



December 2017,

Dear friends, dear colleagues,

Trust in Boards was the focus of ecoDa during 2017. It will remain a central theme for ecoDa in the years to come. Trust in boards is affected by both macro trends and changes in society and will continue to be a key concern for board directors.

But trust in boards is not only a question for the individual director or company. Society at large expects boards of directors to take concrete steps to ensure that the company plays its role in society responsibly and sustainably. People expect businesses to lead, to contribute to the overall development of society and to “walk the talk”.

Rebuilding trust in boards also includes the composition of the board. During 2017 ecoDa recognized the importance of the selection process, especially in the financial sector. We argued the need for a critical and robust internal board assessment (eventually externally supported) as an essential complement to external supervision. External analysis alone is insufficient since external supervisors can't judge board decision-making neither on paper nor by attending board meetings. Furthermore, an annual assessment might not always be necessary since it could turn into a more superficial formalistic approach, a kind of box-ticking exercise.

ecoDa still believes that the EBA Guidelines on the Fit & Proper test also deserves the attention of non-executive directors from sectors other than the financial sector.

In 2017, ecoDa acknowledged, on different occasions, the leadership role that board members can play to enhance sustainability. However, sometimes the effort of promoting long term sustainability, contradicts with shareholder's preference for short termism. A company with a long term, sustainable perspective needs shareholders supporting the leadership role that the board of directors can play in securing such sustainability.

During 2017 ecoDa also raised questions about to whom directors should be accountable and to which extent more shareholder stewardship should be desired. We will continue our reflection on this and invite you to join our March 20th, 2018 conference on *“Long-term sustainability: Can Corporate Governance bring magic solutions?”*

In our opinion, sustainable finance can only be achieved by recognizing that management has a role to play when it comes to coping with the challenges of the XXI century. We hope that the final report of the high-level expert group on sustainable finance expected in January 2018 will recognize this.

Good governance is not only about formal compliance (even if ecoDa is finalizing a survey on the Comply or Explain principle together with Mazars), it is also about building the right corporate culture and living up to expectations. In 2017, ecoDa continued to play a leadership role in organizing related conferences to stimulate debate and good practices. We made it clear that boards should

embrace whistleblowing functions, set clear policies and recognize them as an instrument to reinforce trust in companies, both internally and externally. In a recent position paper, ecoDa affirmed that all actors in the governance of listed companies should apply similar transparency and independence rules, including all intermediaries.

Rebuilding trust in businesses should be a shared goal. In 2018, ecoDa will therefore initiate new activities to ensure a continuous and forward looking dialogue with all parties involved in Corporate Governance.

In anticipation of an eventful 2018, we take the opportunity to wish you all a wonderful Christmas Season and a Happy New Year!

*Irena Prijovic (Chair), Lutgart Van den Berghe (Chair of the Policy Committee) and
Béatrice Richez-Baum (Director General)*

All ecoDa's position papers are available on our website www.ecoDa.org

See also: [ecoDa's video with its 2017 photo book](#)