

Board evaluation facilitators must be independent



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ecoDa recommends that Corporate Governance Codes ensures the independence of board evaluation services in order to avoid potential conflict of interests. Good governance practices should include a cooling-off period for headhunters and rotation of commercial board evaluation services.

Corporate Governance codes are often silent on any possible risk of conflicts of interests when board evaluation is conducted by an external consultant.

“For reasons of independence, one should be cautious when a commercial consulting firm provides other consultancy services at the same time as the board evaluation takes place. Or when the same consulting firm is consistently selected to provide the evaluation of the board over a longer period”, underlined Rytis Ambrazevicius, Chair of ecoDa.

ecoDa is calling for:

- A declaration of significant risks of conflict of interests by the facilitators;
- A disclosure of whether the facilitator subscribes to a code of ethics or not;
- A cooling-off period after terminating a headhunting contract;
- An assessment by the appropriate Board Committee of the qualifications of the facilitator;
- A policy for pre-approval of any additional board services;
- A rotation (inspired by what applies to statutory auditors) for all commercial board evaluation services.

“A credible and professional board evaluation is key when looking for board performance to develop and excel”, concluded Béatrice Richez-Baum, Director General, ecoDa.

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Notes to editors

About the European Confederation of Directors Associations (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 21 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 organizations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.