

Fianna Jurdant  
Senior Policy Analyst  
Directorate for Financial and Enterprise Affairs, Capital Markets and Financial Institutions Division  
OECD  
2 rue André Pascal  
75016 Paris  
France

Brussels, 28 June 2024

**Subject: ecoDa's reaction to the updated Methodology for assessing the implementation of the revised G20/OECD Principles of Corporate Governance.**

Dear Ms Jurdant,

The European Confederation of Directors Associations (ecoDa) welcomes the opportunity to provide its comments to the updated Methodology for assessing the implementation of the revised G20/OECD Principles of Corporate Governance.

Our comments include:

1. General comments :

- Importance of referring to "relevant stakeholder"(to narrow the definition);
- The OECD should not only look at the legal frameworks but should pay attention to "soft elements" like CG Codes or the culture (typically the case with the notion of independence of mind);
- The methodology should include considerations on how the comply or explain principle works in the jurisdiction;
- The methodology should include the specificities of the one-tier and two-tier models -

2. Specific comments:

- Introduction (page 1): the tone of the 3rd paragraph suggests that the fact that the legal and regulatory framework is not very prescriptive on the role and functioning of the board is a deficiency; however, the very diversity of companies implies that a significant flexibility is left to them in organizing their governance; the "reviewers" to whom the document is addressed should also make sure that the governance set-up complies with the company by-laws, and that the latter are well accessible to the shareholders and updated regularly to adjust to the evolution of the company's circumstances;
- A definition of what is meant by due diligence would be useful (in comparison to the duty of care);

- p. 4, top paragraph: in practice, the provisions of corporate governance codes are not purely "aspirational" and although legally non-binding do have a compelling effect at least on publicly traded companies, as they are increasingly considered by investors, and their implementation reviewed by, and argued with them, proxy advisors and even regulators;
- p.6: (**Principle V.C:** *boards oversee the lobbying, finance and tax planning strategies that management is allowed to conduct*): Lobbying activities would deserve separate developments;
- p. 8, sub-principle V.D.2: "sustainability" is, justifiedly, mentioned as a key element to be considered by the Board (it is also referred to page 11 as a criterion for senior executive remuneration); it may be clarified that this does not address only the perennality of the company itself, but also its corporate social responsibility, as well specified in relation to sustainability committees page 21;
- Sub-Principle V.E.1: it is important to stress THE NOTION OF 'independence of mind' in the section on director independence.
- p. 11, top paragraph: the phrase "the reverse is often true" is not very clear: does it refer to the practice of management board chairs becoming supervisory board chairs as mentioned page 19 ?
- p. 14, last sub-paragraph: the fact that "the implementation of internal control systems is assigned to the board... in nearly all jurisdictions" may be excessively optimistic, and in most cases applies only to publicly traded companies;
- p.23: Sub-Principle V.E.4: Collective training of the whole board should not be ignored;
- p. 24, penultimate paragraph: conversely, the access of parent company board members to information relating to subsidiaries should not be restricted to publicly traded companies.

We remain at your disposal, should you need further explanations.



Béatrice Richez-Baum  
Director General  
ecoDa