Latest Developments in Governance, Stewardship and Sustainability

Valoris
Stewardship Catalysts

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BSP introduces continuous fit-and-proper oversight of bank leaders

The Bangko Sentral ng Pilipinas (BSP) has opened for comment a draft circular that would overhaul governance rules for banks and non-bank financial institutions. The central shift is that fit-and-proper assessment becomes continuous, so directors and officers are re-assessed throughout their tenure rather than only at appointment, and the burden of proving fitness is imposed onto the individual. Anyone who fails to file complete documentation or skips a BSP interview is deemed to have failed to establish their qualifications. The draft circular would empower BSP to force a board to be reconstituted when a firm's condition deteriorates and require threats to an officer's fitness to be flagged within five banking days. It would also mandate IT, cybersecurity and data-governance expertise on boards, with a tech-experienced senior manager required at digital and systemic banks.

The move brings the Philippines into line with the EU and UK, where continuous fitness oversight is already the norm. The ECB treats fit-and-proper as an ongoing gatekeeper function and reassesses directors when new facts emerge, weighing five criteria that cover reputation, knowledge and experience, independence of mind, time commitment, and collective board suitability. The UK's Senior Managers and Certification Regime goes further still by requiring firms to certify fitness at least once a year.

PepsiCo redesigns its sustainability reporting for AI use

PepsiCo has restructured its sustainability reporting for a new kind of reader - the AI systems that increasingly mediate how end users find corporate information. Because the bots feeding models such as ChatGPT and Claude parse webpages more easily than PDFs, the company shifted detailed information from the document to the web. Its 2025 ESG summary runs to 20 pages, less than half the length of the 2024 edition, and the detail now lives on a continuously updated ESG Topics A to Z site covering Agriculture and Sourcing, Environmental Impact, Products and Nutrition, Ethics and Governance, People and Sustainability Management.

Rather than releasing an annual avalanche of information, PepsiCo refreshes the A-to-Z pages as soon as material is ready, using consistent headers, clear subsections and timestamps that make each page trackable. The goal is accuracy across every channel. As sustainability VP Anna Palazij notes, "if the data is coming through correctly on Claude that is fine … but if it is not, that could be a detriment."

ECB's new climate factor for collateral

On 15 June 2026 the ECB began applying a new climate factor to corporate marketable assets pledged as collateral in Eurosystem lending operations, and it will extend the measure to corporate credit claims in the medium term. Sitting on top of standard haircuts, it acts as an extra buffer against forward-looking climate transition-related uncertainties that could reprice an asset before liquidation. It is built from an uncertainty score drawn from a sector stressor, an issuer-level exposure measure and residual maturity, and it can cut collateral valuation by up to 5 percent.

Writing in The Banker, EDHEC's Frédéric Ducoulombier argues the design shows a remarkable degree of certainty about uncertainty, because it covers transition risk only rather than physical hazards, fixes a single run-on-brown scenario, and reuses a score originally built to green the ECB's now-closed bond-buying programme. The deeper concern is that, by making carbon-intensive assets less attractive as collateral, a measure framed as prudential also functions as allocative climate policy, which is defensible only if it can withstand legal and technical scrutiny.