Valoris
Stewardship Catalysts

# Monthly GSS News Digest

*Governance, Sustainability and Stewardship*

**August 2026**

# News of the Month

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

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**PepsiCo redesigns its sustainability reporting for AI use**

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**ECB’s new climate factor is one step forward**

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

## Key Highlights

**Philippines**

- The Bangko Sentral ng Pilipinas (BSP) has opened for comment a draft circular amending governance rules for banks and non-bank financial institutions.
- Core change = fit-and-proper assessment becomes continuous. Directors and officers are re-assessed throughout their tenure, not only at appointment.
- The burden of proving fitness shifts to the individual executive. Any missing documents or a skipped BSP interview means they are "*deemed to have failed to establish their qualifications.*"
- The BSP could force a board to be reconstituted when a firm's condition deteriorates. Firms must flag any threat to an officer's fitness within five banking days.
- Boards must add IT, cybersecurity or data-governance expertise. Digital and systemic banks need a senior manager with three years' tech experience.

**The EU & UK benchmark**

- Fitness is already an ongoing obligation in the EU and UK. The Philippines is converging to that model.
- The ECB reassesses directors as a continuous "*gatekeeper*" when new facts emerge. Its five fit-and-proper criteria:
  1) Reputation: honesty, integrity and financial soundness
  2) Knowledge, skills and experience
  3) Independence of mind and conflicts of interest
  4) Sufficient time commitment
  5) Collective suitability of the board
- The UK's Senior Managers & Certification Regime is more explicit still. Firms must certify fitness at least once a year.

# PepsiCo redesigns its sustainability reporting for AI use

## Key findings:

**pepsico.com / esg-topics**

*Updated on a rolling basis · each page timestamped*

› Agriculture & Sourcing
› Environmental Impact
› Products & Nutrition
› Ethics & Governance
› People
› Sustainability Management

**ESG summary: 45+ pp (2024) → 20 pp (2025)**

- PepsiCo has refocused its sustainability reporting for a new kind of reader - the AI systems that increasingly mediate how end users find corporate information.
- Bots that feed models such as ChatGPT and Claude navigate webpages more easily than PDFs, which prompted PepsiCo to shift its information from the document to the web.
- Its 2025 ESG summary runs to 20 pages, which is less than half the length of the 2024 edition. Much of the detail now can be found on the ESG Topics A–Z webpage.
- No more "avalanche of info", as the A–Z pages are updated continuously.

  "*As soon as the information's ready, let's put it out*," says Head of Sustainability Communications Dan Strechay.

- AI-friendly structure with consistent section headers, clear subsections and visible timestamps make each page easy for people and machines to parse.
- Accuracy across channels is the goal.

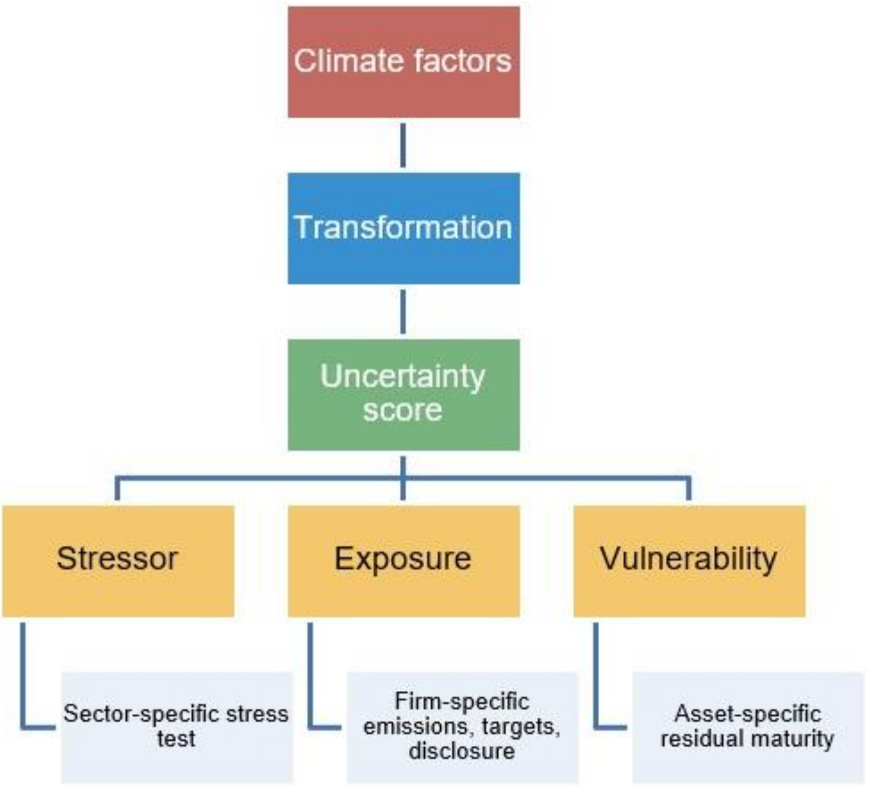
  If data "*is coming through correctly on Claude, that's fine … but if it's not, that could be a detriment*," says VP for sustainability Anna Palazij.

# ECB’s new climate factor for collateral

## Key Highlights

- On June 15, 2026, the ECB began applying a new climate factor to corporate marketable assets pledged as collateral in Eurosystem lending operations and will extend it to corporate credit claims in the medium term.
- Standard haircuts already cover a borrower defaulting before collateral is sold. The climate factor is an extra buffer against “*forward-looking climate transition-related uncertainties*” that could reprice an asset in that window.
- It builds an “*uncertainty score*” from a sector stressor, an issuer-level exposure measure and residual maturity, cutting collateral value by up to 5 percent.
- Writing in The Banker, EDHEC’s Frédéric Ducoulombier argues the design shows “*a remarkable degree of certainty about uncertainty*”. It covers transition risk only (not physical hazards), fixes a single “*run-on-brown*” scenario and reuses a score built to green the ECB’s now-closed bond-buying programme.
- **So, what is the issue? by making carbon-intensive assets less attractive as collateral, a measure framed as prudential also acts as allocative climate policy and defensible only if it withstands legal and technical scrutiny.**

**Base haircut** + **Climate factor (≤5%)** → **Lower collateral value**



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