METI takeover guidelines (June 2026).

Australia

- The ASX Corporate Governance Council released draft 5th edition of the ASX Principles on July 21, 2026. Eight-week consultation is open, with submissions due mi-September 2026.
- This is the shortest version since 2007. The eight Principles and the *if not, why not* approach are retained. The Principles retained:
  1) Lay solid foundations for management and oversight
  2) Structure the board to add value
  3) Act lawfully, ethically and responsibly
  4) Safeguard the integrity of corporate reports
  5) Make timely and balanced disclosure
  6) Respect the rights of security holders
  7) Recognize and manage risk
  8) Remunerate fairly and responsibly
- Recommendations that duplicate the Corporations Act, gender equality law and the Criminal Code are removed to cut compliance burden.

EBA finalizes Pillar 3 ESG disclosure standards for banks

Key findings:



- The European Banking Authority (EBA) published final draft Implementing Technical Standards (ITS) amending the Pillar 3 framework for ESG risks. Pillar 3 is the public-disclosure part of the bank capital rules. The ITS complete the requirements introduced under CRR3 (the third Capital Requirements Regulation) and align with the ESRS (European Sustainability Reporting Standards).
- The main theme is simplification. Large banks will report 37 percent fewer data points and medium banks 17 percent fewer than today. Small and non-complex institutions (SNCIs) will report 84 percent fewer than large banks.
- Taxonomy-related disclosures are dropped.
- New templates require banks to disclose aggregate exposures to shadow banking entities.
- The standards move to the European Commission for adoption and are expected to apply from end of December 2026, with SNCIs given an extra year.
- Even if the reporting burden is to be reduced, banks must still identify, measure and disclose material climate and ESG risks.

GHG Protocol and ISO move to a single global carbon accounting standard

Key Highlights

- The GHG Protocol (Greenhouse Gas Protocol), created by the World Resources Institute and the World Business Council for Sustainable Development, is the most widely used framework for corporate carbon accounting, including the Scope 1, 2 and 3 method used by CDP, the Science Based Targets initiative and the ISSB.
- The International Organization for Standardization (ISO) is the global standards body behind the ISO 14064 series for measuring and verifying emissions.
- Building on their September 2025 partnership, the two announced that they will merge the GHG Protocol standard with ISO 14064-1 into a single co-branded corporate standard and add a joint product carbon-footprint standard.
- A consultation draft is planned for the second quarter of 2027, with publication in the fourth quarter of 2028 and the standard taking effect in 2028. A formal name has not yet been announced.
- A single standard means more consistent and comparable emissions data across portfolios as well as easier verification and assurance

ISO + GHG Protocol → **Single co-branded standard as of 2028**

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