Chapter X: New orientations of the European Commission: towards a wider view of CG including CSR issues?!

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Abstract

How can the existing Corporate Governance mechanisms at the European level be improved? With the crisis in the forefront of our minds, the ambition of the European Commission is to promote a long-term view. Therefore the development of a link between corporate governance and corporate social responsibility "is a key element in building people's trust in the single market and contributing to the competitiveness of European business". This paper analyses some content of answers coming from the civil society after the Green Book and the public consultation[2] and proposes some possible improvements to the EU Corporate Governance rules in links with the recent Communication of the European Commission on corporate governance and company law[3] .

Résumé:

Comment les mécanismes actuels de gouvernance d'entreprise peuvent ils être améliorés afin de promouvoir une approche de long terme, telle que la préconise désormais la Commission européenne? Le lien entre bonne gouvernance et responsabilité sociale, sociétale et environnementale d'entreprise doit pouvoir enfin être réalisé. C'est « un élément clé pour reconstruire la confiance des citoyens dans le projet de Marché Intérieur et contribuer à la compétitivité de l'Europe ».Ce papier analyse le contenu d'une partie des réponses intervenues lors de la consultation sur le Livre vert de la Commission européenne sur le sujet de la gouvernance d'entreprise pérenne[4] et propose quelques améliorations possibles des règles de gouvernance à échelle européenne, en relation avec la récente Communication de la Commission : « plan d'action plan d'action en matière de droit des sociétés et de gouvernance d'entreprise », du 12 Décembre 2012[5]

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A number of other ESSECstudents also contributed to this study over the past 14 months).

[2] COM(2011) 164 final

[3] COM(2012)740/2

[4] Note 2.

[5] Note 3.

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European Corporate Governance, European Corporate Social Responsibility, promotion of long-term view of business, comply or explain, european harmonisation, CSR and long term view, stakeholders, company interest, accountability, transparency.

Mots clés: gouvernance d'entreprise européenne, responsabilité sociale et sociétale d'entreprise, développement durable, promotion d'une vision de long terme, harmonisation européenne, intérêt social de l'entreprise, parties prenantes, transparence, responsabilitation

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New orientations of the European Commission: towards a wider view of CG including CSR issues[6]?!

Introduction: Existing European company law appears to encourage to a certain extend a short term approach - A need to change

On CG matters, a strong and sophisticated body of Corporations Law and Corporate Governance principles already exist at the European scale. Corporate Governance is traditionally defined as the system by which companies are directed and controlled, as well as defining the various relationship between a company's management, its' board, its' shareholders but also its other stakeholders (OECD).

However, it is clear that the first approach of the EU: European Directives on Corporations Law and Recommendations dealing specifically with CG issues (e.g. independence of non-executive directors, board committees, remuneration of directors etc.) focus clearly on shareholder's rights and managers duties in relation to shareholders.

[6] Bruxelles, le 5.4.2011, COM(2011) 164 final; LIVRE VERT, « Le cadre de la gouvernance d'entreprise dans l'UE».

List of EU measures in the field of Corporate Governance

– Directive 2006/46/EC of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings (OJ L 224, 16.8.2006, p. 1–7).
– Directive 2004/109/EC of 15 December2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38–57).
– Directive 2007/36/EC of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ L 184, 14.7.2007, p.17–24).
– Directive 2004/25/EC of 21 April 2004 on takeover bids (OJ L 142, 30.4.2004, p. 12–23).
– Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non executive or supervisory directors of listed companies and on the committees of the (supervisory) board (OJ L 52, 25.2.2005, p. 51–63).
– Commission Recommendation 2004/913/EC of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (OJ L 385, 29.12.2004, p. 55–59).
– Commission Recommendation 2009/385/EC of 30 April 2009 complementing Recommendations 2004/913/EC and 2005/162/EC as regards the regime for the remuneration of directors of listed companies (OJ L 120, 15.5.2009, p. 28–31).

A large part of rules and CG principles in Europe remain at a national level with national laws or codes. Member States possess a multitude of highly sophisticated Corporate Governance systems that regulate the distribution of powers within a company and the structures that constitute the company which relies on other parts of the national law and reflects historical and societal events and interests[7].

How the EU might further a more long-term perspective?

The Green Book purports to analyse the circumstances of the financial and economic crisis years in order to examine possible imperfections in EU company law and CG issues and their role in the crisis. Then, it conceives possible improvements on rules that would prevent such crisis. More particularly, examining how the EU may further a more long-term approach. The crisis has shown it is necessary to assess the inadequacies of our European systems of Corporate Governance. For this reason, European harmonization is necessary to ensure a sufficient level of transparency of governance structures but also to support a long-term approach of companies.

'It is of paramount importance that European businesses demonstrate the utmost responsibility not only towards their employees and shareholders but also towards society at large'[8]

[7] Weil, Gotshal & Manges, *Comparative Study of Corporate Governance Codes relevant to the European Union and its Member States*, (2002) , Report by the High Level Group of Company Law Experts, Brussels,4 Nov 2002.
[8] Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions Towards a Single Market Act – for a highly competitive social market economy - COM(2010) 608 final/2, p. 27.

This paper is the result of a qualitative analysis of answers given to the Green paper of the European Commission organised with a selection of three key topics. We deliberately choose not to evocate any consideration of 'Group issues' event if studies are in currently being undertaken at the CEDE on this particular complex and interesting field.

1/ Improvement of the *Comply or Explain approach*

2/ Promoting the long-term viability and continuity of the enterprise

3/ Improving quality and functioning of BOARDS

Section 1. Improvement of the *Comply or Explain approach* as the main feature of the EU approach on Corporate Governance

In 2003, the European Commission suggested to apply the *comply or explain* principle in each Member State. Every listed company would be required to follow a national Corporate Governance code. This method allows flexibility in the use of a Corporate Governance Code. The counterpoint to this flexibility is an obligation to give the most accurate explanations possible, both departing from but also in accordance with the codes: shareholders should remain aware of what the firm is doing, which could be improved by better standardised explanations.

Despite the fact that there is no a sole european notion, it is possible to point out some common characteristics. In France, the AMF latest position (n°2012-2) recommends that: *" firms clearly indicate the Code they have elected as their reference and clearly stipulate it and give a detailed explanation on the different steps they are following in order to compensate for their deviant behaviour."* The Swedish Corporate Governance Code gives the clearest and most complete definition: *'according to the comply or explain approach, a society that chooses not to follow the rules has to give detailed, specific, and efficient explanations that justify their disobedience'.* A possible common approach may be based on the formula: *'comply or depart but explain in any case'.* This approach appears to reach a happy medium between flexibility and justification, while compelling each company to think about their own CG structure.

With the 2006/46/EC directive, the listed companies of Member States have to publish a declaration on Corporate Governance to precise which is the code they are following. This declaration covers six fields:

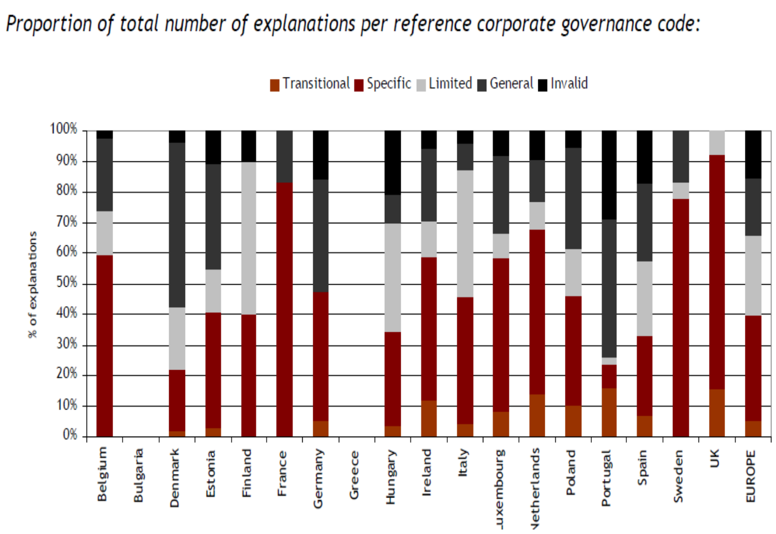
- the administration counsel;
- the issues of remuneration;
- the shareholders' rights and duties;
- the audit of the financial publications;
- the publication of Corporate Governance documents;
- others.

It appears that 94% of the companies refer to their national code even if each company may choose to refer to either no code, the code of another Member State, or the OECD code. 86%

disclose comply-or-explain information. Of the explanations provided, 39% are considered sufficiently "informative". The following 3 questions could sum up the concerns:

> -What explanations do companies provide about their compliance with Corporate Governance Codes?
>
> -To what extent do companies justify their deviations from the codes they refer to in regards to the independence of directors?
>
> -How do the mechanisms already in place deal with the situation where there is a controlling shareholder in a company? Are there, for example, rules concerning the specific role of the board/the independent directors in these cases, or do other arrangements apply?

These graphs illustrate the value of the explanations (five cases) given by the companies when they did not follow certain rules (per country and at the European level).



- **Invalid (16%) :** no explanations
- **General (19%) :** no justification to the deviation
- **Limited (26%) :** no explanation but some general elements given
- **Specific (34%) :** explain the specificity of the case
- **Transitional (5%) :** precise that the difference is a temporary situation

categories:

Field of deviations:

- Board of directors (with issues related to board composition, election, practices, matters regarding committees in general, nomination committees, and executives)
- Remuneration (with issues regarding remuneration in general, remuneration committees, non-executive remuneration, executive remuneration, executive contracts, and share based remuneration)
- Shareholders' rights and duties
- Disclosure (general content of the annual report, language of the documents, information availability on the corporate website, timing of the publication, specific disclosure items on members of the (supervisory) board, disclosure of specific items at the general meeting)

- Audit (with issues related to audit committees, composition of the audit committee, chairman of the audit committee, practices, responsibility towards the internal audit, and the external auditor)

- Other issues (with issues related to risk management, internal audit function, corporate secretary, and irregularity declaration procedures for employees)

Sweden as a possible model

Tools: Swedish Code on Corporate Governance of 2005, reviewed in 2008.

Implementation: The *'Swedish Corporate Governance Code'* requires an accurate description of the explain content. The firm has to clearly indicate the rules of the code that it did not follow, explain the reasons for each difference and describe the overall rule.The 2009 annual report of the *Swedish Corporate Governance Board* (the 'Board') analysed the value of the explanations given by the listed Swedish firms. This report underscores the importance of substantial and firm related characteristics. This report estimates that 70% of the explanations given to justify a disregard of the rules are « clear »

Everywhere in Europe, the *a posteriori* control has become the norm. This control can be carried out by the market, the shareholders, the regulators or the body issuing the code, the unions as well as by academics. In United Kingdom, the Company Act (2006) gives wide powers to the shareholders to challenge the administration counsel. The stewardship code aims at encouraging the shareholders, particularly the long-term ones, to devote themselves more actively in following the firm, just as the pension funds do. In France the verification process relies on a consensus between employer's organizations, governors and managers. In Germany, there has been a disengagement from the governor but a strong involvement from the legislator and the academics in the regulatory process. The point is that investors have often neglected/disregarded their duty to regulate, whilst they were only adopting a "box ticking" approach by delegating their voting decisions to specialised agencies. This situation creates issues for companies that really want to meet the minority shareholders' expectations. Of course, difference between the practices between different countries may be explained either by different governance structure or by different legislation.

1.Possible ways of improvement

- Regulatory agencies' capacity to monitor quality and availability of data should be reinforced. Independence of these agencies is imperative. Such controls could influence shareholders to pressure companies' management. Towards Corporate Governance notation agencies?

- A standardised form? The *provision-per-provision* system (Estonia, Hungary, Lithuania, Portugal and Spain) provides less general and nebulous results (box ticking effect).

- Extended powers to auditors? In the 2006/46/EC directive, which imposes this audit in the annual report or in a separate document, there is an obligation to control and check the availability and quality of data (only an impartial factual, metrics-based analysis) and the creation of a standardized and public method for investors.

- Give more power of control to shareholders?

European shareholders already have a lot of powers (appoint and sanction boards, auditors, approbation of annual reports, profit distribution…) rooted in the national legislation and have been reinforced on a European scale (2007/35/EC Directive). The relevant issue is rather to be sure that this power is being properly used *(see after: Built a sound dialogue with shareholders).*

- Role of Institutional investors

The OECD has referred to the possibility that major investors could be forced to publish or justify their monitoring. The principle of *shareholders exclusive interest protection* has been reaffirmed, however major issues still exist, especially in the asset management companies having subsidiaries of major groups who could have their own interests.

2.Focus on explaining the management of risks
The management of risk is today a question of utmost importance and concerns the capacity of companies to be sustainable in the long-term. European tools : Directive 2006/43/EC (article 41) imposing the creation of audit committees, Directive 2006/46/EC (article 7) prescribing the insertion of a section in the annual report describing mechanisms of internal control and management of risks, Recommendation 2005/162 on the role of non-executive directors and the necessity of an audit committee, Directive Transparency 2004/109/EC (article 4 (2) stipulating an inclusion of a description of the risks in the annual financial statement. A possible amendment to the Directive 2006/46/EC on boards and management accountability could intervene, that would detail precisions and guidelines on risk management functions, risk management policies, structures and procedures.

DEFINING RISK POLICY: the board of directors bears the primary responsibility for defining the risk profile of a given organization according to the strategy followed and monitoring it adequately to ensure it works effectively. The scope of risk management varies according to the respondents: operational, systemic and key societal risks... That is the reason why common reference standards can be helpful (e.g. the ERM framework published by COSO). Moreover the board of directors should have to report on the technical details of the material risks the company faces and how these are managed.

MONITORING RISK POLICY IMPLEMENTATION: the board should ensure proper supervision of the risk management processes and take responsibility for the company's 'risk appetite', while executives should be accountable for the implementation of the proper mechanisms. This monitoring is firstly based on day-to-day mechanisms (to measure, monitor and control risks at the company level, but also at the group level).

DISCLOSURE: the board should report to the shareholders with more transparency regarding external risks and risk management procedures.

Section 2. Promoting the long-term viability and continuity of the company

Current EU legislation should be reviewed to promote, or at least facilitate, a long-term perspective. Among other rules, the following should be reconsidered. For example, quarterly reporting for listed companies could be considered as a subject to an opt-out. We also support the idea of a Directive (or Recommendation) with the aim to recommend that national legislators allow companies to amend their Articles to reflect that the overall goal of the company is the long-term viability and continuity of the company. The Board should indicate in its Corporate Governance Report what its long-term objectives are and how it plans to realise such goals (e.g. by fixing remuneration on longer term performance) while taking account of the short-term imperatives.

1.Long term shareholders preferential treatment

It seems useful to consider whether shareholders can be encouraged to take an interest in sustainable returns and longer-term performance, and how to encourage them to be more active on Corporate Governance issues. These benefits might consist of enhanced voting rights or/and higher dividends. The idea is to implement good incentives in order to reward and retain the shareholders that foster a long-term mind-set. The preferential treatment may also be extended to the employees themselves, for their interest is mainly to obtain long-term and sustainable results: even if they become shareholders, their job remains indeed of primary importance when voting. The solution would be the implementation of employee share ownership schemes, *which are described below*.

2.Voting policies of institutional investors

Institutional investors found themselves recently subdued in new obligations of prudential and accounting orders. It is the reason for which these investors tended to migrate to a short-term logic of permanent liquidity (on the contrary, and more recently, the development of secure financial products dedicated to funded pension plans). Also the voting policies of institutional investors have to be better aligned with long-term objectives.

1. Transparency

Institutional shareholders should publish and explain their voting policies indicating whether or not they will adopt a long-term engagement with the investee company. In particular, a clause preventing conflict of interests to ensure that asset managers “act at best for the fund and the investors” could be included. The implementation of a stewardship codes of best practice (e.g. UK Stewardship Code) to which institutional investors could adhere could improve the situation.

2. Remuneration structures

Regulating the remuneration structures of institutional investors means first aligning them with long-term objectives in investment. A better regulation could consist of encouraging better transparency with respect to remuneration. Modification of criteria of remuneration is also a way: to pay asset managers in shares of the funds they manage to increase their empowerment. To have a global bonus on the whole portfolio, to delay three years the acquisition of bonuses to eliminate opportunistic behaviour of asset managers.

3. Supervision

The supervision of asset managers would concern the relations with investee companies and could be assured by a regulatory commission, similar in what exists for pension funds. Beyond supervision, the independence of asset managers can be also guaranteed by the presence of independent administrators or by the independence of the chairman himself/herself.

3.Dialogue with shareholders except board meeting

Shareholders passive attitudes are in opposition of the corporate governance framework, which is built, for a part, on the assumption that shareholders work with the board on managing the firm. It is a fact that, "*The costs which institutional investors would face if they wanted to actively engage in governance of the financial institution can dissuade them, particularly if their participation is minimal.*" Therefore, some of them remain passives. To increase the implication of shareholders, requires first better identifying them. A web platform on a European scale, which would allow the identification of the shareholders[9] could be a way; for the legal tools, inspiration could be find in French, German and English legislations

A.Reinforcing shareholders' dialogue

It is necessary to decrease the costs of participation of the shareholders and to eliminate the legal barriers. The development of the cross-border voting could be based on the European system of vote by Internet (*EUROVOTE system)* which would provide a unique, centralised platform, at a reasonable cost.

The right of information could be improved by the development of discussion forums between shareholders located on the institutional sites of companies.

-Voting platform system, allowing shareholders to vote electronically;

-Specific forum for individual shareholders (eg: GDF-SUEZ with the E-club) http://www.gdfsuez.com/fr/finance/actionnaires/e-club-des-actionnaires/e-club-des-actionnaires;

- Open workshops with the managements of companies on specific subjects (strategy, management of risks, compensation policy) to allow a better understanding of these areas.

There is also a need to put an end to the various blockings and barriers concerning the exercise of voting rights: in particular the expensive invoicing of banks acting as intermediaries ; but also to clarify the notion of action of concert and to give full application to the directive 2007/36/EC, which contains specific provisions in the transnational rights of the shareholders.

B.Regulating proxy voting agencies *(Studies are in currently being undertaken at the CEDE on this particular topic)*

Proxy advisors have become influential actors in affecting a very large part of the votes made by the shareholders. Consequently, a better regulation of the activities of the proxy advisors is crucial. The main criticism has to do with the absence of transparency. It seems necessary to make their identification easier: clearly recognisable localisation during general assemblies, and disclosure of their recommendations, the followed methodology, and the estimation of cost of their services as well as possible links which they maintain with the companies about which they supply notices (possible conflicts of interest). Proxy advisors

[9] Cf. suggestion of The Reflection Group on the Future of EU Company Law

could adopt a code of conduct or *The European Securities Authority* could watch proxy advisors and authorize them to act (completed by regular audits).

4.Improving Minority shareholders rights

The problem lies not in the insufficiency of rights of minority shareholders, but rather in the relative indifference of these one. Except additional information regarding substantial transactions maybe... Another key proposal is to build a better representation of minority shareholders with the constitution of associations on a European scale and an independent director specifically representing the minority shareholders on the board.

5.Encouraging employee representation and financial participation *(Studies are in currently being undertaken at the CEDE on this particular topic)*

Employees' interest in the long-term sustainability of their company is an element that a corporate governance framework should more take into account. There are two mains issues:

- Employees' involvement in the affairs of a company may take the form of information, consultation and participation in the board;
- Financial involvement: Employee share ownership, a means to increase the commitment and motivation of workers, raise productivity and reduce social tension but also a means to increase the proportion of long-term-oriented shareholders.

There is a great difference among EU Member States relating to the role of employees in corporate governance[10]. Encouraging employee stock ownership is a mean of giving employees participatory rights in Corporate Governance. As there is consensus that the presence of employees in decision-making bodies improves Corporate Governance, a challenge is to make employee share ownership schemes a durable tool in governance: the first suggestion lies in the removal of the transnational obstacles concerning the *employee share ownership* ; the harmonisation of a threshold of employee participation that forces the election of a director to represent them with sufficient resources required to carry-out his duty is another idea.

Section 3.Improving quality and functioning of BOARDS (Studies are in currently being undertaken at the CEDE on this particular topic)

The crisis has shown that the supervisory role of directors, whatever the structure, was not effective in controlling senior management. Non-executive board members did not fulfil their key role as a principal decision-making body. Members sometimes lack the technical expertise and very often do not give enough time, nor pay enough attention to their duties.

1.Separation between Chairman and CEO

The idea of separate chairman and CEO seems necessary, due to the fact that these two functions inherently contain distinctive missions and different responsibilities. In our former paper, *Non-executive directors in the European Union*, we mentioned that the national codes expressed this necessity, whatever was the model which they defend: in the Unitarian model, it

[10] Communication on the framework for promoting employee financial participation - COM(2002) 364 -, The PEPPER IV Report: Benchmarking of Employee Participation in Profits and Enterprise Results in the Member and Candidate Countries of the European Union, 2008.

is necessary to ensure a distinction in the composition of the boards of management and supervision; in the two-tier model the independence between both boards is a prerequisite. To reinforce this distinction, the role of the Chairman has to be better developed

2.Improvement of Recruitment (policies to identify skills needed, the role of a recruitment committee)

Skills of the administrators/managers to be more clearly defined so that relevant profiles could be targeted: accounting or financial skills, knowledge of international markets, experience in management or business, knowledge of the industry, experience as consumer, risk management, etc. To promote the diversity[11] of the profiles within boards is another key issue. The Corporate Governance of the Annual Report finally should give details on the recruitment policy.

3.Non-executive directors - concept of independence, duration of mandates and number of mandates, time dedicated to duties

In 2003, the European Commission specified that *"the protection of the interests of all shareholders and third parties makes it necessary for the management function to be submitted to an effective and sufficiently independent oversight function"*. To assure a sufficient proportion of NEDs within boards, to give them necessary means in the exercise of their mission (sufficient information), training programs, individual evaluation,etc. Except legal definition of independence, Independence remains a moral consideration.

-Duration of mandates and renewal of mandates

More transparency vis a vis the shareholders: the time dedicated by each non-executive board member, *the identity of all the (supervisory) board members and their positions, particularly the roles of chairman and CEO (when applicable), and committee memberships*, limitation of mandates (duration), staff turn-over, link established between compensation, time invested and responsibilities assumed, limitation of the number of simultaneous mandates...

4.Board dynamic

Board dynamics have to be reengineered to make board members more efficient, despite their heavy individual schedules. As a first step for this reengineering process, we recommend the use of a secured collaborative electronic platform, accessible only to board members, to enable each of them to have permanent and remote access to all relevant and up-to-date information, post any additional question or comment, have traceability of the contributions and comments of each director.

5.Gender equilibrium

When discussing the issues surrounding Corporate Governance and Corporate Social Responsibility (CSR), questions about 'gender equality' are increasingly pertinent. The access of women to key positions on Boards of Directors, but also within Management or Executive Committees, incites a discussion about the potential outcomes of such a move: increased efficiency and added value to companies, as well as raises functional questions: the feasibility. An increased presence of women in positions of leadership could provide for more cautious management, a more in-depth approach to risk evaluation, the taking into account of non-financial performance (e.g. reputation risk), and an overall better implementation of the link between *Corporate Governance*, strategy and *Corporate Social Responsibility*. Strong

[11] This diversity also concerns NEDs : there are often links between the NEDs and the management; hence, solutions for which boards are responsible: limitation of the number of former executives among the administrators, no functions exercised with the competitors, NEDs representing at least the majority of the administrators (see our former paper *Non-executive directors in the European Union*)

inquiries into the issue of gender imbalance in corporate boards already exist within the EU[12].
Recently, V. Redding proposed a directive to implement a percentage target (numbers of women, as well as the scope of the companies targeted).
We think, it would be also appropriate to add a section in the CG Report with reference to the advancement of Gender Equality policy within the company : targeted Executive training programmes specifically designed for those women capable of being a member of a Board[13]
Existing practices of recruitment must be modernised.

6.Evaluation of functioning

The Commission's 2005 Recommendation (2005/162/EC of 15 February 2005) on the role of non-executive or supervisory directors of listed companies stated that the board should evaluate its performance on an annual basis. In addition, an external evaluation of the boards should intervene every 3 to 5 years (e.g. *UK Corporate Governance Code*) made by audit or council firms.

7.Director's Remunerations[14]

Complete disclosure of the remuneration policy and the individual remuneration of executive and non-executive directors, shareholders´, vote on the remuneration statement, binding or not (say on pay), independent functioning remuneration committee, appropriate incentives which foster performance and long-term value[15] appear to be essential elements to establish a legal European frame on this topic.

Elements to move forward: links between CSR AND CG

Despite efforts made by the European Commission to unite CSR and Corporate Governance, these issues are still dealt with separately. Good Corporate Governance is not just about compliance with the rules or codes. It is built into the processes, people, and culture of the organisation. It's about the sustainability of the company. In a European context, it is interesting to look at the interpretations of CSR: in Anglo-Saxon countries is considered a risk factor, while in France, a duty imposed on companies to complete statements on the actions referring to social and environmental aspects. Despite these differences, there is a

[12] Note 3 Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions – "A Roadmap for equality between women and men 2006-2010" [COM(2006) 92] ; Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 21 September 2010 : "Strategy for equality between women and men 2010-2015" [COM(2010) 491]; European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities. "More women in senior positions - Key to economic stability and growth", 2010; European Commission, Directorate-General for Justice, "Progress on equality between women and men in 2011"; European Commission, Directorate-General for Justice, "Report on Progress on Equality between Women and Men in 2010: The Gender Balance in Business Leadership" SEC(2011)246.

[13] Eg *"Women Be European Board Ready"- ESSEC founded by the author.* This programme has a dual approach- focusing both on the "skills & traits" required by a Board: dealing with the fundamentals of sustainable Corporate Governance as well as a support-system of a "gender" dimension: Group Coaching, testimonials, support networks...

[14] Commission Recommendations 2004/913/EC, 2005/162/EC and 2009/385/EC. Additionally, the statement made by the European Corporate Governance Forum of 23 March 2009.

[15] The *European Corporate Governance Guidelines* give 7 principles on which compensation should be based: exhaustive, balanced, benchmarked, consistent, clear, measured and transparent.

growing demand for CSR, and the board is the right place to deal with this responsibility. In its Report on CSR, the European Parliament states that *"the CSR debate must not be separated from questions of corporate accountability, and that issues of the social and environmental impact of business, relations with stakeholders, the protection of minority shareholders' rights and the duties of company directors should be integrated in the Commission's Corporate Governance Plan".*

Appendixe (Table by topics)

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