

ecoDa CONFERENCE



Speech of Prof. Ir. Klees

It is my pleasure to welcome you today to our second annual conference sponsored by Euronext, ISS and Loyens. The subject of our conference today is not so far from the subject we had last year on ethics. Ethics, Corporate Governance and Corporate Social responsibility are certainly the three main commandments for directors.

Our annual conference is certainly the best time to update you on the evolution of our European Confederation of Directors' Associations. We have now up to eight members, the latter one being the Slovenian Association of Supervisory Board Members. We are still working hard on enlarging our membership.

Coming back to our subject today, it is obvious that CSR and Corporate Governance are still dealt separately even if the two definitions have become increasingly overlapping. The most recent national codes of CG refer increasingly frequently to stakeholders' interests, the latter example being the British 2006 Companies Act requiring directors *"to act in the interests of shareholders, but in doing so have to pay regard to the longer term, the interests of employees, suppliers, consumers and the environment"*.

We are now moving away from the definition of the Corporate Governance given by the Cadbury Code which stated: *"Corporate governance is the system by which companies are directed and controlled. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship"*.

ecoDa is deeply convinced that CG is becoming less and less internal to the company and that directors must pay attention to a much broader set of interests and expectations. Good Corporate Governance is about more than just compliance to the rules it is built into the processes, people, and culture of the organization. It's about the long-term success and sustainability of the company.

There is a growing demand for CSR coming mainly from shareholders and investors. Even if as a confederation for directors, we do not want to overload the responsibilities of directors, we must admit that as a forum for constant questioning, the board is undoubtedly the right place to deal with CSR. Taking corporate social responsibility into account enables the company to reduce risks and help directors to comply with their duty of care. Implementing appropriate long-term strategies requires a collective and permanent process at board level. Directors will also have to increase the communication on the intentions or activities of the company towards operating in an ethical and socially acceptable manner.

I personally do believe, as expressed by Prof. Philippe de Woot, that the Enterprises must develop an ethic of the future : what world should be constructed together, with the huge resources of technical and economical means we dispose of ?

The actions of the enterprise should be more oriented to the progress of our society, of the mankind, instead of reducing said action to the sole financial discussion. This should be accomplished by a large consultation between the actors of the politic and economic globalisation into a model of sustainable and durable development. It is a real challenge for all enterprises, private or public.

Saying that directors' watch-words should be Corporate Governance and Corporate Social Responsibility and Ethics at a larger scale, does not mean that we, ecoDa, claim for a legislative initiative to link these issues. Changes in the corporate culture are required first if we want to make CSR real.

This is the purpose of our conference today: generating awareness and impart skills amongst board members regarding the importance of Corporate Social Responsibility. We have to keep in mind that both CSR and CG are spread by exemplarity. Our speakers will try to explore the missing link between CSR and governance mechanisms that are capable of embracing true dialogue within companies and boards to ensure companies' prosperity.

I regret to inform you that Mr. Kulhanek, Chairman of Skoda, will not be able to participate to the debate due to an obligation requiring his presence.

It is high time for me to give the floor to our key note speaker, Richard Howitt, author of a recent European Parliament report on CSR to whom I would also express my thanks for accepting to introduce our conference today.