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Corporate governance : publication of a comparative study of codes in ten European countries

The AMF has published a comparative study on corporate governance codes in ten European countries to give a clear picture and identify best practices on the development process, monitoring of implementation, and topics related to corporate governance and executive directors' remuneration.

The proliferation of codes in Europe since the 1990s demonstrates the importance of soft law in corporate governance.

Although the corporate governance codes reflect the particular nature of the different national laws and corporate practices, the European Commission deems important to foster the coordination and convergence of national codes on a number of principles to ensure that investors receive harmonised information.

Against this backdrop, this study compares the AFEP-MEDEF code with nine codes from European countries, namely Belgium, Finland, Germany, Italy, Luxembourg, the Netherlands, Spain, Sweden and the United Kingdom. However, corporate governance codes do not exist in isolation and the AMF has examined them in the context of the normative framework into which the codes are integrated.

The findings of the study show the variety of approaches on the codes' development and monitoring, the scope or coverage of which are slightly different. France stands out for several reasons:

- France is the only country where codes are drawn up by bodies representing issuers.
- In addition, France is one of the only countries where amendments to the code are not subject to a prior public consultation on the website of the entity responsible for drafting the code.
- Moreover, France is the only country with the United Kingdom where the specific characteristics of small- and mid-caps are taken into consideration, creating a tailored code for these companies.
- Finally, France is the only country where the market regulator publishes every year a precise monitoring report including individual quotes on good and bad practices.

As concerns the content of code, although the key topics related to corporate governance and executive directors remuneration are addressed in the reviewed codes, each country's history and legal and cultural traditions influence the approaches chosen, notably regarding the separation of the roles of chairman of the board and chief executive officer. 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.


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