



a.s.b.l.

Confédération Européenne des Associations d'Administrateurs
European Confederation of Directors' Associations

Reaction to the European Commission's Report on Directors' remuneration and independence

EcoDa reminds that is not in favour of a regulatory approach as this tends to provide for minimum standards to be applied, rather than to encourage increasing levels of good practice.

However, in order to make sure of the evolution of these good practices, ecoDa acknowledges the importance of a permanent reconsideration in order to create a state of mind, in the spirit of Corporate Governance.

ECODA is satisfied with the findings of the European Commission Reports that the Recommendations have been followed in many Member States, but considers very worrying that several countries have not adopted them completely, since the content of the Recommendations constitutes an adequate standard (even though not the more advanced) for the creation of the right level playing in corporate governance in Europe. Special attention should be paid to an effective implementation of the "comply and explain" principle, disclosure of remuneration policy and voting of the same by the shareholders and presence of independent directors in the Committees of the Board.

EcoDa recalls the importance of measures such as the generalisation of remuneration committees and independent directors when the size, shareholdership or nature of the company justifies it. This supports a change of mentalities.

If there is a need for an endeavour for better practices, the implementation of such regulation should be careful not to create nor increase competition between the member states

Concerning the European Commission's report on Directors' remuneration, ecoDa reminds the importance of transparency given to shareholders and highlights the need to increase the number of independent Directors in the Remuneration Committee.

Concerning the European Commission's report on Directors' independence, ecoDa reminds that the independency criterion varies with time, which leads to the necessity to reassess it periodically. This should be done systematically within the evaluation of the Board.