NEWSLETTER

April 2006

NEWS FROM ECODA…

➢ Pierre Klees is the new Chairman of ecoDa since 4 April 2006.

➢ EcoDa organised a conference on "Does ethics pay? The view of directors", on 4 April last. The slides of the speakers can be found at the following page: http://www.ecoda.org/conference.html
A synthesis of the conference will be available soon.

NEWS FROM EU…

➢ In March, the European Commission welcomed European Parliament agreement on Directive to simplify the **formation, maintenance and alteration of companies' capital**. The Directive will simplify EU rules to allow companies to adjust their capital size and ownership structure more easily, enabling them to react more promptly and efficiently to market developments while maintaining the protection offered to shareholders and creditors.

➢ The European Corporate Governance Forum has issued a public statement clarifying the "**comply or explain" principle**. The Forum has also issued a report detailing its activities in 2005 and its plans for future activities. According to them, the comply-or-explain approach depends therefore on the appropriate regulatory framework, and on the existence and practice of sufficient shareholders rights. Auditors should not be supposed to evaluate the judgement of the Board(s), but may within their duties be called upon to review some element of facts contained in the statement. The Forum urges Member States to set up processes that allow for the monitoring of the application of corporate governance codes. http://europa.eu.int/comm/internal_market/company/docs/ecgforum/ecgf-comply-explain_en.pdf

➢ The European Commission addressed a call for tender to provide the European Commission with a study giving a general analysis of the first year of application of **IFRS** in the EU and on the application of the modernised Accounting Directives, so that MARKT DG has the necessary information to carry out the evaluation of the functioning of IAS regulation and the review of the provisions of the Fourth Company Law Directive related to fair value accounting.

➢ On 22 March, the European Commission presented its strategy on **CSR** which sets three ambitious directions. First, was a strengthening of the dialogue with all stakeholders, capitalising on the recommendations of the European Multi-Stakeholder Forum. Second, clear indications about how it will integrate CSR in different EU policies such as on education, enterprise, trade, development and research. Third, a new European Alliance with enterprises including clear priorities and initiatives to further support CSR in Europe and abroad, which represents an important shift in the positioning of CSR at the heart of the European Strategy on Growth and Jobs

INTERNATIONAL NEWS …

➢ The **Global Reporting Initiative's (GRI)** mission is to develop and disseminate a generally accepted framework for reporting sustainability information. Their **G3 Guidelines** are being adjusted and will be released in final form in October 2006. Governance is considered by

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the report. For example, it would be recommended for organizations that have a unitary board structure to state the number of members of the highest governance body that are independent and/or non-executive members; to note the linkage between compensation (including departure arrangements) and the organization's performance (including social and environmental performance) for members of the highest governance body, senior managers, and executives, to evaluate the performance of the highest governance body, particularly with respect to economic, environmental, and social performance, etc. http://www.grig3.org/pdf/g3guidelines.pdf

➢ On 29 March 2006, a hearing entitled "**Fostering Accuracy and Transparency in Financial Reporting**" took place at the US House Committee on Financial Service, to review the status of public company financial reporting system. "For over 70 years, public companies have been filing their financial statements with the Securities and Exchange Commission. Congress mandated these filings so that the investing public would understand the financial condition of public companies. These statements and the explanations accompanying these statements are at the heart of investor disclosure. It is critical for investors making decisions about where to put their money that these statements are readable, accessible, and meaningful".

ARTICLES AND REPORTS:

► *"Ethics of directors and managers: a key issue for corporate governance"*, Pierre Bouwyn, ecoDa
http://www.ecoda.org/policy.html

► *"Corporate Governance Convergence: Evidence from Takeover Regulation »*, Marc Goergen, Tilburg University, ECGI
http://greywww.kub.nl:2080/greyfiles/center/2005/doc/63.pdf

► Report of intergovernmental working group of experts on international standards of accounting and reporting
http://www.unctad.org/Templates/Download.asp?docid=6735&lang=1&intItemID=1942

CALENDAR

► *Hearing on future priorities for the Action Plan on Company Law and Corporate Governance,* Brussels, **3 May** 2006 – ecoDa will be represented at the panel on Shareholders' rights and obligations.
http://europa.eu.int/comm/internal_market/company/consultation/index_en.htm

► *"Controlling shareholders and corporate governance: Better monitors or more self-dealing?",* Transatlantic Corporate Governance Dialogue Tuesday, **27 June** 2006, Brussels.
http://www.ecgi.org/tcgd/2006/programme.php

► Annual General Meeting, ICGN, **4 July** 2006, Washington.
http://www.icgn.org/conferences/2006/index.php

► The European Federation of Accountants, Conference on audit Regulation, **12 October** 2006, Brussels.

► Global reporting initiative, Amsterdam, **4-6 October** 2006, release of the G3 Guidelines.
http://www.grig3.org/conference.html