

2018 Annual Report

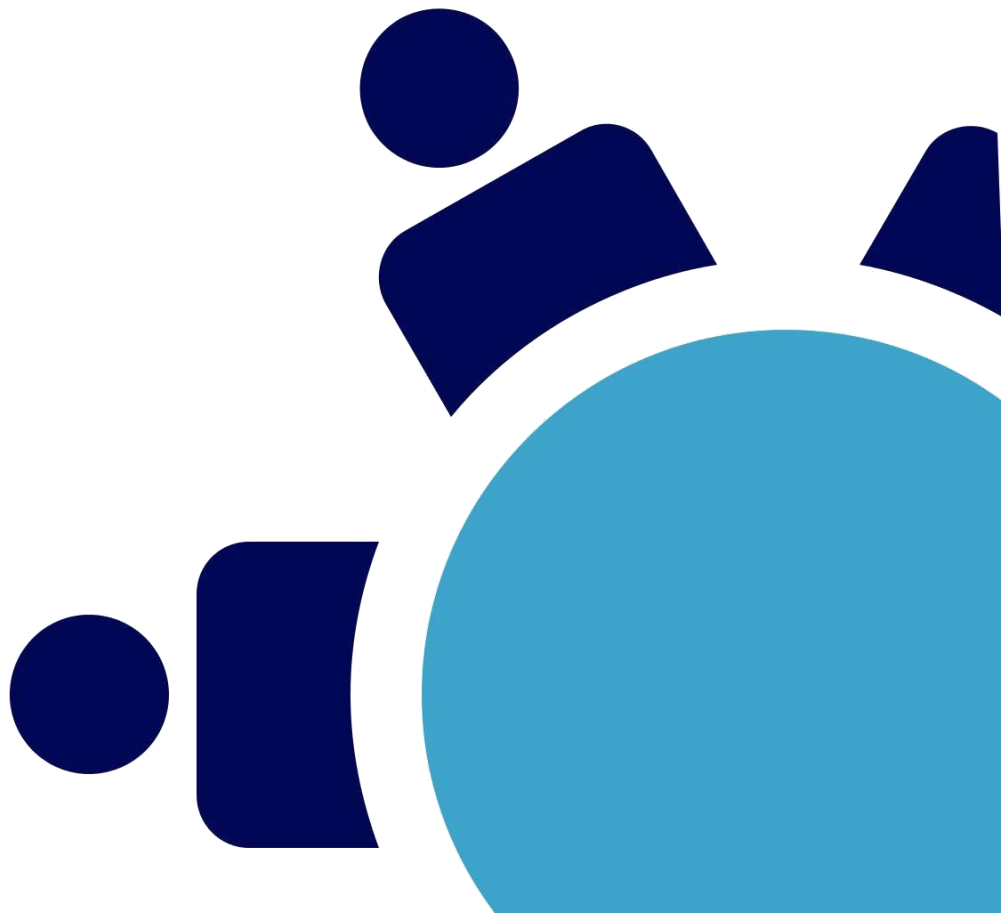


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LETTER FROM THE CHAIR, IRENA PRIJOVIC



With its 2018 Action Plan on Sustainable finances, the European Commission promotes more conducive corporate governance to sustainable investments. While laying down its strategic lines for future initiatives, the European Commission is pushing businesses to have an eye for people and planet, and to develop more sustainable business models.

In 2018 ecoDa enriched the debate on Sustainable Corporate Governance by organizing a conference with PwC at the time of the EC Action plan and by expressing its opinion on different occasions. To respond to the greater emphasis on corporate reporting - should it be financial or non-financial -, ecoDa expressed its concerns about the increasing amount of regulations that could damage the competitiveness of listed companies and called for any actions that would lighten the reporting burden on companies. ecoDa also reacted to the IOSCO Consultation Report on Good Practices for Audit Committees, the consultation on Shareholders Rights Directive II implementing acts, the EC initiative on Whistleblowing, etc. Thanks to the cooperation with Mazars, ecoDa has also called for maintaining the Comply or Explain principle in European Corporate Governance and for the continuous improvement in the application of the 'best fit' approach.

In order to anticipate the future evolution of Corporate Governance, ecoDa has established "The Corporate Governance Dialogue" as an open forum, with input from both the business world and the academic community. We reflect on the trends and challenges in the European and international CG context, and potential amendments to the CG framework in the coming years. The objective is to foster good governance that promotes economic welfare and well-being, by uniting theory with practice. Thanks to the strong leadership of Prof. Lutgart Van Berghe, we initiated with the support of our Corporate Associates a series of roundtable discussions on whether the governance framework, developed for decision-making in boards and shareholder meetings is to be disrupted by digital tools. Our initiative echoes the more recent Online Platform on Corporate Governance that the European Commission is putting in place in 2019 for the exchange of best practices between companies, investors, private and public stakeholders. For its next edition, ecoDa will put more emphasis on how the trend towards flat and self-governed organizations might go far beyond the impact of digitalization on decision-making in boards and shareholder meetings.

2019 will be marked with important changes in terms of our board's composition with several board members ending their mandate at national level and at ecoDa. I would like to express my deep appreciation for their dedication and contribution to ecoDa. I am confident that we will keep the same spirit at ecoDa and the desire to serve in concrete ways the interests of our member institutes. I will have myself to pass on the baton to my successor, Jan Wesseldijk, board member of the Dutch institute of directors, NCD. I wish him full success in taking over this stimulating position at ecoDa's level.

LETTER FROM THE DIRECTOR GENERAL, BEATRICE RICHEZ-BAUM



During the past year, we strived to strengthen further the confederation, its outreach and influence in the European arena.

As a result of our strategy's implementation, we succeeded in pushing information from the ground up to the European institutions by organizing more roundtable meetings of experts. By doing so, ecoDa helped regulators grab a hold of reality on the challenges faced by board members. That was particularly true at the time of the workshop on the implementation of the Audit Reform by Audit Committees that we organized together with the European Confederation of Internal Auditors (ECIIA). The same approach was adopted for The Corporate Governance Dialogue and was repeated again at a brainstorming session where we discussed the outcome of the new ecoDa/Mazars report on "The board's role in designing an effective framework of corporate governance" in light of the current debate on sustainability. The positive outcomes of those events have convinced us to move ahead in that direction.

In 2018, having recruited three new member institutes (namely, the Baltic Institute of Corporate Governance, the Swiss Institute of Directors (SloD) and the Independent Directors Association (AAI) in Romania), ecoDa successfully enlarged its community. All of the new members have already shown their deep commitment to ecoDa and were engaged at the first edition of our Members' Forum hosted in Milan by Nedcommunity, our Italian member, on business models related issues.

In addition, ecoDa embarked on new spheres of cooperation with its Corporate Associates – with Euronext and EY on board -. Webinars, conferences and new possible joint actions intend to provide real added value to the national institutes of directors.

2019 is proving to be a critical year for Europe, ahead of the appointment of a new Commission after the European elections, it is hard to predict in details its working programme. However, it is still crystal clear that the Commission will have to tackle at least the following topics:

- According to the Action Plan on sustainable finances, the EC will investigate 1- the possible need to require corporate boards to disclose a sustainability strategy, including appropriate due diligence throughout the supply chain; and 2- the possible need to clarify the rules according to which directors are expected to act in the company's long-term interest;
- The EC might also revise the non-financial reporting directive. The market calls for greater coherence, consistency and comparability between corporate reporting frameworks.

ecoDa will pursue its monitoring and advocacy role to defend the interests of the European board members. The work performed in 2018 would not have been possible without the leadership of the ecoDa's Board, and the active support of all member institutes throughout the year. A special thanks to Xiaoji Zhang who assists me in my different tasks.

About ecoDa:

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organisations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.

Our Motto:

Our motto is "*The European Voice of Directors*" - it reflects well our focus on directors and it positions ecoDa in a competitive market. ecoDa is a confederation serving its member organisations. The decision process comes therefore from its members which have the duty to express their opinion. ecoDa has to reflect the opinions of its constituencies.

Our Vision:

To let board members exercise their leadership role, to enable them to focus more on strategy in order to foster competitiveness in Europe.

Our Missions:

The missions are fourfold:

1. To promote the role of directors, to develop professionalism and European governance standards;
1. To influence the European decision-making process related to Corporate Governance;
2. To provide services to its members, mainly by providing information regarding relevant European issues;
3. To facilitate the development of national director institutes dealing with Corporate Governance in Europe and attract new members.

Our Values:

ecoDa embraces the following values: professionalism, integrity and collaborative approach while encouraging excellence in Corporate Governance (CG).

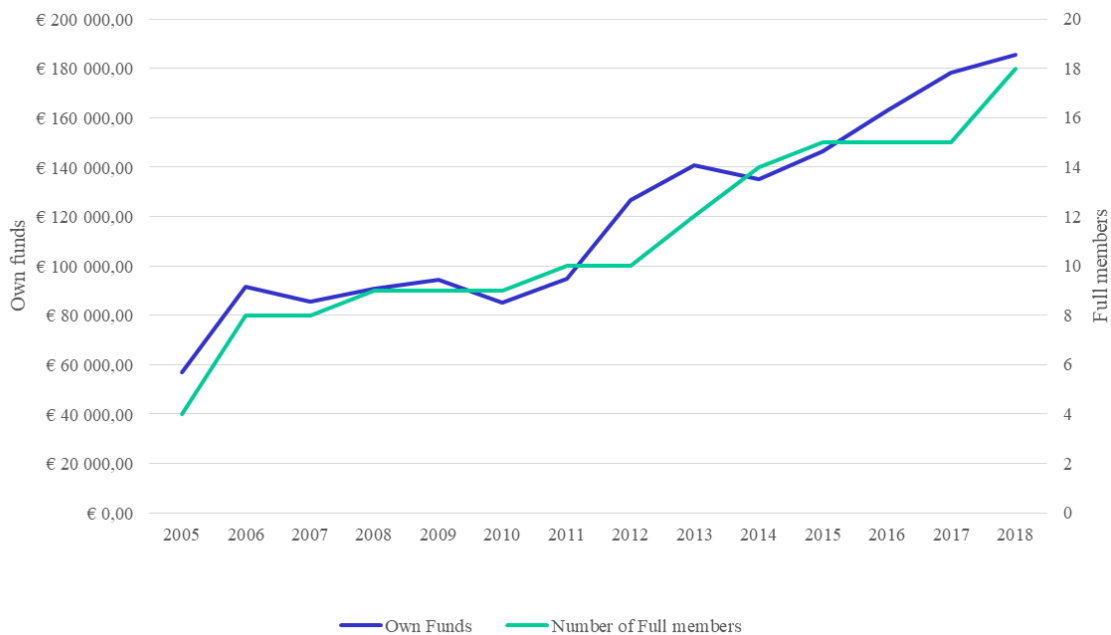
Those values frame our activities and our relationship with both our members and our stakeholders.

I-. MEMBERSHIP

ecoDa has kept its memberships growing in 2018 with three institute joining as full members, the Baltic Institute of Corporate Governance, the Swiss Institute of Directors (SIoD), and the Independent Directors' Association (AAI) in Romania (see [Press releases 1 and 2](#)). Additionally ecoDa managed to attract **two new Corporate Associates**: Euronext and EY. All ecoDa members and Corporate Associates are *de facto* associated to the new initiative, "The Corporate Governance Dialogue".

In 2018, the General Meeting agreed on a **new fee regime**, which integrates now a single category of full members. However, young institutes of directors can still request a discount fee granted by the board after a deep analysis of the situation.

The **first edition of the Members' Forum** was hosted by Nedcommunity in Milan on September 26. The objective of this Forum is to create a place where all the member institutes can exchange information on a variety of subjects. The one day session in September included specific workshops related to policy issues, communication tools and education programmes (soft skills for non-executive directors). The members took the time to reflect on what should be done to create a stronger ecoDa's engaged community.



Full members (alphabetic order):

- [The Baltic Institute of Corporate Governance](#)
- The [Croatian Institute of Directors](#)
- The [Directors' Institute of Finland](#)
- The Portuguese [Forum de Administradores de Empresas](#) (FAE)
- The Belgian [GUBERNA](#)
- The British [Institute of Directors](#) (IoD)
- The French [Institut Français des Administrateurs](#)
- The Luxembourgish [Institut Luxembourgeois des Administrateurs](#)
- [The Independent Directors Association in Romania](#)
- The Spanish institute [Instituto de Consejeros – Administradores](#)
- The Dutch [Nederlandse vereniging van Commissarissen en Directeuren](#)
- The Italian [Nedcommunity](#)
- The [Norwegian Institute of Directors](#)
- The [Polish Institute of Directors](#)
- The [Slovenian Directors' Association](#)
- The [Swedish Academy of Board Directors](#)
- The [Swiss Institute of Directors](#)
- [Vereinigung der Aufsichtsräte in Deutschland e.V.](#), VARD



ecoDa affiliated members:

- The [Corporate Governance Institute of Albania](#)
- The [Confederation of Institutes of Internal Auditors](#) (ECIIA)
- The [Institute of Business Ethics](#) (IBE)
- The [Institute of Chartered Secretaries and Administrators](#) (ICSA)

Corporate Associates:

- [AIG](#)
- [Euronext](#)
- [EY](#)
- [Mazars](#)
- [PwC](#)
- [The Danish Board Network](#)





II. GOVERNANCE

ecoDa is supported by a strong network of individuals.

The Board:

The board is composed of: Irena Prijović (The Slovenian Directors' Association) – Chair; Maarit Aarni-Sirviö (Directors' Institute Finland); Juan Alvarez-Vijande (IC-A, Spain); Gro Braekken (The Norwegian Institute of Directors, Norway), Peter Dehnen (VARD, Germany); Luis Filipe Pereira (FAE, Portugal); Raymond Schadeck (ILA, Luxembourg); Paola Schwizer (NedCommunity, Italy); Agnès Touraine (IFA, France); Lutgart Van den Berghe (Guberna, Belgium); Jan Wesseldijk (NCD, Netherlands); Per Westerberg (StyrelseAkademien, Sweden) and Stephen Martin (IoD, UK).



The board meetings were also attended by: Michel de Fabiani (Chair of ecoDa Policy Committee), Philippe Declaire (Chair of ecoDa Membership & Development Committee); Jean Coroller (Chair of the Education Committee) and Suzanne Liljegren (Communication adviser).

In 2018, the ecoDa board had five meetings, two of which were organized by conference calls. The September board meeting was hosted by Nedcommunity in Milan. It was the opportunity for ecoDa board members to meet Nedcommunity's board members.

In 2018, ecoDa invited a number of guests for presentations to its board meetings:

- On March 5, Rainer Riess, CEO of FESE, presented FESE's opinion on sustainability and capital markets. On the same day, Ms Maija Laurila (Head of Unit) and Ms Marijke Declerck, European Commission, DG Justice presented the new priorities of DG JUST in terms of Corporate Governance.
- On 22 May, Guillaume Prache, Managing Director of Better Finance, gave a presentation on the proposed Implementing Regulation for the Shareholders' Rights Directive II
 - They believe that the is not revolutionary, but it certainly has some good elements,
 - A positive development is that it will open up more competition among service providers, and that it allows the use of blockchain,
 - A problematic aspect is that there is still no European definition of 'shareholder',
 - Cross-border voting in the EU is still basically non-existent.
- On 16 November, a pre-meeting was organized with Jeroen Hooijer, Head of Unit, Interinstitutional, international coordination, DG Justice, European Commission. The objective of this meeting was to discuss informally what should be the priorities of the new European Commission.

In 2018, the board used iBabs, Euronext's collaborative board portal solution.

The board elected Jan Wesseldijk as the new ecoDa's chair for a two-year mandate that will start on April 1st 2019.

Nomination Committee:

The Nomination Committee is composed of: Maarit Aarni-Sirviö (Chair); Juan Alvarez-Vijande; Lutgart Van den Berghe, Jan Wesseldijk; Béatrice Richez-Baum;

Four meetings were organized in 2018.

The Nomination Committee was mainly busy with the smooth chair's succession and the board's assessment.

Roger Barker operated as an independent party and led an open discussion with the board in November 2018 based on a written questionnaire circulated earlier during the summer.

Based on discussions at the board assessment workshop on 16th November 2018, development priorities are proposed for the ecoDa board in 2019.

Policy Committee:

The Policy Committee is composed of Michel de Fabiani (Chair), Rytis Ambrazevičius, Sorana Baciú, Roger Barker, Dirk Backhaus, Boeva Bistra, Philippe Declaire, Annelies De Wilde, Pascal Durand-Barthez, Michael Hilb, Fernando Iguartua, Per Lekvall, Gorazd Podbevšek, Valerie-Anne Rondeau, Alessandra Stabilini, Micaela Thorström, Frank Van den Akker, Edwin Ward and Béatrice Richez-Baum.

The Policy Committee oversaw the Working Group with Mazars on "The Board's role in designing an effective framework of corporate governance" and the Working Group with PwC on the Audit Reform. The Policy Committee drafted all ecoDa position papers:

- ecoDa's response to the IOSCO Consultation Report on Good Practices for Audit Committees in Supporting Audit Quality,
- ecoDa's response to Fitness check on the EU framework for public reporting by companies,
- ecoDa's reaction to the consultation on SRD II implementing acts,
- ecoDa's initial response to the EC fitness check of Corporate Reporting,
- ecoDa's response to the EC consultation on investors duties and sustainability.

The Policy Committee held seven meetings in 2018 including a physical Meeting in Sofia on 19 April 2018 at the time of the 22nd European Corporate Governance Conference. Leena Linnainmaa, ECGCN Chair, was invited in September to discuss the EC Guidelines on the remuneration reports.

Education Committee:

Education committee is comprised of Jean Coroller (Chair), Rytis Ambrazevičius, Stéphanie Badonnel, Gerard Citroen, Rajmonda Duka, Peter Dehnen, Lena, Henningsson, Ljiljana Katičić, Abigail Levrau, Annika Paasikivi, Luis Sancho, Andrea Schmid, Rada Sibila, Véronique Vansaen, Christian Vassallo and Béatrice Richez-Baum

Five meetings were held in 2018 at ecoDa office, one of which gathered the members in Brussels for a full day of sharing-information.

The Education Committee supervised the March and October education sessions, amended ecoDa education programme, developed an endorsement text for the national certification programmes, and collected information of the different existing programmes.

Membership Committee:

The Membership Committee is composed of: Philippe Declaire (Chair); Irena Prijovic; Jan Wesseldijk and Béatrice Richez-Baum.

Seven meetings were organized in total. The Membership Committee assessed the applications received by the Swiss Institute of Directors (SIoD) and the Independent Directors Association in Romania. The Membership Committee suggested new rules for suspension & dismissal of member institutes and dealt with non-paying members.

Following the visit paid to Hungary in November 2017, the Hungarian IoD has been legally established on May 16, 2018 with the strong support of EY.

New investigations were conducted in Austria to stimulate the creation of an institute of directors with the good help of AIG. Contacts were initiated with the Armenian Institute of Directors (AIOD).

In 2019, ecoDa's bylaws will be updated to integrate specific suspension rules.

Management

The management team is made of two salaried employees:

- Béatrice Richez-Baum, Director General,
- Xiaoji Zhang, Office Manager

and a treasurer, Philippe Declaire working on a pro-bono basis.

In 2018, ecoDa benefited from the support of two interns Tycho Eggenhuizen, Dutch [from 25 April to 27 July 2018] and Laura Empl, German [from September 2018 to January 2019].

III. ADVOCACY AND REPRESENTATION

In its strategy, it is clearly stated that ecoDa wants to position itself as a thought leader in CG issues that can impact directors and as a credible voice that is listened. Among EC initiatives, ecoDa selected those who might have a direct or indirect impact on boards.



1- SUSTAINABILITY

Following the High Level Expert Group's report on Sustainable Finance, the European Commission published on Thursday 8 March its [strategy](#) for a financial system that supports the EU's climate and sustainable development agenda.

The **Action Plan on Financing Sustainable Growth** includes the following initiatives:

- To promote corporate governance that is more conducive to sustainable investments, by Q2 2019, the Commission will carry out analytical and consultative work with relevant stakeholders to assess: (i) the possible need to require corporate boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets; and (ii) the possible need to clarify the rules according to which directors are expected to act in the company's long-term interest.
- The Commission will table a legislative proposal to clarify institutional investors' and asset managers' duties in relation to sustainability considerations in May 2018.
- The Commission invites the ESAs to collect evidence of undue short-term pressure from capital markets on corporations and consider, if necessary, further steps based on such evidence by Q1 2019.
- By Q2 2019, the Commission will revise the guidelines on non-financial information. The revised guidelines should provide further guidance to companies on how to disclose climate-related information.



- By Q3 2018, a European Corporate Reporting Lab will be established as part of the European Financial Reporting Advisory Group (EFRAG).

Additionally, DG Justice started working on Action 10 of the EC Action plan i.e. fostering sustainable corporate governance and attenuating short-termism in capital markets.

They started assessing:

- the possible need to require corporate boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets [*an external study will be contracted* – input should be provided by the second quarter of next year];
- the possible need to clarify the rules according



On March 8, ecoDa announced officially the creation of The Corporate Governance Dialogue in reaction to the EC Action plan on Financing Sustainable Growth. In a [press release](#), ecoDa welcomed the fostering of a corporate governance more conducive to sustainable finance and the establishment of an inclusive platform, as proposed by the European Commission. With the launch of The Corporate Governance Dialogue, ecoDa intended to adapt the same inclusive approach.



In January, ecoDa [responded](#) to the EC public consultation on institutional investors and asset managers' duties regarding sustainability. According to ecoDa, the relative importance of ESG factors, especially the environmental factors will depend to a large extent on the scale and scope of the company and above all of the sector of its activities. Moreover the governance factors will be quite different according to the type of shareholders and their time horizon. Whereas the EU hopes to promote sustainability in the business world by more focusing on the shareholder duties, it should be clear that their time horizon might be quite different from one category of shareholders to another. Therefore, ecoDa is and has been pleading already for a very long time, to consider this difference when developing specific governance directives and recommendations, certainly when the aim is to promote long term sustainability. Any new EU guidelines for investors on how to assess corporate governance as well as social and environmental factors should take this diversity into consideration unless we fear that these guidelines will end up in a mere window dressing or box-ticking exercise.



On March 20, ecoDa and PwC organised a joint event on “Long-term sustainability: Can Corporate Governance bring magic solutions?”, two weeks after the launch of the EC action plan on financing sustainable growth. The conference opened with a [video message of professor Mervyn King](#). The European Commission presented its action plan on sustainable growth. A key question addressed was whether there is a need for more clarification on the board’s fiduciary duties. How does the concept of stakeholders’ inclusiveness relate to the directors’ duty of care - company laws clearly say that the board’s prior obligation is to always act in the best interest of the company? The problems come with stakeholders that don’t have a positive interest on long term of companies. Whereas shareholders will focus on their and / or their clients’ interest, this is not in the interest of the company, boards can’t. Company Law should not abandon the principle of duty of care. Requiring the board to serve different

masters might generate conflicts of goals which will be difficult to handle (Can boards be accountable to different masters at the same interest? How should boards be then appointed?). Short termism and traditionalism are the main reason why fiduciary duties are not always implemented in practice.

Speakers: Panel 1 moderated by Jean-Christophe Georghiou, the Assurance Policy leader for PwC in Europe comprised Prof. Lutgart Van den Berghe, ecoDa board member, Managing Director of GUBERNA, Prof. Beate Sjøffjell, University 5 of Oslo, Project Coordinator, The Sustainable Market Actors for Responsible Trade project (SMART), Anahide Pilibossian, Vice President, BlackRock, Per Lekvall, Member of the Swedish Corporate Governance Board, Henk Breukink, Member of the Supervisory Board of ING Group, chairman of the Remuneration committee, member of the Nomination/Corporate Governance committee. Panel 2 moderated by Lutgart Van den Berghe, ecoDa board member, Managing Director of GUBERNA was composed of Cordula Heldt, Head of Corporate Governance and Company Law at Deutsches Aktieninstitut, Geert Glas, Partner, Allen & Overy, Vincent Van Dessel, CEO of Euronext Brussels, Luc Sterckx, President of the Board of Febeliec (Federation of Belgian Industrial Power & Gas Consumers). The conference was concluded by Markus Ferber, Member of the European Parliament, Group of the European People's Party (Christian Democrats).

See [the report of the conference](#) and the [video](#) recording.



On 26 September 2018, Per Lekvall, member of the Policy Committee and of the Swedish Corporate Governance Board, intervened at the event 'Reforming directors' duties in the EU to promote long-termism and sustainability' organised by Frank Bold. The event referred to the European Commission's Action Plan on Sustainable Finance and its Action 10 as well as how directors' duties could be defined at an EU level in order to protect directors from pressure from the capital markets to focus on the short-term. Per Lekvall enunciated two concerns. Firstly, the separation of the interest of the company from the interest of the shareholders (and other stakeholders). Secondly, the functioning of the market economy.

ecoDa was invited to speak at the EC Conference on Sustainable Corporate Governance scheduled on January 24, 2019.

2- THE AUDIT REFORM

In April 2018, the Board of the International Organization of Securities Commissions (IOSCO) requested feedback on its proposed good practices for audit committees to support audit quality.

IOSCO published its [Consultation Report on Good Practices for Audit Committees in Supporting Audit Quality](#), which is intended to assist audit committees of issuers of listed securities in promoting and supporting audit quality. Findings of reviews by audit regulators indicate a need to improve audit quality and consistency of audit execution.

While the auditor is primarily responsible for achieving this objective, IOSCO believes that effective audit committees can also contribute to supporting audit quality and increasing market confidence in the quality of information in financial reports. IOSCO considers the accuracy, integrity, and comparability of issuer disclosure to be essential for maintaining investor and market confidence.

One mission of the CEAOB (Committee of European Auditing Oversight Bodies) is to facilitate and streamline the monitoring of the audit market with a focus on quality and competition of the market for providing statutory audit services to public-interest entities. This report includes information on audit committees. To prepare its next report, the CEAOB decided to launch through the NCA a

questionnaire to audit committees' chairs in order to get more insights on the way they are applying the new audit reform.

The questionnaire was sent to a sample of the PIE AC population by each national competent authority. It covered different sections:

- AC Composition & skills
- Interaction with the administrative or supervisory body,
- Independence including the prior approval of permitted non-audit services,
- Auditor selection process,
- Oversight of the audit function
- Oversight of the financial reporting process,
- Oversight of internal quality control and risk management systems.

The questionnaire was accompanied by some limited guidance, covering for example what reference period to use, but other guidance was developed to assist Audit Committee chairs in the completion of the questionnaires.



On 30 January, Anne-Hélène Monsellato (Chair of ecoDa WG on Audit Committees) met Ralf Bose and Martin Kelly from the CEAOB (Committee of European Auditing Oversight Bodies) to catch-up with new developments related to the Audit Reform.



On 14 May, Anne-Hélène Monsellato and Béatrice Richez-Baum met DG FISMA to discuss the questionnaire that was addressed to Audit Committees' Members in September by the National Competent Authorities (NCA).



In July 2018, ecoDa provided its [written comments](#) to the IOSCO Consultation Report on Good Practices for Audit Committees in Supporting Audit Quality. In substance, ecoDa considered that the IOSCO Good Practices for Audit Committees in Supporting Audit Quality were getting a step further than the EU Audit Reform by imposing an obligation of results on Audit Committees through prescriptive requirements to ensure an effective audit. The fact that the practices are considered as “good” and not “best” practices imply a level of practice deemed as “normal” for all proposed practices, in a context where some of the practices are beyond what is currently considered as best practices even for matured countries and audit committees.

On 17 January 2019, the board of the International Organization of Securities Commissions (IOSCO) published the [IOSCO Report on Good Practices for Audit Committees in Supporting Audit Quality](#), which seeks to assist audit committees in promoting and supporting audit quality.



On September 13, ecoDa organised together with the European Confederation of Institutes of Internal auditors (ECIIA) a roundtable discussion with 22 audit committee members from different EU member states in presence of the CEAOB and the European Commission. The objective of this workshop was to raise awareness of the upcoming questionnaire towards audit committees and to gather some insights on where they stand with the audit reform's implementation. The European Commission made some introductory remarks reminding the EU Audit legal framework and the enhanced role for ACs. The EU legislators have allowed Member States to adopt different discretions on some aspects of the new rules (e.g. definition of a PIE, duration of maximum audit engagement and rotation period, list of prohibited non-audit services).

Two panels addressed the question of audit quality:

- panel 1 was from the perspective of fostering the right conditions for audit quality i.e. selecting a competent audit firm (selection, reappointment), making sure that the auditors are not biased in their judgment from non-audit services (independence) or excessive familiarity (rotation);
- panel 2 was about the quality of the audit itself - the “carefully designed and well executed audit”.

The focus was clearly on the relationships between audit committees and auditors and did not cover the full range of audit committees’ roles and responsibilities.

Anne-Hélène Monsellato (Chair of ecoDa’s Working Group on audit committees) was largely involved in the preparation and in the running of this workshop.

3- CORPORATE REPORTING

In March 2018, the European Commission launched a public consultation on corporate reporting which includes different parts:

- Assessing the fitness of the EU public reporting framework overall,
- The EU financial reporting framework applicable to all companies (Accounting Directive: companies with cross border activities, SMEs, and content of the information),
- The EU financial reporting framework for listed companies (IAS regulation, Transparency Directive),
- The EU financial reporting framework for banks and insurance companies,
- Non-financial reporting framework (Non-Financial Reporting Directive) - The digitalisation challenge



In addition, the EC Action Plan on financing sustainable growth called on European Financial Reporting Advisory Group (EFRAG) to establish a European Lab, which is intended to stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good practices. In September 2018, EFRAG launched a Call for Candidates.

The European organization organized a couple of conferences related to Corporate Reporting which ecoDa attended:

- On October 18, DG FISMA hosted an open stakeholder meeting on non-financial disclosure.
- On November 30, the Commission organized a high-level conference on “The Future of Corporate Reporting in a digital and sustainable economy” which will be hosted by Vice-President Dombrovskis and will gather senior representatives from the financial industry, civil society, public administrations and universities.



In March, ecoDa submitted its [preliminary reflection](#) on the Fitness check on Corporate reporting. At least parts of the regulation referred to as subject to the fitness check have only recently been implemented in the member states (as this was the case with the Non-financial Reporting Directive, for which 2017 was the first year of application for most companies when their financial year coincides with calendar year - and even later for companies with split financial

year). Hence ecoDa questioned if the timing was right for an overall evaluation of the current regulation in this field. In general, ecoDa was of the opinion that it takes at least about 3-5 years before the full effects of regulations of these kinds can be assessed with any reasonable degree of certainty.



ecoDa reinforced its overall opinion at the time of the formal EC consultation on the Fitness check on Corporate reporting. In general ecoDa expressed its concerns about the increasing amount of regulations that could damage the competitiveness of listed companies. ecoDa would therefore support any actions that would lighten the reporting burden on companies. ecoDa believes in the value of annual reports and fully supports the [Core & More concept introduced by Accountancy Europe in 2015](#). This concept aims to present corporate reporting in a smarter way, organizing financial and non-financial information based on the interests of users. As advocated by Accountancy Europe, information relevant for a wide range of stakeholders would be in the Core report, and supplementary details for a more limited audience would form the More reports. ecoDa is indeed less convinced by the integrated reporting approach which tends to mix together imperial evidence and subjective opinion and which will make more complex the auditing process

See ecoDa's [cover letter](#) and [full response](#).



ecoDa was a partner of the 22nd European CG Conference which took place in Sofia on April 19.

At panel 2 on New Culture of non-financial reporting and transparency, Irena Prijovic (ecoDa chair) addressed the following points:

- Financial data is in its essence historical and retrospective, we want to understand basis for future profitability and sustainability – we need links between strategy and all these data to explain clearly how company plans to be fit in long-term;
- Many reports which are complex and not related, in its essence they are un-connected: annual reports, sustainability reports, CSR reports, remuneration reports, CG statements...;
- Reliance on non-financial data in annual reports: NEDs' focus on auditor report and audit of financial report vs. complete substance of annual report: Who is checking it besides executives? AC? As statutory auditors say they are not checking the reality of what has been said, just that annual report includes the structure requested.



In November 2018, EFRAG announced the composition of the European Corporate Reporting Lab. Ossian Ekdahl, Chief Active Ownership Officer (CAOO) of Swedish pension fund AP1 and board director of the Swedish Academy of Board Directors, was appointed to represent ecoDa at this forum. A [press release](#) was issued to announce the good news.

As from February 2019, ecoDa will also be represented at the European Lab Project Task Force on Climate-related Reporting (EFRAG) by Antonio Fuertes Zurita, a member of the Spanish Institute of Directors (IC-A) and a senior advisor to boards of directors on CSR matters.

4- THE SHAREHOLDERS RIGHTS DIRECTIVE

On 11 April 2018, the European Commission published its [draft implementing regulation](#) laying down the provisions regarding shareholder identification, the transmission of information and the facilitation

of the exercise of shareholders rights in accordance with the revised Shareholder Rights Directive (2007/36/EC). In September 2018, the Commission published the final [implementing regulation](#).

It addresses:

- Request to disclose information regarding shareholder identity and response;
- Transmission of meeting notice ;
- Confirmation of entitlement to exercise shareholders rights in a general meeting;
- Notice of Participation by shareholder in a general meeting;
- Format of confirmation of the receipt and recording and counting of votes;
- Transmission of information specific to corporate events other than general meetings;
- Deadlines to be complied with by issuers and intermediaries in corporate events and in shareholder identification processes;
- Minimum security requirements

In addition, the remit of the Company Law Expert Group was extended to support the Commission in its ongoing work to adopt guidelines to specify the standard presentation of the information to be provided in the remuneration report under Article 9b of the revised Shareholders Rights Directive (2017/828).



In May 2018, ecoDa submitted its [Comment Letter](#) on the European Commission's Public Consultation on Minimum Requirements in the Transmission of Information for the Exercise of Shareholders Rights. ecoDa expressed its full support for the objective of the Draft Implementing Act of the Revised Shareholder Rights Directive (SRD II).

ecoDa emphasised the importance of shareholder identification and communication for corporate governance. Despite its support for the implementing act, ecoDa warned the Commission that turning all shareholder types into active shareholders may prove difficult in the absence of sufficient incentives.



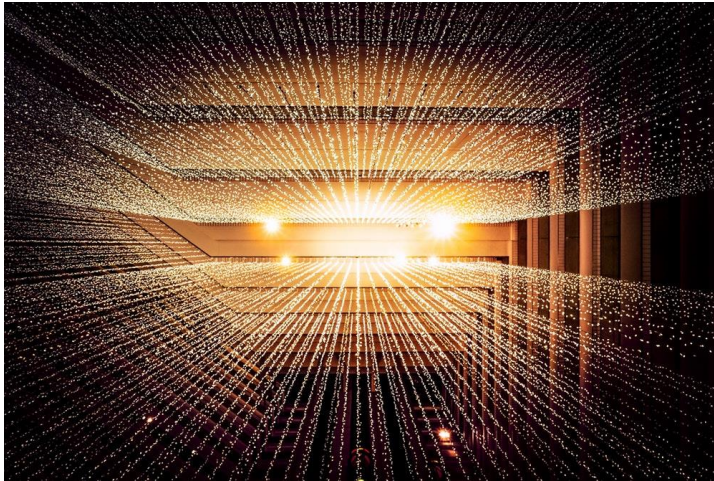
On June 29, Michel de Fabiani, Chair of the Policy Committee, and Béatrice Richez-Baum, ecoDa's Director General, met with European Commission DG Justice to discuss their ongoing work towards a standardised remuneration report.



In 2018, ecoDa kept relationship with Liselotte Hægertz Engstam who sits on the EC Company Law Expert Group thanks to the support of ecoDa.

Michel de Fabiani (Chair of the Policy Committee) was invited to join the meeting of the Company Law Expert Group on January 29, 2019 to discuss the content on the standardized remuneration report.

5- DIGITALIZATION



On Wednesday the 25th of April, the European Commission launched its new company law package, consisting of two legislative proposals: one on [Cross-border Mobility](#), and one on [Digitalisation](#). The new rules will facilitate mergers, relocations and divisions of companies within the EU Single Market, and will also enable the online creation of companies in all Member States. These proposals come as amendments to [Directive 2017/1132](#), and are part of the Commission's [Digital](#)

[Single Market Strategy](#), which aims at achieving simpler and less burdensome rules for companies.

On another note, during the summer 2018, the final report on identification and assessment of legal and practical impediments for the use of digital tools for interaction between companies and their shareholders was released. This survey was conducted by EY for the European Commission. The document identifies impediments to the use of digital solutions like: bias in favour of traditional solutions; ineffectiveness of the legal framework; additional burden for using digital solutions; blocking points along the chain of intermediaries; risks related to the chosen technology; and lack of harmonization of legislation across Member States.



On July 4, ecoDa organized the kick-off meeting of The Corporate Governance Dialogue which addressed the subject of Blockchain and its implication on corporate governance. The roundtable gathered an array of experts - including representatives of the European Commission and the EU Blockchain

Observatory, ecoDa's Corporate Associates, academics, individual experts and peer organisations - for a broad discussion. The meeting was kindly hosted by AIG. The discussion was led by Prof. Lutgart Van den Berghe, Leader of The Corporate Governance Dialogue. Prof. Christoph Van der Elst and Anne Lafarre initiated the debate. The Corporate Governance Dialogue was enriched with a practical testimony made by Marnix Driesse and Menno Wielhouwer from Kas Bank (NL). Blockchain is seen as a technology that can offer smart solutions to traditional corporate governance inefficiencies, especially regarding the relationship between shareholders and the company. As blockchain technologies represent a novel approach to age-old problems of financial record-keeping, they may offer a new way of creating, exchanging, and tracking the ownership of financial assets. Blockchain could increase shareholder democracy, as it provides a common platform for all shareholders to engage in voting or asking questions through the blockchain. General Meetings through blockchain could be organised more often than on a yearly basis. This way, AGMs would become modernized corporate organs.

Participants: ABELA Mario (Director, Redefining Value FCPA FCMA, World Business Council for Sustainable Development (WBCSD)), BAETENS Alain (Head of Large Caps, Listing France at Euronext / Head of Listing, Belgium), BECHT Marco (Founding Member, Fellow, and Executive Director of ECGI), BINDELLE Florence (Secretary General, EuropeanIssuer), DEFOURNY Michel (Group Corporate Secretary, Solvay), DE GREEF David (AIG), DE RIDDER Liesbeth (Secretary General, Guberna), de WILDE Annelies (Senior Research Associate, Guberna), DRIESSE Marnix (Trainee Innovation, KAS Bank), HERBINET David (UK Head of PIE & Global Audit Leader, Mazars), ILVES Luukas K. (Deputy Director and Senior Fellow, Lisbon Council & Member of the EU Blockchain Observatory Working Group for Blockchain Policy and Framework Conditions), GOOSSENS Karel (Independent Director, Private Insurer NV), KOKKINOS Kyriacos (Member of the Board of Directors, IoD Cyprus), KROFT Ad (Program

Manager, Dutch Blockchain Coalition & Member of the EU Blockchain Observatory Working Group for Blockchain Policy and Framework Conditions), LAFARRE Anne (Professor), LAURILA Maija (Head of Unit, Directorate Civil and commercial justice, Company law, DG JUST, European Commission), MORTIER Jens (Managing Partner, Trase), PRIJOVIĆ Irena (ecoDa Chair), RICHEZ-BAUM Béatrice (Director General of ecoDa), TATAR Sonia (Executive Director, INSEAD Corporate Governance Centre), TYTECA Johan (Secretary to the Board of Directors, KBC Groep NV), UOTINEN Marianna (Policy Officer, Directorate Civil and commercial justice, Company law, DG JUST, European Commission), VAN DEN BERGHE Lutgart (Director of the ecoDa Corporate Governance Dialogue, Executive Director of Guberna), VAN DEN HURK Jacomien (Director EU Public & Regulatory Affairs, PwC), VAN DER ELST Christoph (Professor of Business Law and Economics at the universities of Tilburg and Ghent), VAN RUYSEVELT Aurélie (Senior Legal Counsel, UCB), VERBEECK Egied (General Counsel, Euronav), VERHAUWAERT Fanny (Business Owner, Tripiedo), WIELHOUWER Menno (Entrepreneur at KAS Bank), WOUTERS Chris (Business Partner & Advisor Director).

See the [full report](#). A [press article](#) was written by Prof. Lutgart Van den Berghe on BoardAgenda to report the outcome of The Corporate Dialogue.



On December 13, the second edition of the Corporate Governance Dialogue sponsored by EY included the questions of how digitalisation will or could impact the shareholder dialogue and engagement and what the potential impact of digitalisation on the relationship with and involvement of stakeholders could be. Christian Busca (Attorney-at-law, EY) made a presentation of the EY report related to the use digital tools for interaction between companies and their shareholders. Erik Vermeulen (Senior Legal Counsel, Philips Lighting) highlighted the societal shift away from a “centralized world” to more decentralized and disintermediated alternatives. Digital technologies are disrupting this model of organizational design and traditional corporate governance. Altogether, technology will facilitate more community-driven organisations and allow for continuing reporting with a forward-looking approach and better dialogue with/engagement with share-and stakeholders. Boards definitely need to better understand the continuum between Hierarchical Formalized Governance and Decentralized Autonomous Organizations and the different forms of transitions to such new models.

Participants: Lutgart Van den Berghe (ecoDa), Mohammed Amer (Head of Digital Innovation at Stena Line), Andris Grafts (vice-president of BICG), David De Greef (AIG), Benoît van den Hove (Euronext), Irena Prijovic (ecoDa), Gorazd Podbevšek (SDA), Borut Jamnik, Markus Tervonen (National expert, European Commission, DG Justice), Peter Swabey (FCIS, Policy & Research Director, ICSA: The Governance Institute), Christian Busca (EY), Fabrizio Sestini (European Commission, DG Communications Networks, Content and Technology, Senior Expert, Digital Social Innovation), Hagen Graf von Schweinitz-Krain (Korn Ferry), Ad Kroft, Paulius Kuncinas (Blockchain Centre Vilnius Chairman of the Board), Egle NEMEIKSTYTE CEO (Blockchain Centre Vilnius), Aljaž Jadek (member of the Board at Blockchain Think Thank Slovenia), Thomas Toomse-Smith (Project Director, FRC Financial Reporting Lab), Laetitia Boucquey (Blackrock), Lasse Meholm (Member of EU Blockchain observatory | Head of Blockchain & DLT strategy – IT, DNB Bank ASA), Prof. Albert Anghern (Professor of Information Technology, INSEAD), Jens Mortier (Managing Partner, Trase), Erik Vermeulen, Pascale Van De Vannet (AIG), Christopher Kelly (Broadridge)

See the [full report](#).

6- THE COMPLY OR EXPLAIN PRINCIPLE

In November 2018, the OECD has published a report titled *Flexibility and Proportionality in Corporate Governance*. It stated that “flexibility and proportionality is not about less demanding rules on the acceptance of sub-standard practices. On the contrary, a functional and outcome oriented approach to CG will allow regulation to evolve in a way that facilitates implementation and makes enforcement more effective.



In a [new joint report](#) issued in March 2018, ecoDa and Mazars highlighted key challenges faced by boards in an evolving European corporate governance landscape. The report reveals that there is not sufficient backing in Europe for the ‘comply or explain’ approach and the necessary tailoring of governance practices. Deviations from the standard best practices are indeed not well appreciated by investors and their proxy advisors. While the European Commission, in its Action Plan on financing sustainable growth, is pushing for long-term value creation and for decisions made in the long-term interest of companies, board members should be encouraged to take flexible route rather than artificial compliance.

Key findings include:

- More time should be devoted by investors to better understanding how the boards of listed companies in which they own shares operate in practice rather than their just relying on a desktop review of their corporate governance.
- Attention needs to be paid to adapting national governance codes to deal with challenges stemming from the existence of dominant shareholders, or small groups of shareholders collectively having a dominant share of the total shareholder vote especially in countries where they are prevalent.
- The role of proxy advisors is raising new challenges for the flexibility offered by the ‘comply or explain’ approach, since they are tending to expect companies to ‘comply’ rather than ‘explain’ regardless of the circumstances. Due to the concentration in the market for proxy advice, they may indirectly gain at least a blocking minority of votes which will hinder the necessary tailoring of governance practices to a company’s specific circumstances.

The report with Mazars was posted on [BoardAgenda](#). See also the [Press Release](#).



On June 18, ecoDa and Mazars organized around table in Brussels centered around the joint recent report on “The board’s role in designing an effective framework of corporate governance”. The roundtable gathered an array of experts - from business representatives and regulators, to proxy advisors and institutional investors - for abroad discussion about the role of shareholders, proxy advisors, boards, and regulators in supporting sustainable success in corporate governance. The event was co-chaired by Michel de Fabiani, Chairman of the Policy Committee and Anthony Carey, Head of Board Practice at Mazars.

The Round-table discussion addressed different questions: Is there a consistent legislative approach to corporate governance? Are proxy advisors open to Comply or Explain (CoE)? Does providing an explanation always reflect good corporate governance? How far can we go by just talking about remuneration? What can we learn from institutional investors? Pressed for time, how to get companies, investors and proxy advisors talking? Is corporate governance going through a life crisis? What is the board’s role in promoting long-term and sustainable success tomorrow?

Participants: Philippe de Harlez de Deulin (Mazars), Rudi Plettinx (ABIS), Patrick Fiorani (Glass Lewis), Marcello Bianchi (Assonime), Olivier Boutellis-Taft (AccountancyEurope), Jo Iwasaki (ACCA), Aleksandra Palinska (European Issuers), Pascal Durand-Barthez (IFA), Krzysztof Grabowski (ECGCN), Zsofia Kerecsen (European Commission), Pedro Oliveira (BusinessEurope), Robbert Gerritsen (ISS), Michel de Fabiani (ecoDa), Annelies de Wilde (Guberna), Alexia Perversi (Mazars), Anthony Carey (Mazars), Martine Klutz (BNP Paribas), Peter Swabey (FCIS, Policy & Reserach Director, ICSA), Sara Baldi (FESE), Cordula Heldt (DAI) and Béatrice Richez-Baum (ecoDa).

See the [report of the roundtable discussion](#).

In 2019, the third stage on the ecoDa/Mazars project will build on the first two stages and will consider the relationship between boards of listed companies and the investors and employees in their businesses. It will also consider the contribution these stakeholder groups can make to good corporate governance that promotes long-term sustainable success for the benefit of stakeholders in businesses and wider society.

7- WHISTLEBLOWING

On Monday the 23d of April, the European Commission announced its proposal for a [New Directive Strengthening the Protection of Whistleblowers](#). The Commission deems action at the EU level necessary, since whistleblower protection regulation is still fragmented and incomplete in many Member States. The proposed Directive lays down minimum requirements for the protection of whistleblowers reporting on breaches of EU law in a wide range of policy fields. Whistleblowers are defined broadly, including employees, self-employed workers, consultants, unpaid trainees, volunteers, and job applicants. Companies with more than 50 employees or an annual turnover of €10 million will be required to set up an internal procedure of handling whistleblower reports, which must include clear reporting channels, feedback to reports within three months, effective protection, and a prohibition of retaliation against whistleblowers.

On November 20, Legal Affairs Committee MEPs approved draft legislation to guarantee that whistleblowers in the EU can report breaches of EU law in the area of tax evasion, corruption, environmental protection and public health and safety. The Legal Affairs Committee went beyond the initial proposal of the Commission issued in April.



On January 23, Michel de Fabiani (Chair of ecoDa’s Policy Committee) and Béatrice Richez-Baum (ecoDa’s DG) took part in ACCA experts’ roundtable on the issue of Whistleblowing. The meeting was held under the Chatham House rule. Other participants included representatives from: SpeakOut SpeakUp, Eurocadres, Transparency International, OECD, Belgian Financial Services and Markets Authority, AFEP - French Association of Large Companies etc.

8- RISK MANAGEMENT



On December 11, ecoDa and AIG organised an interesting webinar on “Mitigating risks at board level”. Using real and concrete cases, the speakers explained how board responsibility and liability has evolved over the past years.) and responded to the following questions: Why do European directors have an increased risk of liability today? And what can directors do to protect themselves and reduce the risks? It is becoming obvious that directors’ liability cannot be reduced anymore to the duty of care. Board members must



not only prevent malpractice but they should take steps to be sure that they express their opinion on all occasions.

Speakers: Kevin LaCroix (Vice President at RT ProExec), Noëlle Lenoir (Partner, Kramer Levin Naftalis) and Noona Barlow (Head of International Financial Lines Claims at AIG). The discussion was moderated by Suzanne Liljegren (ecoDa's Communication Adviser).

See [Report of the Webinar](#) and the [video recording](#).

9- START-UP/SCALE-UP:

Within the Commission's Single Market Strategy, a Start-up/scale-up Initiative was designed to address the issues which European start-ups that are scaling up have in various fields, including on access to finance. When it comes to venture capital, the EU is still lagging behind its major international competitors, including the US and Japan. So the EC announced a number of measures including a pan-European Venture Capital Fund of funds programme (VentureEU) that will be a major boost for start-ups scaling up. The EU will provide cornerstone investments of up to a maximum budget of €410 million in six independently managed VC Fund-of-Funds, which will trigger an estimated total of up to EUR 6.5 billion of new investment in start-ups and scale ups.

The EU has put in place a range of financial instruments in different European programmes for the period 2014-2020. The largest financial instruments (in terms of budgetary resources) are available under the COSME and Innovfin Horizon 2020 programmes and provide mostly loan guarantees and venture capital for SMEs and small mid-caps.



At a multistakeholders conference organised in Brussels by ecoDa, ACCA, Barclays, and SMEUnited, EU experts discussed the role of corporate governance, measures to address Europe's equity financing gap, as well as the need to remove regulatory and legal barriers to successfully start up to scale up.

Speakers: Armando Melone (DG GROW), Juliet Rogan (Barclays), Inge Stoop (Guberna), Marcello Bianchi (Assonime, European Issuers), Luc Hendrickx (Director of Enterprise Policy and International Affairs, SME united), Lucas Lenchant (EIB Group), Michel de Fabiani (chairman ecoDa policy committee).

See report of the conference and the [press release](#).

11- OTHER ITEMS

in 2018, ecoDa tried to be visible as much as possible by getting speaking slots at different external conferences on a large number of subjects:

- On April 19, at the 22nd European CG Conference, Michel de Fabiani (Chair of ecoDa Policy Committee) intervened on "Regaining trust: Anti-fraud and compliance in governance", and Abigail Levrau addressed the topic of Governance challenges for cross-border companies and groups,
- On May 16, Béatrice Richez-Baum intervened at Ernst & Young's Policy Committee to present ecoDa's topical issues,
- On September 13: Beatrice Richez-Baum (Director General, ecoDa) spoke at an event organised by EY with Swedish Saving Banks on Corporate Governance trends,
- On October 4, Paola Schwizer (ecoDa board member, Chair of Nedcommunity) spoke at ECIIA Conference in Madrid,

- On October 13, Irena Prijovic, ecoDa's Chair took part in a panel discussion at the INSEAD Directors' Forum on women on boards,
- On November 27, Michel de Fabiani (Chair of the Policy Committee) spoke at the Accountancy Europe event related to governance and fraud,
- In December 2018, Pascal Durand-Barthez (Member of ecoDa's Policy Committee) intervened at a conference on sustainability organized by Maala and the Israel Directors Union in Tel Aviv. He took part in a workshop related to CSR and the board.



IV-. EDUCATION



ecoDa has developed a European module for directors and supervisory board members seeking to gain a European perspective on board functioning and corporate governance. For its programme, ecoDa rely on an academic partnership with INSEAD which pilots a board simulation on the second day.

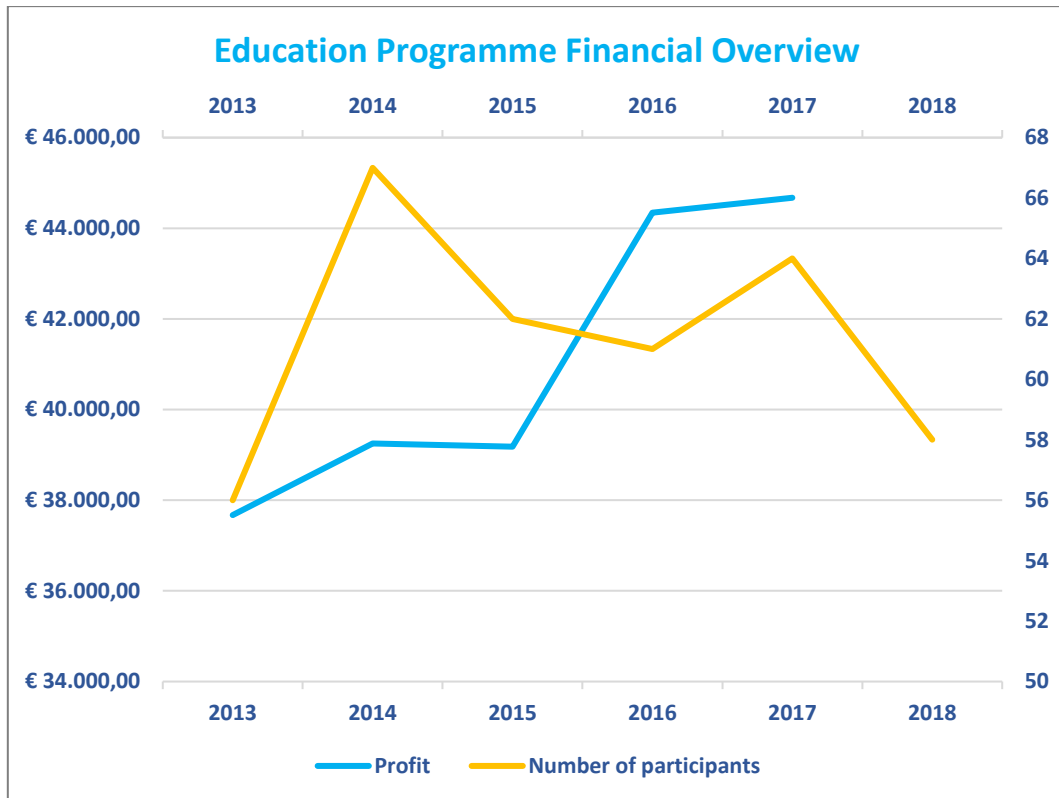
23 participants attended the spring session on March 7 and 8. 35 participants attended the fall session on October 10 and 11.

ecoDa is grateful to Roger Barker who coordinates the programme and to all the speakers who contributed largely to the success of this programme.

As from October 2019, the programme will be coordinated by Chris Hodge, an independent advisor on governance and regulation. For ten years, Chris was Director of Corporate Governance at the Financial Reporting Council in the UK.

In 2019, ecoDa might organize a catch-up event with all past alumni.

*Speakers: **Torben Ballegaard Sorensen** (Board Member of Electrolux, Pandora and Egmont Publishing and other international companies), **Maurits Bruel** (MESA FBC B.V. family business consultants), **Dirk Backhaus** (Group Director Finance), **Roger Barker** (Director of ecoDa's Education programme, Head of Corporate Governance at the IoD, and Managing Director of Barker & Associates, a corporate governance advisory firm), **Philippe Cotelle** (Head of Insurance and Risk Management of Airbus Defence & Space), **Frank Dangeard** (Director-in-Residence INSEAD and Chairman of the International Advisory Council of Hawkamah, board member of Symantec (USA), Royal Bank of Scotland (UK) and RPX (USA)), **David De Greef** (Head of Financial Lines Belgium & Luxembourg | AIG Europe), **Carolyn Dittmeier** (President of the Audit Committee of Assicurazioni Generali, Independent director and Chairman Audit Committee Alpha Bank AE), **Victoire de Margerie** chairperson of Rondol Industrie (small scale machinery), Board Director at Arkéma (Advanced Materials) and Eurazeo (Private Equity), founder and co-chairs of World Materials Forum, Board Director at Babcock International (Engineering Services), **Richard Gardiner** (Head of Public and Regulatory Affairs at the Federation of European Securities Exchanges (FESE), **Robbert Gerritsen** (Vice President and Head of Benelux and Southern European Research at ISS), **Zsofia Kerecsen** (DG Internal Market and Services, European Commission), **Susanne Knoefel** (European Commission, DG Justice and Consumers, Deputy Head of Unit A.3 Companylaw), **Per Lekvall** (Member of the Swedish Corporate Governance Board, Member of ecoDa Policy Committee), **Peter Montagnon** (Associate Director, Institute of Business Ethics (IBE)), Joanna Sikora (DG Internal Market and Services, European Commission), **Anthony Smith-Meyer** (Independent Director, Compliance and Governance Activist and Educator), **Rainer Riess** (CEO, FESE (European Federation of Stock Exchanges), **Alessandra Stabilini** (Member of Board, Nedcommunity), **Gudrun Timm** (Managing Director, Carpe Diem Partners Ltd), **Stanislav Shekshnia** (Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD and contributing faculty to the INSEAD Corporate Governance Initiative), **Christophe Vandorne** (Senior Client Partner and Office Managing Director of Korn/Ferry International's Brussels office), **Jérôme Wigny** (Partner, Elvinger Hoss & Prussen, Luxembourg), **Patrick Zurstrassen** (Independent Director). **Jaap Winter** (INSEAD Distinguished Visiting Professor of Corporate Governance).*



V-. BUSINESS INTELLIGENCE



Through its weekly EU Alerts and its newsletter, ecoDa always tries to keep its members informed at early stage on new legislative initiatives taken by the EU institutions in the field of Corporate Governance. ecoDa is therefore an unique source of information that provides a competitive advantage to its members.



ecoDa is part of the Global Network of Directors' Institutes (GNDI). In 2018, the GNDI published its first [Global Director Survey](#) which takes the 'pulse' of company directors worldwide to explore the issues effecting them most.



VII- ANNUAL ACCOUNTS & AUDITOR REPORT

ecoda asbl ANNUAL ACCOUNTS (IN EUR)		2018	2017
ASSETS			
FIXED ASSETS	<u>20/28</u>	-	<u>2.372,11</u>
I. Preliminary expenses (exhibit I)	20		
II. Intangible assets (exh. II)	21		
III. Tangible assets (exh. III)	22/27		2.372,11
IV. Long-term investments (exh. IV and V)	28		
CURRENT ASSETS	<u>29/58</u>	<u>237.900,48</u>	<u>216.304,38</u>
V. Long-term accounts receivable (more than one year)	29		
VI. Stocks and orders in progress	3		
VII. Short-term receivables (up to one year)	40/41	55.036,66	44.495,57
A. Trade receivables	40	55.030,66	44.129,74
B. Other accounts receivable	41	6,00	365,83
VIII. Short-term investments (exh. VI)	50/53		
IX. Cash assets	54/58	176.029,19	164.492,43
X. Accruals (exh. VII)	490/1	6.834,63	7.316,38
TOTAL ASSETS	<u>20/58</u>	<u>237.900,48</u>	<u>218.676,49</u>

LIABILITIES		2018	2017
PARTNERSHIP FUND	<u>10/15</u>	<u>179.626,39</u>	<u>163.329,99</u>
I. Accumulated surplus	10	155.830,00	143.330,00
V. Profit carried forward	140	23.796,39	19.999,99
PROVISIONS	16		
LIABILITIES	<u>17/49</u>	<u>58.274,09</u>	<u>55.346,50</u>
VIII. Long-term liabilities (exh. X)	17		
IX. Short-term liabilities - up to one year (exh. X)	42/48	58.274,09	55.325,00
A. Long-term liabilities - more than one year - falling due this year	42		
B. Financial liabilities	43	418,45	755,98
C. Trade accounts payable	44	16.638,44	9.681,05
D. Payments on accounts for orders	46		

E. Taxes, salaries and social liabilities	45	41.217,20	44.307,17
F. Miscellaneous liabilities	47/48		580,80
X. Accruals (exh. XI)	492/3		21,50
TOTAL LIABILITIES AND OWNERS' EQUITY	10/49	237.900,48	218.676,49

PROFIT AND LOSS ACCOUNT		2018	2017
I. Sales and services	70/74	<u>314.521,21</u>	<u>301.591,50</u>
A. Turnover (exh. XII, A)	70	63.900,00	65.187,23
Other products	71/4	250.621,21	236.404,27
Supply, Goods, Services	60/61	111.176,83	99.009,41
A.B. Exploitation Gross profit	70/61	<u>203.344,38</u>	<u>202.582,09</u>
C. Salaries and wages, social expenses and pensions (exh. XII, C2)	62	-189.402,96	-189.624,99
D. Depreciations and amounts written down on preliminary expenses, intangible and tangible assets	630	-2.372,11	-2.372,06
E. Amounts written down on stock, orders in progress and on trade debts (allowance +, reversal -)	631/4	-1.041,69	-12.339,53
F. Provisions for risks and liabilities (allowance +, application and reversal -) (exh. XII, C3 and E)	635/7		
G. Other operating expenses (exh. XII, F)	640/8	-7.947,61	-4.960,15
H. Operating expenses for restructuring (-)	649		
III. Operating profit (+)	70/64	<u>2.580,01</u>	
Operating loss (-)	64/70		<u>-6.714,64</u>
IV. Financial income	75	435,89	9,69
V. Financial expenses	65	-1.017,10	-1.396,51
VI. Current profit before tax (+)	70/65	<u>1.998,80</u>	
Current loss before tax (-)	65/70		<u>-8.101,46</u>
VII. Extraordinary revenues	76	1.973,72	5.103,23
VIII. Extraordinary expenses	66	-176,12	
IX. Profit of current accounting year before tax	70/66	<u>3.796,40</u>	
Loss of current accounting year before tax (-)	66/70		<u>-2.998,23</u>

IV. Income taxes	<u>67/77</u>		
Profit of the year	<u>70/67</u>	<u>3.796,40</u>	
Loss of the year	<u>67/70</u>		<u>-2.998,23</u>
A. Profit to be appropriated	<u>70/69</u>	<u>23.796,39</u>	<u>19.999,99</u>
1. Profit of the periode to be allocated	<u>70/68</u>	<u>3.796,40</u>	
Loss of the year to be allocated	<u>68/70</u>		<u>-2.998,23</u>
2. Reported profit from previous year	<u>790</u>	<u>19.999,99</u>	<u>22.998,22</u>
D. 1. Profit to carry forward	<u>693</u>	<u>-23.796,39</u>	<u>-19.999,99</u>
OFF BALANCE ACCOUNTS			
<i>040000 Third Holders on their bealf of values</i>		<i>-34.166,67</i>	<i>-23.334,65</i>
<i>041000 Value Held by third Parties in thei name</i>		<i>34.166,67</i>	<i>23.334,65</i>



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AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS
ON THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED ON 31ST DECEMBER 2018

Bedrijfsrevisoren / Réviseurs d'Entreprises / Belgische Wirtschaftsprüfer
Erkend voor de Financiële Instellingen / Agréé pour les Institutions Financières / Für Finanzinstitute anerkannt
Erkend door de Controledienst voor de Ziekenfondsen / Agréé par l'Office de contrôle des mutualités / Von der Krankenkassenaufsicht anerkannt

Antwerp / Bruxelles / Hasselt / Kortrijk / Namur / Verviers / Luxembourg (L) / Berlin (G) / Lille (F)
Audit / Tax / Corporate Finance / Risk / Accounting / IT Audit

Ondernemingsnummer BTW / Numéro d'Entreprise TVA BE 0427.897.088
IBAN: BE84 6110 9295 4059 / BIC: DEUTBEBE

Burgerlijke vennootschap die de rechtsvorm van een coöperatieve vennootschap heeft aangenomen / Société Civile ayant emprunté la forme d'une Société
Coopérative / Bürgerliche Gesellschaft die die Rechtsform einer Genossenschaft mit Beschränkter Haftung angenommen hat

Dear Sirs,

We have the honour of delivering you our report on the limited audit you asked to conduct for the year ended December 31, 2018.

We have performed a limited review of the annual accounts prepared under the supervision of the board of directors for the financial year ended December 31, 2018 with a balance sheet of € 237.900,48 and a profit of € 3.796,40.

Our limited review of the financial information was conducted in accordance with the standard "ISRE 2400" related to limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises". A limited review consists of making inquiries of management and applying analytical and other review procedures to the financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on annual accounts as issued by the "Institut des Réviseurs d'Entreprises". Accordingly, we do not express an audit opinion.

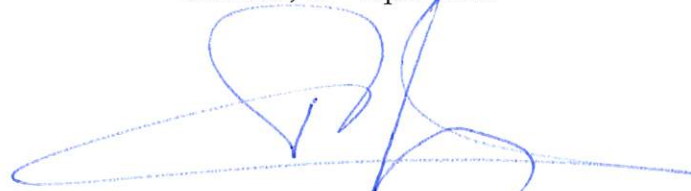
The board of directors of the company is responsible for the preparation and fair presentation of this financial information. Our responsibility is to express a conclusion on this financial information based on our review.

According to the ISRE 2400, we have taken into account the way of dealing with the administrative and financial matters of the Association and its internal control policies. The representatives of the Association have responded with clarity to our requests for explanations and information. We have examined the explanations related to the figures given on the financial statements by questioning.

In conclusion, while considering the work undertaken, our analysis of the financial statements has not revealed any elements that could lead to significant amendments of the financial statements.

Based on our limited review, nothing has come to our attention that causes us to believe that the financial information ended December 31, 2018 is not prepared, in all material respects, in accordance with the accounting standards as adopted in Belgium.

Brussels, 17th April 2019



CalLens, PIRENNE, THEUNISSEN & C^o SCC
Represented by
Baudouin Theunissen
Engagement Partner

Original version of this auditor's report in French