



a.s.b.l.
Confédération Européenne des Associations d'Administrateurs
European Confederation of Directors' Associations

9 April 2014

ecoDa's PRESS RELEASE

A compulsory Say on Pay in Europe should not undermine the role that board members must play in the governance of executive remuneration

The monitoring and accountability of director and executive remuneration justifiably is attracting more attention than ever before. In response to the justifiable concerns of policy makers and the general public on this issue, the European Confederation of Directors' Associations (ecoDa) has always been supportive of a 'Say on Pay' for shareholders. There is a clear need for the company's owners to be consulted on remuneration policy and to be able to express their opinion at the general shareholders' meeting.

However, ecoDa would like to stress the importance of the board of directors in the monitoring and oversight of the remuneration of executives. As expressed by Lutgart Van den Berghe, Chairwoman of ecoDa's Policy Committee, *"concerning the remuneration of executives (whether such an executive is a member of the board of directors or not), the primary monitoring duty lies with the board of directors"*. To this end, boards of directors should endeavour to apply best practices, such as:

- be advised by a remuneration committee, composed of only non-executive directors, the majority of which are independent;
- be attentive to the independence (and potential conflicts of interest) of outside remuneration advisors;
- the structure of the remuneration policy should be such that there is an alignment with the strategic goals and ambitions of the company;
- the application of such policy -for each of the relevant executives- should be developed with the long term success of the company in mind, while also considering potential risk and moral hazard effects;
- boards of directors should foster shareholder support for the long term success of the corporation and its translation into a consistent remuneration policy and practice.

Although it may be tempting to adopt a common EU approach to say on pay for all types of listed companies, it should be recognised that there is no such thing as a 'one size fits all' remuneration policy. *"A copy-and-paste approach of practices in other companies and countries should therefore be avoided. An effective remuneration policy must be tailored to the corporate objectives of each company, taking into account relevant financial and non-financial performance criteria"*, concluded Lutgart Van den Berghe.

CONTACT DETAILS

About ecoDa - The European Confederation of Directors' Associations

www.ecoDa.org

ecoDa's objective is to promote board members' skills, professionalism and impact on society. By contributing to a professional framework for both current and future board members, ecoDa hopes to help them to develop and add value to their organisations, both in the commercial and non-commercial sectors. ecoDa proposes solutions to the key corporate governance questions facing Europe today, including the challenge of helping board members to operate effectively across all the European Union Member States. ecoDa aims to be an active partner of the European Union and of its institutions – especially the European Parliament and European Commission.

ecoDa's members: IoD, GUBERNA, IFA, ILA, IC-A, Hallitusammattilaiset ry, the Slovenian association of supervisory board members, the Croatian Association of certified supervisory board members, the Polski Instytut Dyrektorow, the Norwegian institute of directors (Styreinstitutt), the Danish Board Network, the Swedish StyrelseAkademien, the German VARD and the Dutch NCD.

For further information please contact:

ecoDa Head office: Brussels

Lutgart Van den Berghe / Chairwoman of the Policy Committee

Béatrice Richez-Baum / Secretary General

T. 00 32 2 231 5811

mail: contact@ecoda.org