

ecoDa

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

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PRESS RELEASE

ecoDa's reaction to the Commission's Green Paper More focus on regulators' role - the financial services' sector is a special case for boards.

The European Commission's Green Paper on governance in the financial services sector puts a disproportionate amount of burden and blame on Boards, and downplays the role of other players, such as shareholders and regulators, says the European Confederation of Directors' Associations, ecoDa, in its position paper.

The European Confederation of Directors' Associations (ecoDa) has no intention to absolve directors from blame in respect of the financial crisis but the role of boards must be placed in proper context. As expressed by Lutgart Van den Berghe, Chairwoman of ecoDa's Policy Committee, *"there is a danger of an inappropriate policy response, which excessively focuses on boards and insufficiently on other components of the global financial system"*. In addition ecoDa points out that the Commission should not equate governance in the financial services sector with other listed companies. Systemic risk in the financial services requires a higher degree of regulation and governance. Other listed companies should not be suffocated or stifled by new regulations that may be optimal for banks.

As the Green Paper also calls for greater boards' diversity, Lutgart Van den Berghe added that *"it is important that Corporate Governance policy is not used to promote a wider political agenda"*. Diversity should be considered in all dimensions, not only gender. At the end, shareholders have to carefully check the alignment between corporate needs and the diversity profile of each board nominee.

ecoDa underlines the importance of board evaluations, which was also raised by the Green Paper. Board evaluations could ultimately facilitate the transition from formal compliance with a set of externally observable governance recommendations to a fully-fledged governance culture and attitude. According to Juan Alvarez-Vijande, Chairman of ecoDa, *"It is important to upgrade board evaluation from a box-ticking exercise to a meaningful process which could seriously reveal weaknesses in the board and help prevent future failures."*