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The AMF assesses the current state of corporate governance codes in Europe

Preparation process, monitoring of implementation, key themes: to identify best practice, the AMF has published a comparative study of corporate governance codes in ten European countries.

Every year since 2004, the AMF has published a report on corporate governance and executive compensation. In this report, the Authority sets out recommendations for companies and proposes areas for discussion to further develop codes drawn up by industry bodies. To identify best practice in Europe and fuel its thinking, the AMF has published a study comparing the AFEP/MEDEF code with nine codes from European countries (Belgium, Finland, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom).

Key findings include the following:

- With the exception of France and the United Kingdom, each of the countries in the sample has only one code. The reference code is drawn up by a commission, a private or public-private working group, the regulator or the market undertaking. France is the only country where codes are drawn up by bodies representing issuers.
- In five countries (Belgium, France, Italy, Spain and the United Kingdom), the market regulator produces a report based on its monitoring of the implementation of such codes. In the remaining countries, the report is prepared by one or more private entities; in six of the countries in the sample, the body that draws up the code also monitors its implementation.

- The AMF has studied 15 monitoring reports: more than two thirds of them are based on purely statistical findings. However, eight of them endeavour – like the AMF report – to provide a more qualitative assessment of the "comply or explain" principle. Two countries (France and Belgium) issue recommendations for companies on the implementation of the codes.
- Only France, via the AMF report, practices "naming and shaming".

The AMF has also compared the content of the various codes across a number of key themes, taking into account the legislative and regulatory environment within which each code operates. Generally speaking, and compared with the other codes, the AFEP/MEDEF code appears to be relatively precise, particularly as regards the assessment of the board, the proportion of female board members and the criteria for awarding variable compensation. However, other codes go further on the independence of the chairman of the board and his/her compensation, the role and duties of the lead director and his/her independence, the transparency of the method used to calculate the maximum amount of severance benefits and the use of variable compensation clawback clauses.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

Press contact

AMF Communication Directorate - Christèle Fradin - Tel.: +33 (0)1 5345 6029 or +33 (0)1 5345 6028

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Head of publications: The Executive Director of AMF Communication Directorate. Contact: Communication Directorate – Autorité des marchés financiers 17 place de la Bourse – 75082 Paris cedex 02