4 The corporate board of directors

The *G20/OECD Principles of Corporate Governance* recommend that the corporate governance framework ensures the strategic guidance of the company by the board and its accountability to the company and the shareholders. Chapter 4 provides information on regulatory frameworks on board structures, board independence and board-level committees, as well as risk management and implementation of internal controls, including new information on the establishment of a separate sustainability committee. The chapter also includes a section on auditor independence, accountability and oversight, with new information on audit firm and audit partner rotation. The chapter also covers board nomination and election, executive remuneration, and gender diversity on boards and in senior management.

4.1. Basic board structures and independence

One-tier board structures are favoured in 23 jurisdictions compared to eight for two-tier boards, but a growing number of jurisdictions allow both structures.

Different models of board structures are found around the world. Among the 49 surveyed jurisdictions, one-tier boards, whereby executive and non-executive board members may be brought together in a unitary board system, are most common (in 23 jurisdictions). Nine jurisdictions have exclusively two-tier boards that separate supervisory and management functions. In such systems, the supervisory board typically comprises non-executives board members, while the management board is composed entirely of executives. However, there are variations in how these board structures are applied across jurisdictions, as detailed in Table 4.2 and Table 4.3 (and some footnotes of Table 4.1). Overall, a growing number of jurisdictions (15), mainly from within the European Union, offer the choice of either single or two-tier boards, consistent with EU regulation for European public limited-liability companies (Societas Europaea) (Council Regulation (EC), 2001) (Table 4.1). In addition, three jurisdictions (**Italy**, **Japan**, and **Portugal**) have hybrid systems that each allow for three options and provide for an additional statutory body mainly for audit purposes (Table 4.4).

Most Factbook jurisdictions impose minimum limits on board size, usually ranging from three to five members.

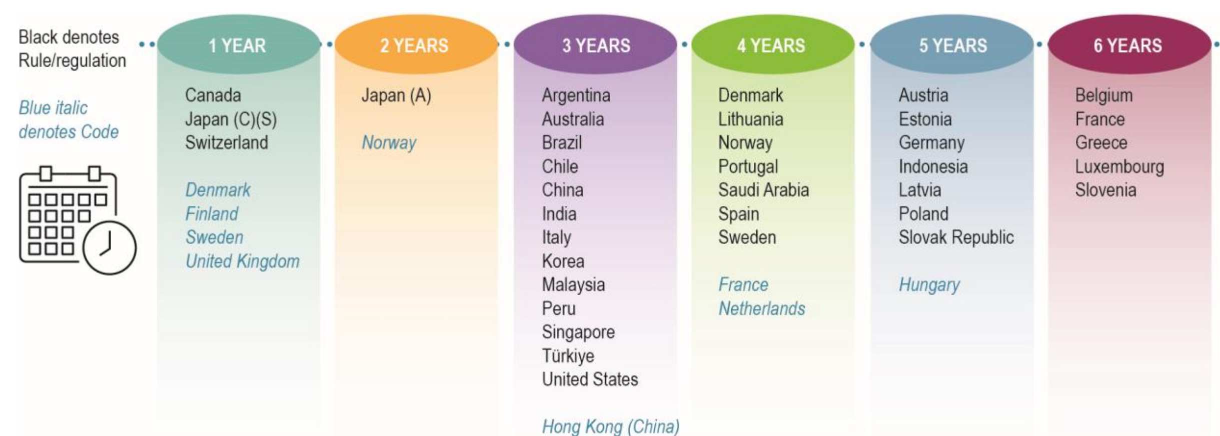
Ninety percent of surveyed jurisdictions require or recommend a minimum board size most commonly set at three members, regardless of board structures. Limits on the maximum size for boards are rare and exist in only nine out of 49 jurisdictions, ranging from five in **Brazil** under its two-tier system to 21 in **Mexico**. In some jurisdictions, minimum board size requirements vary depending on the company's market capitalisation and the size of its voting shareholder base (**Chile** and **India**). For management boards in two-tier systems, only the **People's Republic of China** (hereafter '**China**') (19) and **France** (seven) establish a maximum size requirement, while 18 jurisdictions set a minimum size requirement, usually in the range of one to three members.

All but nine of the 49 surveyed jurisdictions have established maximum terms of office for board members before re-election, with three-year terms being the most common practice, and annual re-election for all board members being required or recommended in six jurisdictions.

The maximum term of office for board members before re-election varies from one to six years, with the largest number (13) requiring or recommending that it be set at three years. Annual re-election for all board members is required or recommended in seven jurisdictions (**Canada**, **Denmark**, **Finland**, **Japan**, **Sweden**, **Switzerland**, and the **United Kingdom**). In some of the other jurisdictions, a number of companies have moved to require that their directors stand for re-election annually. For instance, in the **United States**, while Delaware law and exchange rules permit a company to have a classified board which typically has three classes of directors serving staggered three-year board terms, many companies have adopted annual re-election, and the classified board system has become less prevalent. In **France**, it is recommended that the terms of office of the board members be staggered. In **Hong Kong (China)**, each director should be subject to retirement from office by rotation at least once every three years.

Despite differences in board structures, almost all jurisdictions have introduced a requirement or recommendation with regard to a minimum number or ratio of independent directors. The most common requirement is for two to three board members (or at least 30% of the board) to be independent, while the most common recommendation is for boards to be composed of at least 50% of independent directors.

Figure 4.1. Maximum term of office for board members before re-election



Note: The figure refers to both 1-tier and 2-tier boards, with requirements for 2-tier boards applying to the supervisory board. "Japan (A), (S) and (C)" denote a company with statutory auditors model, audit and supervisory committee model, and three committees model respectively. No maximum term in Colombia, Costa Rica, the Czech Republic, Iceland, Ireland, Israel, Mexico, New Zealand, and South Africa. See Table 4.5 for data.

Principle V.E of the *G20/OECD Principles* calls for boards to exercise objective independent judgement on corporate affairs, while sub-Principle V.E.1 further specifies that "[b]oards should consider assigning a sufficient number of independent board members capable of exercising independent judgement to tasks where there is a potential for conflicts of interest" (OECD, 2023[1]). All but two of the surveyed jurisdictions (**Luxembourg** and the **Slovak Republic**) require or recommend a minimum number or ratio of independent directors. Six jurisdictions have established binding requirements for 50% or more independent board members for at least some companies (**Hungary**, **India**, **Korea**, **Portugal**, **South Africa**, and the **United States**). By contrast, a much larger group of 20 jurisdictions have established code recommendations for a majority of the board to be independent on a "comply or explain" basis, including eight jurisdictions with one-tier boards, seven jurisdictions with two-tier boards, and five with both systems (Table 4.6, Figure 4.2). Fifteen jurisdictions have established minimum independence requirements for at least two to three board members and/or at least 30% of the board. Many jurisdictions have at least two standards: a legally mandated minimum requirement for independent board members usually coupled with a more ambitious voluntary recommendation for high numbers (including **Brazil**, **Greece**, **Israel**, **Italy**, **Japan**, **New Zealand**, and **Norway**).

Six of the surveyed jurisdictions link board independence requirements or recommendations with the ownership structure of a company (Table 4.7). In four of these jurisdictions (**Chile**, **France**, **Israel** and the **United States)**, companies with more concentrated ownership are subject to less stringent requirements or recommendations. The role of independent directors in controlled companies is different than in dispersed ownership companies, since the nature of the agency problem is different (i.e. in controlled companies the vertical agency problem between ownership and management is less common and the horizontal agency problem involving controlling and minority shareholders greater). In **Italy**, a stricter requirement for a majority of independent directors is imposed in cases involving integrated company groups with pyramid structures that may contribute to more concentrated control. In addition, a large number of jurisdictions have established more specific provisions to help ensure that minority shareholders have the possibility to elect at least one director in companies with controlling shareholders, as detailed in Table 4.15.

Figure 4.2. Minimum number or ratio of independent directors on the (supervisory) board

Black denotes Rule/regulation
Blue italic denotes Code

		Minimum number		Minimum ratio		
	No threshold	1 person	2-3 persons	20-25%	30-49%	50%+
One-tier board		Chile	Canada Costa Rica Greece Hong Kong (China) Israel Korea Malaysia New Zealand Saudi Arabia Spain *Türkiye*	Colombia Mexico	*Greece* Hong Kong (China) India *Israel* Malaysia *Peru* Saudi Arabia Singapore *Türkiye*	*Australia* *Canada* India *Ireland* *Israel* Korea *New Zealand* *Singapore* South Africa *Sweden* *United Kingdom* United States
One-tier board or two tier board (supervisory)	Luxembourg Slovak Republic		Belgium Norway	Brazil *Czech Republic*	*Brazil* *France* Lithuania	*Denmark* *Finland* *France* Hungary *Netherlands* *Norway* *Slovenia* *Switzerland*
Two-tier board (supervisory)		*Germany*	*Germany* *Poland*		China Indonesia	*Argentina* *Austria* *Estonia* *Iceland* *Latvia*
Hybrid multiple options		Italy Japan	*Italy* *Japan*		*Japan*	Portugal

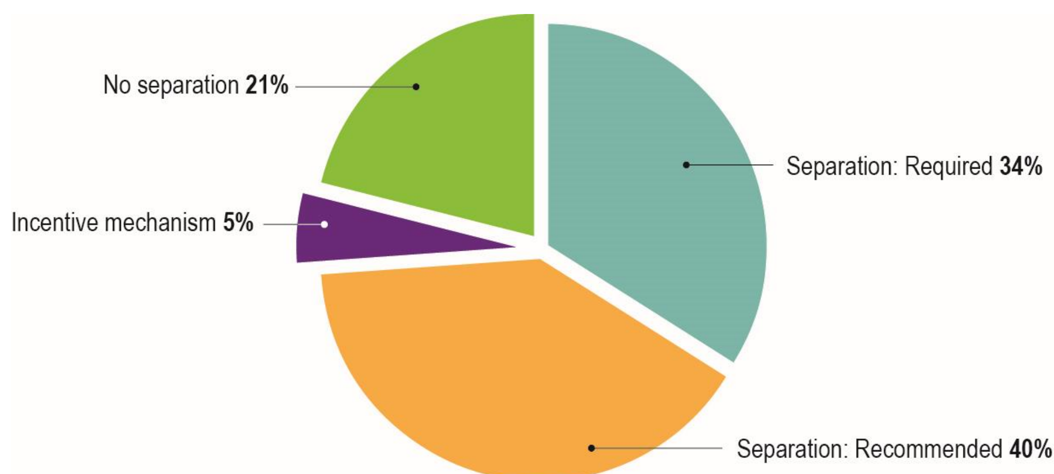
Note: The United States requirement applies to listed companies without a controlling majority. See Table 4.6 for data.

While only 34% of jurisdictions with one-tier board systems require the separation of the functions of board chair and CEO, an additional 40% encourage it through code recommendations or incentive mechanisms.

Thirteen of 38 jurisdictions with one-tier board systems require and 15 such jurisdictions recommend the separation of the functions of board chair and CEO in “comply or explain” codes. In addition, **India** and **Singapore** encourage the separation of the two functions through an incentive mechanism by requiring a higher minimum ratio of independent directors (50% instead of 33%). For two-tier board systems, the separation of the functions is assumed to be required as part of the usual supervisory board/management board structure.

National approaches to defining the ‘independence’ of independent directors vary considerably, particularly with regard to maximum tenure and independence from a significant shareholder. Many jurisdictions also establish a maximum tenure for board members to be considered independent.

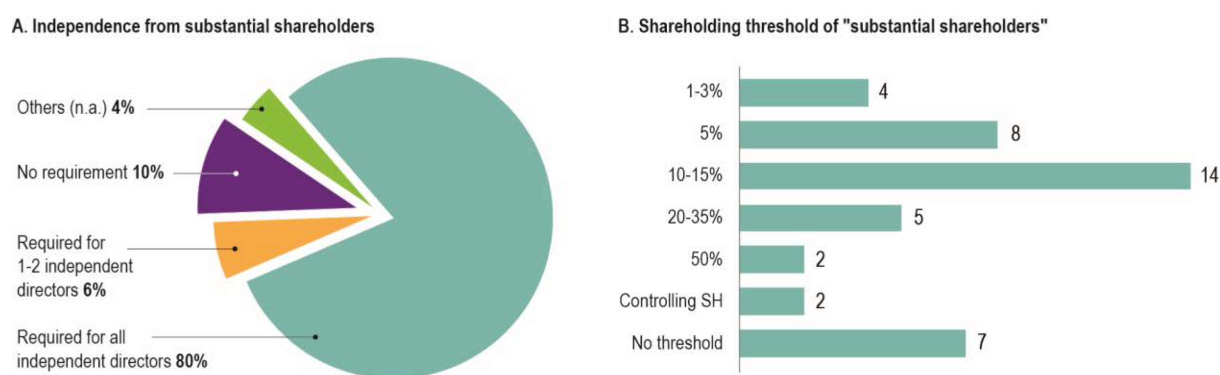
Figure 4.3. Separation of CEO and chair of the board in one-tier board systems



Note: Based on 38 jurisdictions with on-tier board systems. The two jurisdictions denoted as "Incentive mechanism" set forth a higher minimum ratio of independent directors on boards where the chair is also the CEO. See Table 4.6 for data.

Principle V.E. of the *G20/OECD Principles of Corporate Governance*, as revised in 2023, states that "[w]hile national approaches to defining independence vary, a range of criteria are used, such as the absence of relationships with the company, its group and its management, the external auditor of the company and substantial shareholders, as well as the absence of remuneration, directly or indirectly, from the company or its group other than directorship fees." The legal or regulatory approaches vary among jurisdictions, particularly with regard to independence from a significant shareholder and maximum tenure. While the large majority of jurisdictions' definitions of independent directors include requirements or recommendations that they be independent of substantial shareholders (86%), the threshold for substantial shareholding ranges from 2% to 50%, with 10-15% the most common share (in 14 jurisdictions).

Figure 4.4. Requirements for the independence of directors and their independence from substantial shareholders



Note: Based on data from 49 jurisdictions. These figures show the number of jurisdictions and percentages in each category. See Table 4.6 for data.

There are also significant differences concerning maximum tenure. Twenty-eight jurisdictions set a maximum tenure for independent directors, ranging from 5 to 15 years (with eight to ten years being the most common length). Twenty-two jurisdictions require or recommend that these directors no longer be

considered as independent at the end of their tenure, and seven jurisdictions that an explanation be provided regarding their independence (Figure 4.5). A number of jurisdictions have introduced or strengthened requirements and recommendations for maximum term limits. For example, **Costa Rica** introduced new criteria for independence to take effect by the beginning of 2026 that will phase in a maximum tenure of nine years within a 12-year period. In **Malaysia**, a mandatory 12-year maximum tenure for independent directors was introduced as a listing rule and took effect on 1 June 2023, in addition to the shorter nine-year limit that applies as a recommendation. The listing rule requires that if an individual has cumulatively served as an independent director of a company or its related companies for more than 12 years and observed the requisite three-year cooling off period, the company must provide a statement to justify the nomination of the person as an independent director and explain why there is no other eligible candidate.

Figure 4.5. Definition of independent directors: Maximum tenure

Note: See Table 4.6 for data.

Only China and some European countries have requirements for employee representation on the board.

No jurisdiction prohibits publicly listed companies from having employee representatives on the board. Ten European countries and **China** have established legal requirements regarding the minimum share of employee representation on the board, which varies from one member to half of board members, with one-third the most common share. In **Denmark** and **Sweden**, there is no requirement for employee board representation but there is a statutory right for employees to appoint up to two to three representatives depending on the size of the company (Table 4.8).

4.2. Board-level committees

All but five jurisdictions require the establishment of an audit committee with provisions to promote their independence. Nomination and remuneration committees are not mandatory in most jurisdictions, but most jurisdictions at least recommend that they be established and often that they be comprised wholly or largely of independent directors.

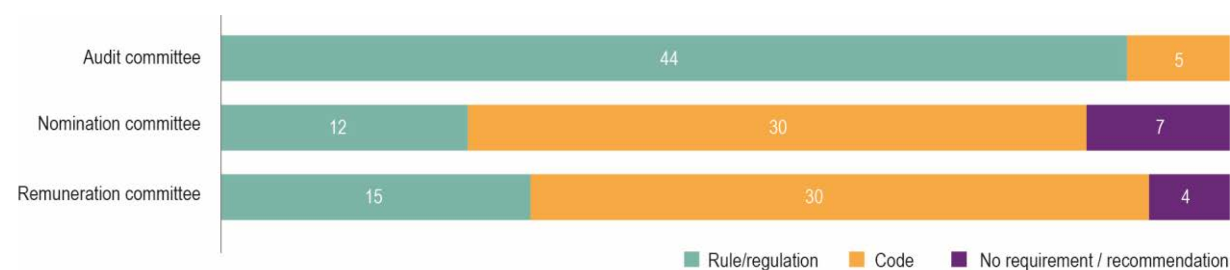
Audit committees have traditionally been a key component of corporate governance regulation. The *G20/OECD Principles of Corporate Governance*, as revised in 2023, emphasises the important role of audit committees by stating that "[b]oards should consider setting up specialised committees to support the full board in performing its functions, in particular the audit committee – or equivalent body – for overseeing disclosure, internal controls and audit-related matters" (sub-Principle V.E.2). The roles of the

audit committee as further elaborated in the *Principles* also include oversight of the internal audit activities (IV.C) and may include support for the board's oversight of risk management (V.D.2).

All surveyed jurisdictions require or recommend listed companies to establish an independent audit committee. Forty-four jurisdictions have binding rules for audit committees and five recommend them on a "comply or explain" basis. Some jurisdictions (**Brazil, Finland** and **Sweden**) are considered as requiring the establishment of audit committees although they allow some flexibility for alternative arrangements (in **Brazil**, fiscal councils can be used to carry out most audit committee functions, while in **Finland** and **Sweden** the functions of the audit committee are explicitly required but may be carried out by the full board). In the **United States**, the Sarbanes-Oxley Act of 2002 requires exchanges to adopt rules requiring independent audit committees to oversee a company's accounting and financial reporting processes and audits of a company's financial statements. These rules require independent audit committees to be directly responsible for the appointment, compensation, retention and oversight of the work of external auditors engaged in preparing or issuing an audit report, and the issuer must provide appropriate funding for the audit committee.

With regard to nomination and remuneration committees, the revised *G20/OECD Principles* provide for more flexibility by stating that "[o]ther committees, such as remuneration, nomination […] may provide support to the board depending upon the company's size, structure, complexity and risk profile (Sub-Principle V.E.2)." The majority (61%) of jurisdictions have code recommendations to establish these committees, while nomination committees are mandatory in only 24% of jurisdictions and remuneration committees in 31%.

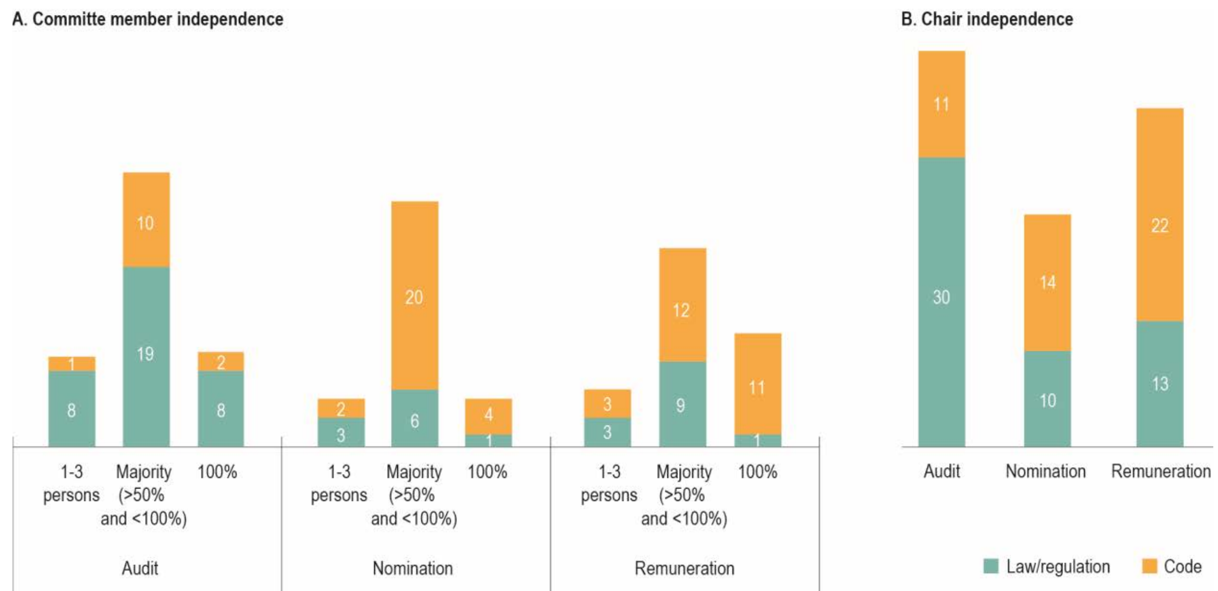
Figure 4.6. Board-level committees by category and jurisdiction



Note: Based on 49 jurisdictions. See Table 4.9 for data.

Full or majority independent membership is required or recommended for all three committees in most of the jurisdictions. A majority of jurisdictions (55%) require the audit committee to have at least a majority of independent directors, while 24% recommend such independence in their codes. Eight jurisdictions set a requirement for the minimum number of independent directors, from one to three members. Code recommendations are more common than legal requirements to encourage nomination and remuneration committees to have at least a majority of independent members (49% and 47% respectively). Concerning the independence of committee chairs, requirements are also most common for audit committees (in 61% of jurisdictions), and it is more frequently a code recommendation for nomination and remuneration committees.

Figure 4.7. Independence of the chair and members of board-level committees

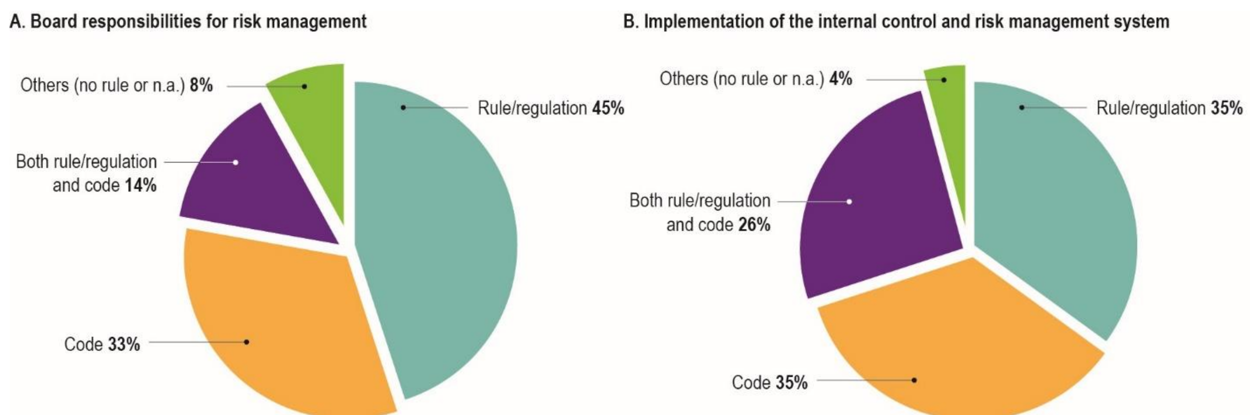


Note: Based on 49 jurisdictions. See Table 4.9 for data.

More than 90% of jurisdictions require or recommend assigning a risk management role to the board. Provisions for internal control and risk management systems are also required or recommended in the majority of jurisdictions, a significant evolution since 2015.

Explicit legal requirements or recommendations on risk management grew significantly after the 2008 financial crisis. The revised *G20/OECD Principles* have a new sub-Principle V.D.2 on the board's responsibility for reviewing and assessing risk management policies and procedures. Approximately 60% of jurisdictions now have requirements regarding the board's responsibilities with respect to risk management in the law or regulations (including 14% that have both rules and code provisions), while another 33% recommend it solely in codes (similar to 2020 levels). Nearly all surveyed jurisdictions (96%) require or recommend implementing an enterprise-wide internal control and risk management system (beyond ensuring the integrity of financial reporting) (Figure 4.8).

Figure 4.8. Risk management and implementation of internal controls

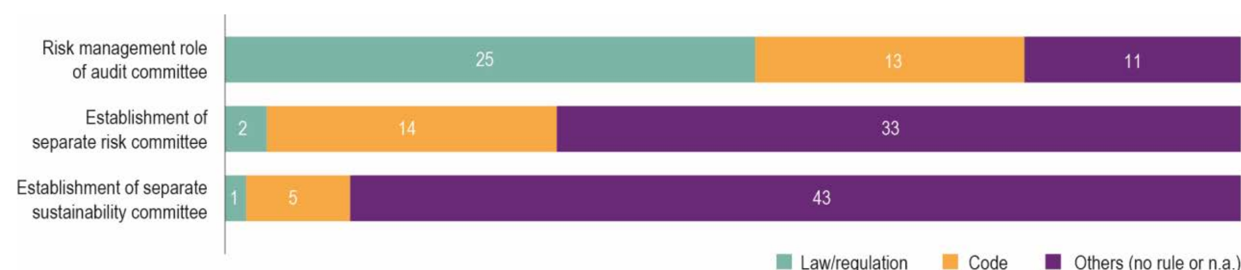


Note: Based on 49 jurisdictions. See Table 4.10 for data.

A large majority of jurisdictions now require or recommend board-level committees to play a role in risk management oversight. The revised *G20/OECD Principles* (Sub-Principle V.E.2) point out that "[w]hile risk committees are commonly required for companies in the financial sector, a number of jurisdictions also regulate risk management responsibilities of non-financial companies, requiring or recommending assigning this role to either the audit committee or a dedicated risk committee. The separation of the functions of the audit and risk committees may be valuable given the greater recognition of risks beyond financial risks, to avoid audit committee overload and to allow more time for risk management issues." Taking into account both requirements and recommendations, the audit committee is the preferred choice for risk oversight in 38 jurisdictions, while risk committees are required or recommended in 16 jurisdictions (Figure 4.9).

On sustainability, the revised *Principles* outline that "the board should ensure that material sustainability matters are considered" (V.D.2). The *Principles* also note that "[s]ome boards have created a sustainability committee to advise the board on social and environmental risks, opportunities, goals and strategies, including related to climate" (V.D.2). In terms of regulatory frameworks, **South Africa** is the only jurisdiction that requires this type of committee; listed companies are required to establish a social and ethics committee that is tasked to review sustainability issues. Another five jurisdictions recommend establishing a separate sustainability committee (**Chile**, **France**, **Italy**, **Luxembourg**, and **Malaysia**), while the remaining 43 jurisdictions do not have requirements or recommendations for a stand-alone sustainability committee. However, some jurisdictions address sustainability matters in other board-level committees. For example, in **India**, the role of the risk management committee includes formulation of a detailed risk management policy which includes a framework for identification of sustainability risks.

Figure 4.9. Board-level committee for risk management



Note: Based on 49 jurisdictions. See Table 4.10 for data.

4.3. Auditor independence, accountability and oversight

The *G20/OECD Principles of Corporate Governance* recognise the importance of the quality of a company's financial reporting, supported by an independent external audit, to ensure market confidence, accountability and good corporate governance. In particular, Principle IV.C outlines that "[a]n annual external audit should be conducted by an independent, competent and qualified auditor in accordance with internationally recognised auditing, ethical and independence standards in order to provide reasonable assurance to the board and shareholders on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework."

While the shareholders have the primary responsibility for appointing and/or approving the external auditor in the majority of Factbook jurisdictions, the board is often required to recommend suitable candidates for shareholder's final approval.

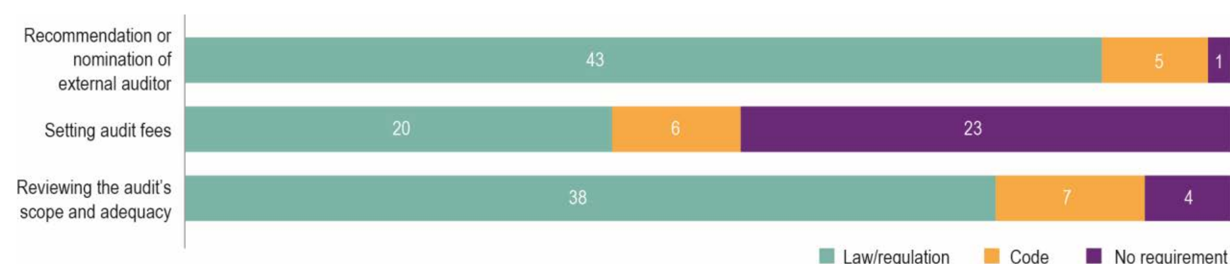
All jurisdictions require that an external auditor be appointed to perform an audit of the financial statements of publicly listed companies, including assessing compliance with applicable federal/state or industry-

specific regulations, laws, and standards. In 42 jurisdictions, the shareholders have the primary responsibility for appointing and/or approving the external auditor. In the remaining seven jurisdictions, the board has the primary responsibility (**Brazil**, **Costa Rica**, **Korea**, **Mexico**, **New Zealand**, **Poland**, and the **United States**). Among the jurisdictions where shareholders are primarily responsible for appointing/approving an external auditor, a number also require the involvement of the board in the process to assist the shareholders' decision. For example, in 19 jurisdictions, the board is required to recommend appropriate candidates for shareholders' appointment/approval. Furthermore, some jurisdictions also provide for the board to appoint the auditor in certain cases, for example where the shareholders fail to do so, or where the position remains vacant within a given period of a company's registration (**Australia**, **Canada**, **Ireland**, **Israel, Singapore**, and the **Netherlands**). In **Indonesia**, the board of commissioners can be the party that appoints the external auditor if shareholders mandate it to do so.

The audit committee is required or recommended to play a role in the selection and removal process of the auditor as well as in reviewing the audit's scope and adequacy in nearly all jurisdictions, while its role is less commonly required or recommended in setting audit fees.

The *G20/OECD Principles*, as revised, state that it is good practice that external auditors be recommended by an audit committee independent of the board (IV.D). In 48 out of the 49 surveyed jurisdictions, the audit committee is required or recommended to play a role in the selection and appointment or removal process of the external auditor of listed companies. In the **United Kingdom**, legislation requires all companies with securities traded on regulated markets, as well as all deposit holders and insurers, to have an audit committee to select the auditor for the board to recommend to the shareholders. For the largest public companies, the board must accept the audit committee's recommendation, and for others, the shareholders must be informed of any departure by the board from the recommendation. Reviewing the audit's scope and adequacy is also a major role that the audit committee plays, and it is required or recommended in 92% of jurisdictions. Requirements and recommendations concerning the involvement of the audit committee in setting the audit fees is less common (53%).

Figure 4.10. Role of the audit committee in relation to the external audit



Note: Based on 49 jurisdictions. See Table 4.11 for data.

In order to promote the independence and accountability of external auditors for publicly listed companies, jurisdictions have adopted provisions such as mandating auditor rotation, and prohibiting or restricting external auditors from providing non-audit services such as tax services to their audit clients.

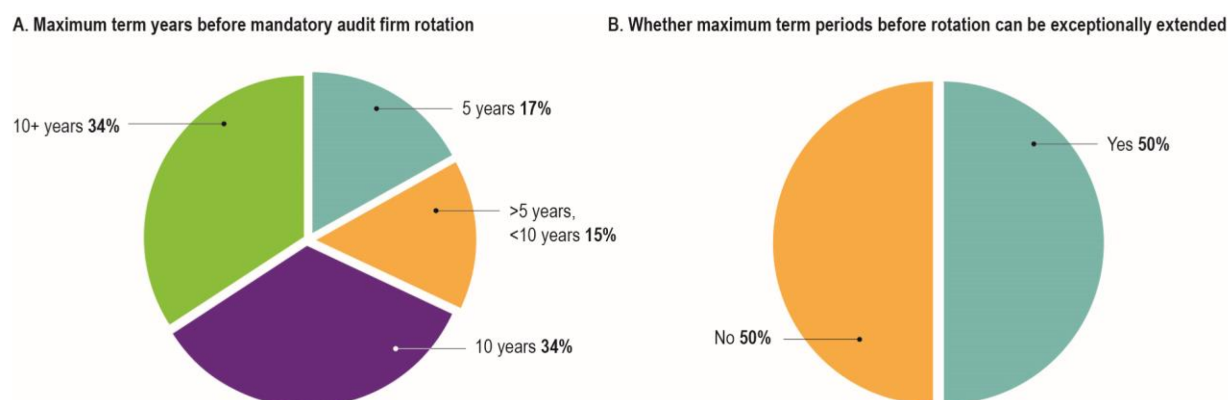
Two-thirds of Factbook jurisdictions have requirements for listed companies to rotate their external audit providers after a given period and three have code recommendations, while provisions for audit partner rotation have been established in all but four jurisdictions.

For the 36 jurisdictions that have established requirements or recommendations for the rotation of their external audit providers, the maximum term duration before rotation is required ranges between five to 24 years, with 68% of these jurisdictions requiring rotation after ten years or more. In half of the jurisdictions with a maximum term duration before rotation, the term can be exceptionally extended. This is in line with

the rules introduced by the 2014 European Audit Regulation, which requires public interest entities to rotate their audit providers at least every ten years, with a possibility to extend this period to a maximum of 20 years where a public tender is held after ten years, or 24 years for joint audits. Overall, many jurisdictions subject to the European Audit Regulation have set the initial duration of engagement at ten years, and are using the option to allow extensions of the term. Among jurisdictions outside of the EU, the most common approach to rotation of audit firms is to have shorter limits, in the five to ten-year range.

All but four jurisdictions have provisions requiring or recommending audit partner rotation after a given period. Some jurisdictions set a maximum term duration before audit partner rotation, mostly between five to seven years and often accompanied by a cooling-off period. For example, in **Singapore**, audit partners can be appointed for a maximum of five years before rotation with a minimum two-year period before they can be re-appointed by the same issuer. Indonesia has a shorter maximum period of three consecutive years. In the **United States**, while lead and concurring partners (or engagement quality reviewers) are required to rotate off an engagement after a maximum of five years and must be off the engagement for five consecutive years, other audit partners are subject to rotation after seven years on the engagement and must be off the engagement for two consecutive years.

Figure 4.11. Maximum term years before mandatory audit firm rotation



Note: Based on 36 jurisdictions with requirements or recommendations for audit firm rotation. See Table 4.12 for data.

The revised *G20/OECD Principles* put additional emphasis on the importance of audit oversight and audit regulation, stating that “a system of audit oversight and audit regulation plays an important role in enhancing auditor independence and audit quality. Consistent with the Core Principles of the International Forum of Independent Audit Regulators (IFIAR), the designation of an audit regulator, independent from the profession, and who, at a minimum, conducts recurring inspections of auditors undertaking audits of public interest entities, contributes to ensuring high quality audits that serve the public interest” (Principle IV.C).

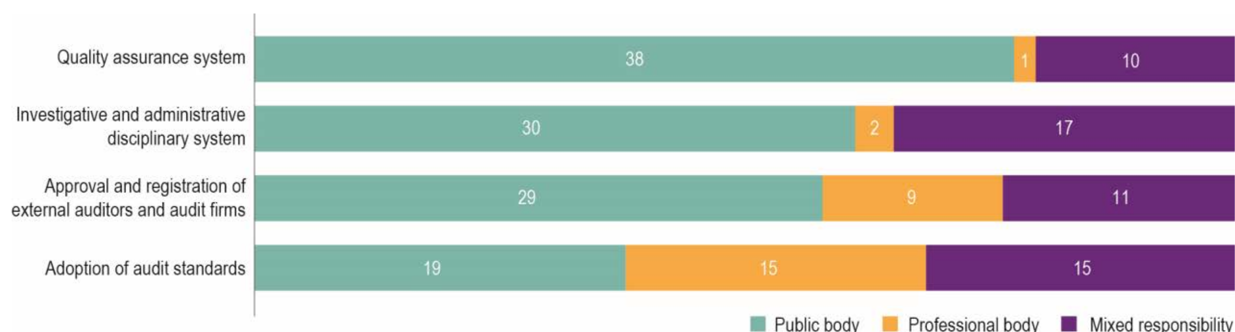
Funding is a relevant aspect for the independence of the public oversight body from the audit profession. Public oversight bodies for audit most frequently are financed via fees levied on the audit profession or audited entities (in 21 jurisdictions), while public oversight bodies rely on both fees and government funding in 14 jurisdictions. Oversight bodies rely exclusively on the government budget to fund their operations in only 11 jurisdictions (Table 4.13).

In most jurisdictions (38), the public oversight body is in charge of supervising or directly carrying out quality assurance reviews or inspections for audits of all listed entities that prepare financial reports. These responsibilities are split between the professional and public body in ten jurisdictions, while assigning such responsibility exclusively to a professional accountancy bodies is quite rare (one jurisdiction). The public

oversight body is also responsible for carrying out investigative and disciplinary procedures for professional accountants in a majority of jurisdictions (30), while the responsibility is split between the professional and public body in 17 surveyed jurisdictions.

Compared to the responsibilities described above, more jurisdictions rely on delegation to professional accountancy bodies for the approval and registration of auditors and audit firms (nine) and the adoption of audit standards (15). However, in most jurisdictions public bodies take on these roles either exclusively or as a shared responsibility (for details see Figure 4.12). These figures have not changed significantly since first reported in the 2021 edition of the Factbook.

Figure 4.12. Audit oversight



Note: Based on 49 jurisdictions. See Table 4.13 for data.

4.4. Board nomination and election

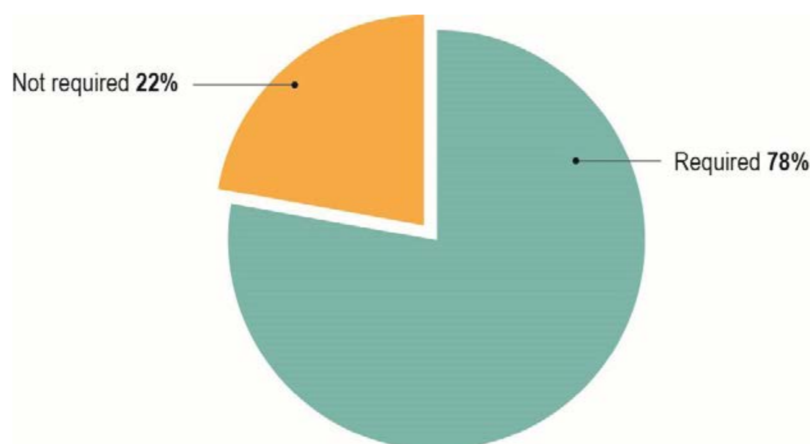
In almost all jurisdictions, shareholders can nominate board members or propose candidates. The number of jurisdictions that have established majority voting requirements has nearly doubled since 2015.

Shareholders can generally nominate board members or propose candidates. Some jurisdictions set a minimum shareholding requirement for a shareholder to nominate, usually at the same level as the shareholders' right to place items on the agenda of general meetings (Table 3.2, Figure 3.4).

Regarding board elections, a substantial majority of jurisdictions have established majority voting requirements for board elections (78%, up from 39% in 2015), in most cases for individual candidates (i.e. not for a slate) (Table 4.14, Figure 4.13). In the **United States**, the Delaware Law's default rule is plurality voting, although companies may provide for cumulative voting.

More than half of the jurisdictions (26) allow cumulative voting for electing members of the board, of which three allow it with limitations (Figure 4.14). Although a majority of jurisdictions allow cumulative voting, it has not been widely used by companies in jurisdictions where it is optional. Only two jurisdictions require cumulative voting, **China** and **Saudi Arabia**. In **China**, besides the election of directors, a cumulative voting system is required in the election of supervisors if a listed company whose single shareholder and its person acting in concert hold 30% or more shares.

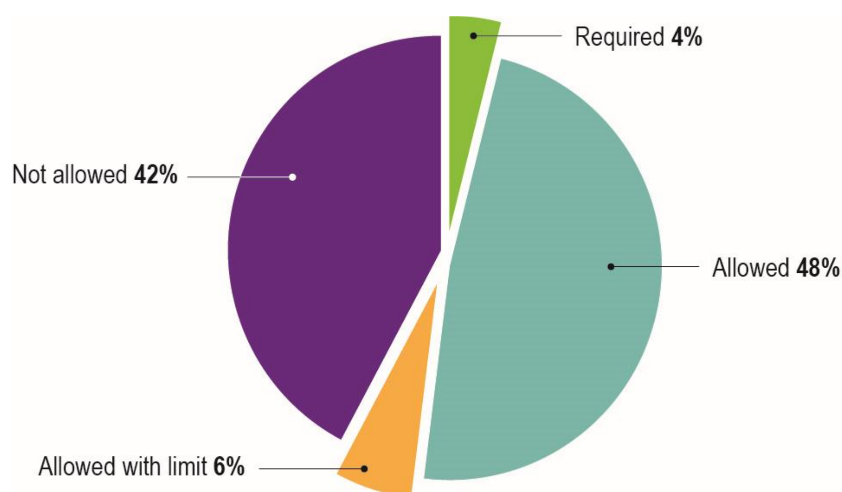
Figure 4.13. Majority voting requirement for board election



Note: Based on 49 jurisdictions. See Table 4.14 for data.

Regarding the qualifications of candidates, 36 jurisdictions (73%) set a requirement or recommendation for qualifications for all board members while some of these and some additional jurisdictions (14) set more specific requirements or recommendations for the qualifications of at least some board appointees (e.g. independent directors, audit committee members). While most jurisdictions have established general requirements or recommendations for the qualifications of all board candidates, some jurisdictions give more emphasis to the balance of skills, experience and knowledge of the board, rather than to the qualifications of individual board members.

Figure 4.14. Cumulative voting

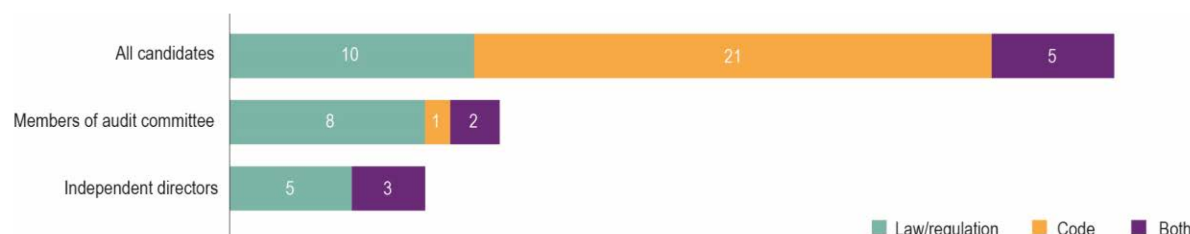


Note: Based on 48 jurisdictions. See Table 4.14 for data.

For example, **Singapore**'s code states that the board should comprise directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. Some jurisdictions set a requirement or recommendation only for certain board members, such as members of audit committees (11 jurisdictions) or independent directors (8 jurisdictions) (Table 4.16, Figure 4.15).

Nearly two-thirds of jurisdictions (32) require or recommend that some of the candidates go through a formal screening process, such as approval by the nomination committee (Table 4.16). In most cases, such screening processes are recommended as good practice in national codes. For example, in the **United Kingdom**, it is recommended that nomination committees evaluate the balance of skills, experience, independence and knowledge on the board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

Figure 4.15. Qualification requirements for board member candidates



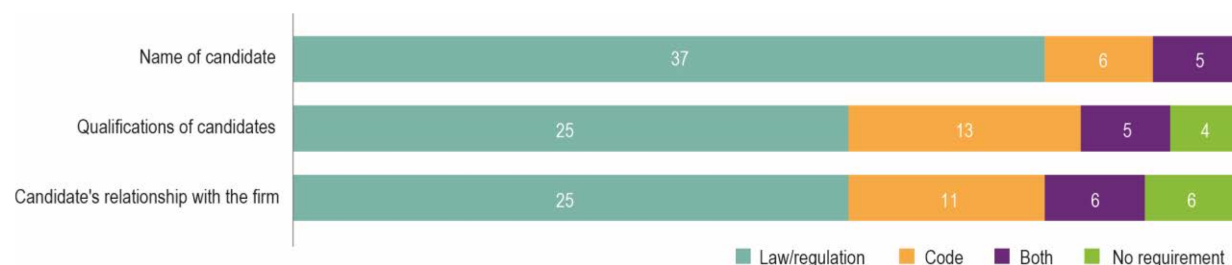
Note: Based on 49 jurisdictions. See Table 4.16 for data.

A much smaller number of jurisdictions have established legal or listing requirements for screening processes, including in several Asian jurisdictions (**China**, **India**, **Indonesia** and **Malaysia**). Other jurisdictions with such requirements include **Chile**, where the Corporations Law requires that candidates for an independent director provide an affidavit stipulating their compliance with the legal requirements in the same article, and **Türkiye**, where large listed companies must prepare a list of independent board member candidates based on a report from the nomination committee and submit this list to the securities regulator for review. **China** has established a listing requirement for the stock exchange to review independent board member candidates' qualifications. If the exchange raises an objection to a candidate, the board of directors of the listed company shall not propose that person as an independent director candidate for vote at the shareholders' general meeting.

The number of jurisdictions requiring or at least recommending disclosure of relevant information to shareholders about board candidates has continued to increase.

The number of jurisdictions requiring or recommending disclosure of information on candidates' qualifications more than doubled between 2015 and 2022, from 41% to 91% of reporting jurisdictions. Twenty-five jurisdictions establish this requirement in law/regulation, 13 recommend it in a code and five have it in both. The number of jurisdictions requiring disclosure of information on the candidate's relationship with the firm has also more than doubled over the same period, from 37% of reporting jurisdictions in 2015 to 88% in 2022. Twenty-five jurisdictions establish this requirement in law/regulation, 11 recommend it in a code and six have it in both. All 48 jurisdictions surveyed have a requirement or recommendation to provide the names of candidates. This is a major change from 2015, when 11 jurisdictions lacked such requirements or recommendations. (Figure 4.16).

Figure 4.16. Information provided to shareholders regarding candidates for board membership



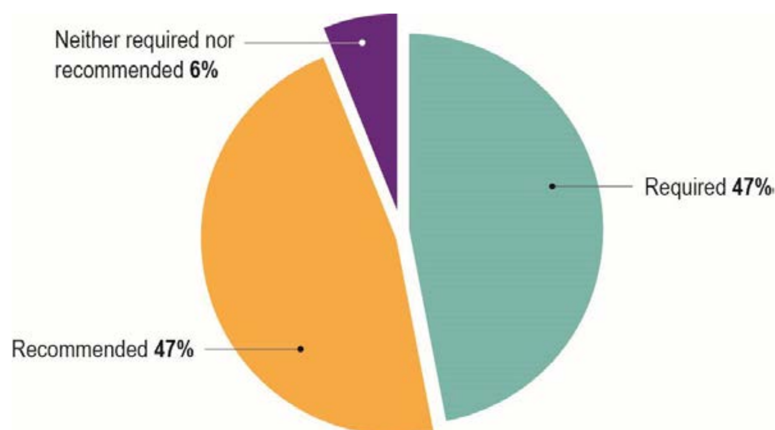
Note: Based on 48 jurisdictions for name of candidate and candidate's relationship with the firm. Based on 47 jurisdictions for candidate qualifications. See Table 4.16 for data.

4.5. Board and key executive remuneration

Nearly all jurisdictions have introduced mechanisms for normative controls on remuneration, most often through the "comply or explain" system.

Since the 2008 financial crisis, much attention has been paid to the governance of the remuneration of board members and key executives. Besides measures to improve firm governance via independent board-level committees, 94% of jurisdictions have introduced general criteria on the structure of remuneration. Provisions tend to provide companies with substantial flexibility, with 47% establishing recommendations through the "comply or explain" system, and requirements often providing broad guidance (Figure 4.17).

Figure 4.17. Criteria for board and key executive remuneration



Note: Based on 49 jurisdictions. See Table 4.17 for data.

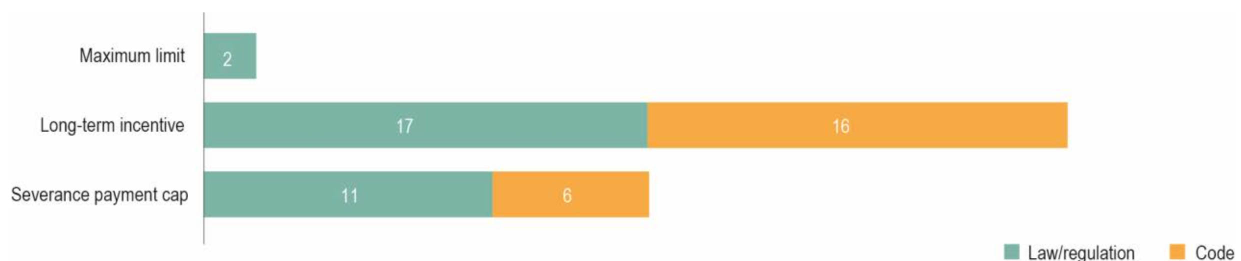
For example, **China**'s code recommends the use of long-term incentive mechanisms such as equity incentives, employee stock option plans, etc., while articles related to severance of payments "should be fair and without prejudice to the legitimate rights of listed companies." In the **European Union**, where a company awards variable remuneration, the remuneration policy shall set clear, comprehensive and varied criteria for the award of the variable remuneration. It shall indicate the financial and non-financial performance criteria, including, where appropriate, criteria relating to corporate social responsibility, and explain how they contribute to the company's business strategy and long-term interests and sustainability (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending

Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement). The **Norwegian** Code recommends that the company should not grant share options to board members, and that their remuneration not be linked to the company's performance. **Türkiye**'s code recommends that independent director remuneration should not be based on profitability, share options or company performance.

A majority of jurisdictions with general criteria also set forth some more specific measures in their laws, rules or codes. Long-term incentive mechanisms are most common, required or recommended in 33 jurisdictions (67%). These may set two-to-three year time horizons and may involve stock options or equity incentives. In addition, provisions to limit or cap severance pay are required in 11 jurisdictions (22%) and are recommended in an additional six jurisdictions (12%) (Figure 4.18). In **Australia**, recommendations state that severance payments are not be provided to board members (specifically, non-executive directors). Only two jurisdictions have set maximum limits on remuneration. **Saudi Arabia** establishes a SAR 500 000 (Saudi Riyal) (USD 133 000) upper limit for board member remuneration. In **India**, if the aggregate pay for all directors exceeds 11% of profits or other specific limits in cases where the company does not have profits, then the director pay must be approved not only by shareholders but also by the government. Requirements or recommendations for ex post risk adjustments (including, provisions on golden parachutes, malus and/or clawback provisions) are rare for non-financial listed companies around the world.

Most jurisdictions now give shareholders a say on remuneration policy and pay levels, with 88% having provisions for binding or advisory shareholder votes on remuneration policy. Binding votes on remuneration levels are a requirement in over half of jurisdictions (51%), with another 27% requiring or recommending advisory votes. Besides the distinction between binding and advisory, there are wide variations in "say on pay" mechanisms in the scope of approval.

Figure 4.18. Specific requirements or recommendations for board and key executive remuneration



Note: Based on 49 jurisdictions. See Table 4.18 for data.

Many jurisdictions have adopted rules on prior shareholder approval of equity-based incentive schemes for board members and key executives. Twenty-five jurisdictions require a binding vote on remuneration policy, one jurisdiction recommends a binding vote, and five allow choosing between shareholder approval or alternative mechanisms determined through a company's articles of association. **Norway** requires a binding vote only if the company chooses to use incentive pay, while **China**'s requirement for a shareholder vote only applies to directors. In **Costa Rica**, remuneration policy for the board and key executives should always be approved by shareholders if it includes variable performance-based bonuses in company shares.

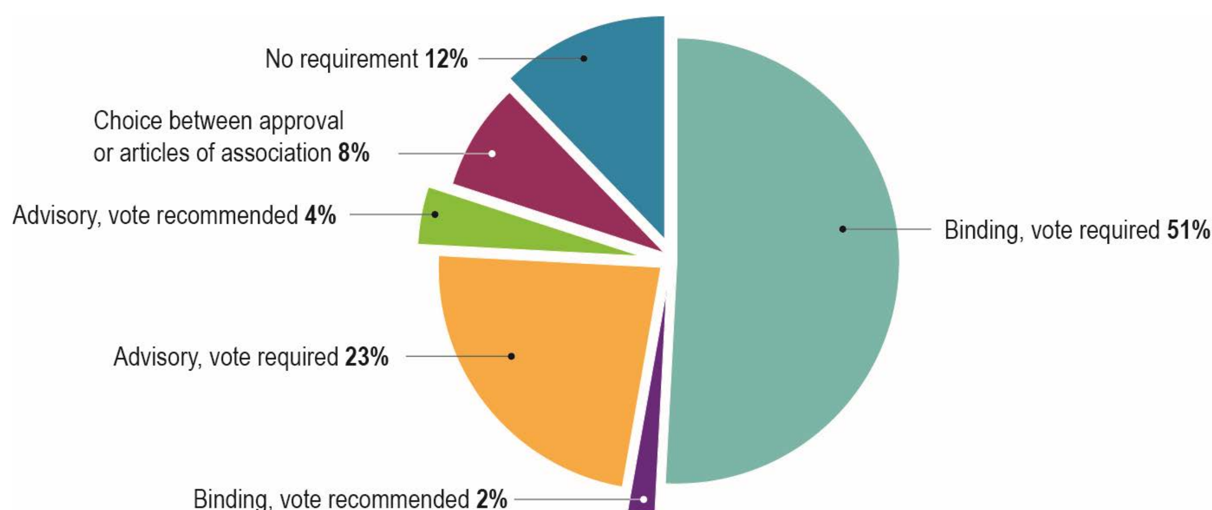
Another 11 jurisdictions require or recommend advisory shareholder votes (Figure 4.19). In **Colombia**, the recommendation is that the remuneration policy for the board should always be approved by shareholders; for key executives the remuneration policy should always be approved by the board of directors. In **Singapore**, the Listing Manual states that issuers' articles of association must contain a provision stating

that fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting.

Jurisdictions also have a mix of provisions with respect to requirements or recommendations for shareholder approval of the level and/or amount of remuneration (Figure 4.20). In addition to the distinction between binding and advisory votes, there is a wide diversity of “say on pay” mechanisms in terms of the scope of approval, mainly with regard to two dimensions: voting on the remuneration policy (its overall objectives and approach) and/or total amount or level of remuneration; and voting on the remuneration for board members (which typically include the CEO) and/or the remuneration for key executives. Since 2020, the number of jurisdictions with requirements for binding votes remains high at 51% compared to just 4% who recommend it (Table 4.18).

The extent to which remuneration disclosure is now required marks a major transformation of legal and regulatory frameworks since the early 2010s. An OECD survey of listed companies in 35 jurisdictions carried out in 2010 (OECD, 2011[2]) found that disclosure of individual remuneration in all listed companies was taking place in only seven jurisdictions (20%) and in a substantial majority of listed companies (80% or above) in only 15 jurisdictions (43%). Disclosure of the total individual remuneration is now a requirement in 94% of jurisdictions. These requirements usually apply to all board members and a certain number of key executives, although in some cases apply only above a certain income threshold. Only three jurisdictions do not require or recommend it (**Colombia**, **Costa Rica**, and **Mexico**).

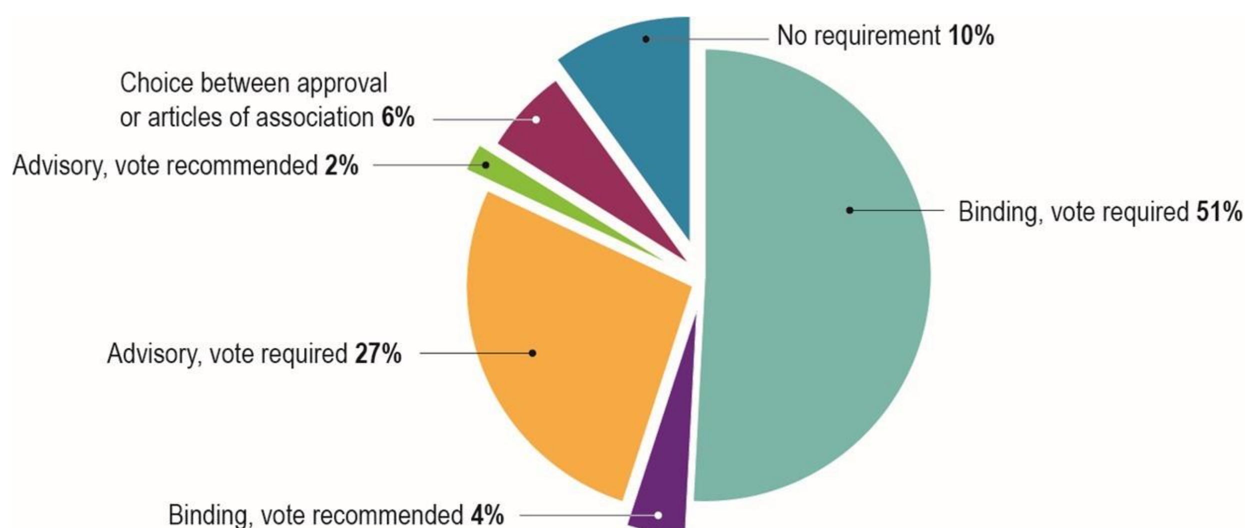
Figure 4.19. Requirement or recommendation for shareholder approval on remuneration policy



Note: Based on 49 jurisdictions. See Table 4.18 for data.

The increasing attention given to remuneration by shareholders has benefited from, and has also contributed to, enhanced disclosure requirements. All jurisdictions now require or recommend that companies disclose remuneration policy, and nearly all jurisdictions require or recommend the disclosure of total aggregate remuneration.

Figure 4.20. Requirement or recommendation for shareholder approval of level/amount of remuneration

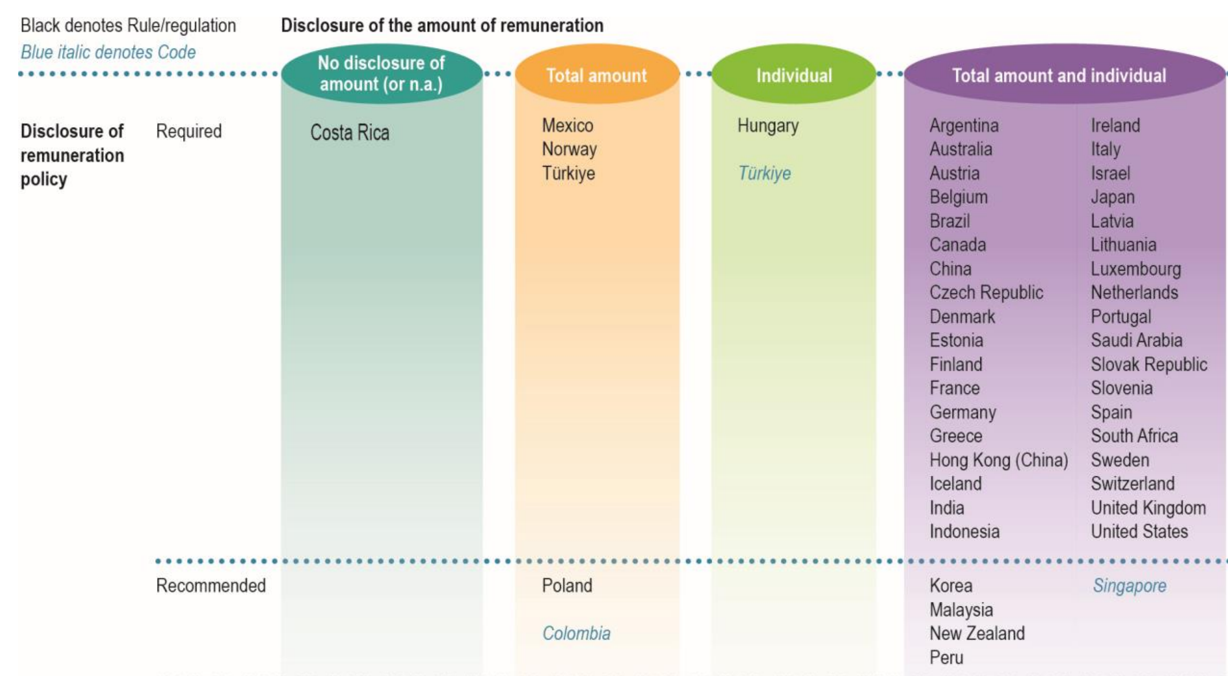


Note: Based on 49 jurisdictions. See Table 4.18 for data.

New Zealand has one of the most transparent remuneration disclosure policies, requiring it for all directors and employees earning above NZD 100 000 (USD 63 500). Some jurisdictions take a more nuanced approach. For example, in **Hong Kong (China)**, the listing rules require issuers to disclose the remuneration of the five highest paid individuals in aggregate and by band in their annual reports, unless any of them are directors of the issuers and in that case, the identities and emoluments of each of these directors must be disclosed.

Some jurisdictions limit required reporting at the individual level. For example, in **Brazil**, only the highest, lowest and the average paid to directors is required. In the **United States**, the requirement concerns all directors, the CEO, CFO and the three most highly compensated officers other than the CEO and CFO (and above USD 100 000). In **Malaysia**, the recommendation is for listed issuers to disclose the remuneration component of the top five senior management in bands of RM 50 000 (USD 11 355) and to fully disclose the detailed remuneration of every senior management personnel. **Japan** has an amount threshold (above JPY 100 million; USD 760 000), as does **Korea** – directors above KRW 500 million (USD 395 900) and five employees above KRW 500 million (USD 395 900).

Figure 4.21. Disclosure of the policy and amount of remuneration



Note: See Table 4.18 for data.

4.6. Gender composition on boards and in senior management

The *G20/OECD Principles*, as revised in 2023, recognise in sub-Principle V.E.4 the importance of bringing a diversity of thought to board discussions, and suggest in this regard that "[t]o enhance gender diversity, many jurisdictions require or recommend that publicly traded companies disclose the gender composition of boards and of senior management. Some jurisdictions have established mandatory quotas or voluntary targets for female participation on boards with tangible results. Jurisdictions and companies should also consider additional and complementary measures to strengthen the female talent pipeline throughout the company and reinforce other policy measures aimed at enhancing board and management diversity." The *Principles* also recommend that boards regularly evaluate "whether they possess the right mix of background and competences, including with respect to gender and other forms of diversity."

Since 2018, more jurisdictions have adopted measures to encourage women's participation on corporate boards and in senior management, most often via disclosure requirements and regulatory measures such as mandated quotas and/or voluntary targets.

With regards to disclosure requirements, 60% of the 49 surveyed jurisdictions have mandatory provisions on the gender composition of boards of listed companies, whereas only 27% mandate disclosure of the gender composition of senior management (see Figure 4.22). Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies and related measures is expected to have a sweeping impact, as it requires that countries mandate listed companies to provide competent authorities with information annually about the gender composition of their boards. If the Directive's targets (described further below) are not being met, companies will need to explain how they plan to meet these objectives, including through more transparency in the qualification criteria and the selection process for directors. In the **United States,** a 2020 amendment to a US Securities and Exchange Commission regulation requires public companies to provide a description of their human capital resources to the extent that they are material to the company's business (SEC, 2020[3]).

Argentina has a mixed approach, with companies required to disclose board composition to the securities regulator at the time of board election, while a recent change in the Corporate Governance Code also recommends companies to disclose board composition diversity on an ongoing basis. **Hong Kong (China)** recently introduced a requirement that listed companies disclose and explain in the corporate governance section of their annual report how and when gender diversity on boards will be achieved, including targets and timelines, as well as how a pipeline of potential board candidates to achieve gender diversity is being developed. **Korea** has also recently introduced mandatory disclosure for listed companies. In **Singapore**, listed companies are required to disclose board diversity policies in their annual reports as well as their targets for achieving diversity, including plans and timelines.

Figure 4.22. Provisions to disclose data on the gender composition of boards and of senior management

Note: This Figure shows the percentage of jurisdictions applying either a law/regulation, recommendation, or no provision. N/A = information not available. See Table 4.19 for data.

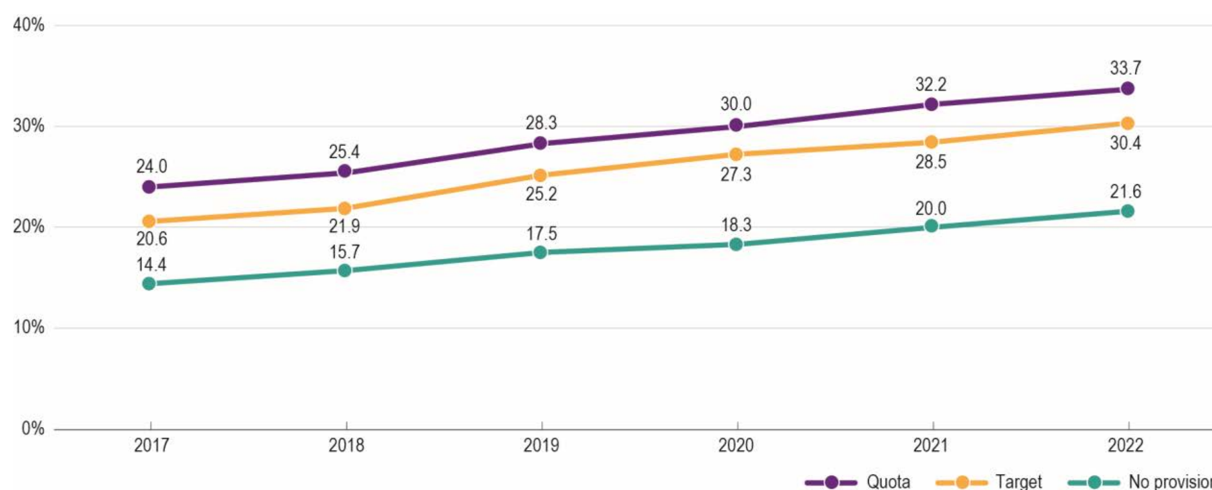
Fifteen of the 49 jurisdictions have established mandatory quotas for women's participation on boards of listed companies. Four jurisdictions require at least 40% of women on boards (**France**, **Iceland**, **Italy** and **Norway**), six require between 20-35%, and five mandate "at least one" female director (**Finland**, **India**, **Israel**, **Korea** and **Malaysia**). Requirements for specific companies vary across jurisdictions, with criteria commonly applicable to companies above a certain threshold which may take account of company size, number of employees or board members and/or level of assets. Sanctions for non-compliance exist in almost all jurisdictions with quotas, and take various forms, such as warning systems, fines, board seats remaining vacant, void nominations and delisting for non-compliant companies.

A significant boost is expected with the new EU Directive to improve gender balance amongst directors of listed companies, setting quotas for large, listed EU companies (more than 250 employees). At least 40% of the under-represented sex among non-executive board members or 33% among all directors will be required by 30 June 2026. Member states have two years to transpose the Directive's provisions into national law. In addition, large listed companies will also have to undertake individual commitments to reach gender balance among their executive board members. Companies that fail to meet this objective will have to report the reasons and the measures they are taking to address this shortcoming. Member states will be required to set up a penalty system that is effective, proportionate, and dissuasive for companies that fail to meet the new standards by 2026 (European Commission, 2012[4]).

Fourteen of the 49 jurisdictions have introduced recommended targets for listed companies or require listed companies to set their own numerical targets either in their corporate governance codes, applicable on a comply-or-explain basis, or in legislation. Six jurisdictions have set targets at 40% of women on boards, compared to four that have set mandatory quotas at the same level. Based on data comparing a subset of the largest listed companies in each jurisdiction, the average participation of women on boards across all 49 jurisdictions reached 27% in 2022, a significant increase from 19% in 2017.

Jurisdictions have adopted a range of approaches to promote greater gender diversity on boards. Notwithstanding the policy approach, significant progress has been achieved by many jurisdictions since 2017, even in those without quotas or targets. While binding quotas have yielded the highest levels of gender diversity on average over the last six years (as seen in Figure 4.23 below), jurisdictions applying targets or adopting other measures to encourage gender diversity have experienced a similar rate of growth in levels of gender diversity, while starting from a lower base. The progress achieved in jurisdictions with no quota or target in place shows that alternative and complementary measures ranging from shareholder initiatives in support of greater diversity to promoting a more enabling environment for the advancement of women on boards and in leadership positions can also play an important role in achieving results.

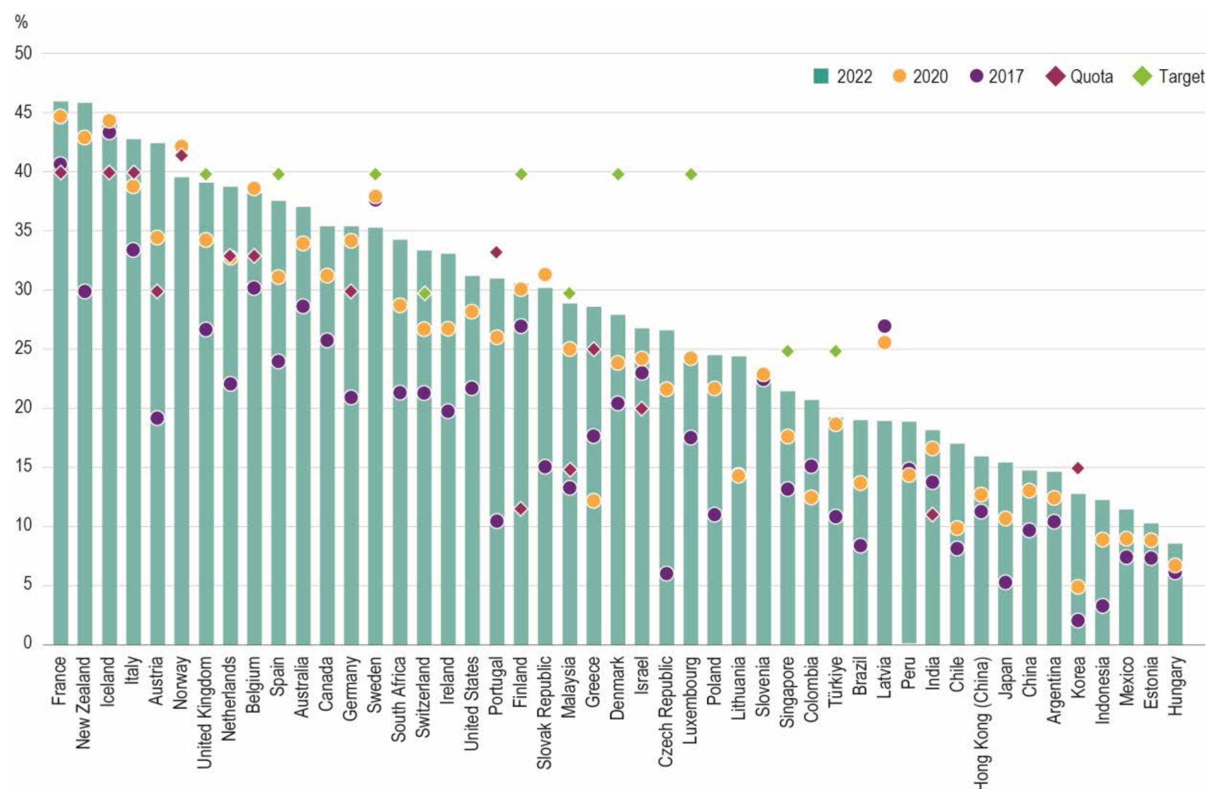
Figure 4.23. Aggregate change in the percentage of women on boards



Note: Average percentage of women on boards was calculated for the three categories relevant to the figure above, namely, jurisdictions with quotas, targets or no provision. Finland, Germany, Malaysia and the Netherlands are counted twice due to their implementation of both a quota and a target. Data from 2017–19 was obtained from OECD (2021[5]). Costa Rica is not included due to lack of data for the full time period covered. See Table 4.20 for data and description of data sources.

In terms of outcomes, the largest and most actively traded companies in eight jurisdictions with quotas met or exceeded their prescribed quotas in 2022, while this was the case in only a few jurisdictions with targets. Among the jurisdictions that have yet to achieve their quotas, one was very recently introduced.

Figure 4.24. Share of women on boards of largest listed companies (in 2017, 2020, and 2022) with reference to implemented quotas & targets, percentage



Note: In instances of an "at least one" quota (Finland, India, Israel, Korea and Malaysia), average board size of the relevant jurisdiction was used to calculate an average percentage for the applicable quota in the Figure above. Norway's quota is dependent upon board size and may range from 33% to 50%; for the Figure above, the average between the smallest and highest quota was used. Japan set a target at 12% for listed companies on the First section of the Tokyo Stock Exchange by the end of 2022. It is not shown in the Figure because of a substantial difference between the coverage of companies, etc. to which the target applies and the data that the Figure covers. Lithuania's datapoints for 2017 and 2020 are identical, these markers were adjusted so both could be observed. Data from 2017–19 were obtained from OECD (2021[5]) See Table 4.20 for data.
Source: MSCI Women on Boards: Progress Report 2022 (except as otherwise noted for 13 jurisdictions referenced in footnotes of Table 4.20).
For **Finland**, average board size data for 2022 may be found here.
For **India**, average board size data for 2020 may be found here.
For **Israel**, average board size data for 2022 was provided by the Israeli Securities Authority (ISA).
For **Korea**, average board size data for 2022 may be found here.
For **Malaysia**, average board size data for 2022 was provided by the Securities Commission (SC Malaysia).

Of particular note, ten jurisdictions (**Austria**, **Brazil**, **Chile**, **Indonesia**, **Japan**, **Korea**, **Malaysia**, **Poland**, **Portugal**, and the **Slovak Republic**) have at a minimum doubled since 2017 the percentage of women participating on boards (for **Korea**, the increase is six-fold). Another notable case is **New Zealand,** a jurisdiction without a quota or target, which nevertheless had one of the highest shares of women on boards in 2022. New Zealand's progress may have been supported by advocacy initiatives by associations and independent bodies. Institutional investor pressure, including votes against the re-election of directors in companies that fail to encourage diversity, has also had an important influence in some jurisdictions without quotas or targets (OECD, 2020[6])). For instance, in the **United States,** firms where the three largest institutional investors were categorised as having comparatively higher ownership stakes increased gender diversity on boards following pressure through voting strategies and influential campaigns (Gormley et al., 2023[7]).

Complementary initiatives also exist in jurisdictions where quotas have been adopted. For example, the Israel Securities Authority established in October 2021 Forum +35 to promote gender diversity on boards of reporting corporations and other entities supervised by the ISA. The Forum's objective is to have female directors comprise at least 35% of the boards of all supervised entities by 2026. The Forum includes representatives from the public, private and NGO sectors who contribute a broad perspective on this issue, and voluntary representatives of supervised entities whose boards have at least 35% of female directors.

With regards to women in management, as defined by the International Labour Organization, while the average of women in management (34%) exceeded the average of women on boards (27%) in 2022, the **percentage of women on boards has grown by 8 percentage points since 2017, whereas the percentage of women in management has only grown by 2 percentage points**.

Some jurisdictions are also extending mandatory quotas or targets to senior executives. For example, in **France** companies with more than 1 000 employees will have to meet 30% and then 40% quotas for more equal gender representation among senior executives and management committee members. From 2022, companies must publish annually on their websites an analysis of gender representation for their senior executive roles and management committee membership. From 2026, companies will have two years to ensure that women hold 30% or more of senior executive roles and management committee seats, and to negotiate corrective measures or implement measures in the absence of an agreement. From 2029, companies will have two years to comply with the 40% quota, and sanctions for non-compliance will take effect in 2031. **Switzerland** also started to require at least 20% of women on the management board beginning in 2021 (in addition to its 30% quota for women on boards). Furthermore, **Germany** is requiring listed companies to set individual targets for the executive board and the two management levels below the board. If the executive board of a listed company consists of four or more persons, at least one woman shall be appointed as a member of the board.

Table 4.1. Basic board structure: Classification of jurisdictions

One-tier system (23)	Two-tier system (8)	Optional for one-tier and two-tier system (15 + EU)	Multiple option with hybrid system (3)
Australia	Austria	Argentina[1]	Italy
Canada	China	Belgium	Japan
Chile	Estonia	Brazil	Portugal
Colombia	Germany	Czech Republic	
Costa Rica	Iceland[2]	Denmark	
Greece	Indonesia	Finland	
Hong Kong (China)	Latvia	France	
India	Poland	Hungary	
Ireland		Lithuania	
Israel		Luxembourg	
Korea		Netherlands	
Malaysia		Norway[3]	
Mexico		Slovenia	
New Zealand		Slovak Republic	
Peru		Switzerland	
Saudi Arabia		European Public LLC[4]	
Singapore			
South Africa			
Spain			
Sweden			
Türkiye			
United Kingdom			
United States			

1. In **Argentina**, companies falling within the scope of public offering regulations are required to have an Audit Committee (Comité de Auditoría) with oversight functions. It is designated and integrated by members of the Board (majority independent). In this sense, the Audit Committee is generally considered a sub-organ of the Board. On the other hand, companies in Argentina have also another body (distinct from the board) with oversight functions, the Statutory Auditors Committee (Comisión Fiscalizadora) and Supervision Council (Consejo de Vigilancia). In that sense, the Capital Market Law foresees that companies making public offering and having established an Audit Committee may dispense with a Statutory Auditors' Committee.
2. In **Iceland**, the board in its supervisory function is composed of non-executive directors only. In national law, the board appoints and delegates the executive powers to a single person, the CEO (not a member of the supervisory board). The CEO is the chair of the management board, which is composed of executive directors.
3. In **Norway**, both supervision and management of the operations of the company are the responsibility of the board of directors. In companies with more than 200 employees, a corporate assembly shall be elected. The corporate assembly's tasks are limited to and consist of electing the members and the chairman of the board of directors, supervising the board of directors' and general manager's administration of the company, and issuing opinions to the general meeting as to whether the board of directors proposal for income statements and balance sheets should be adopted and as to the board of directors' proposal for the employment of the profit or coverage of losses. At the proposal of the board of directors, the corporate assembly may adopt resolutions regarding certain investments, efficiency measures or alterations of the company's operations that will entail a major change or reallocation of the labour force. Lastly, the corporate assembly may adopt recommendations to the board of directors.
4. The EU regulation (EC/2157/2001) stipulates that European public limited liability company (Societas Europaea) shall have the choice of a one-tier system (an administrative organ) or a two-tier system (a supervisory organ and a management organ).

Table 4.2. One-tier board structures in selected jurisdictions

Jurisdiction	Description of board structure
Australia	• Australian listed companies commonly have a mixed one-tier board – a one-tier board comprised of both executive and non-executive directors. • There are usually between 8 to 12 directors on the boards of large (top 100) listed companies, with the board structure generally conforming to the pattern: non-executive chairman + several other non-executive directors + chief executive.

Jurisdiction	Description of board structure
Finland	• Listed companies use a one-tier governance model, which, in addition to the general meeting, comprises the board of directors and the managing director. According to the Limited Liability Companies Act, a company may also have a supervisory board. Only four Finnish listed companies have supervisory boards, whereas 128 companies do not have supervisory boards. • The boards of listed companies mainly consist of non-executive directors. In seven companies, the managing director is a member of the board. The typical board consists of approximately five to eight directors.
India	• In India, listed entities have a combination of executive and non-executive directors on their boards, with at least one woman director and not less than 50% of the board of directors comprising of non-executive directors. Further, the top 1 000 listed entities (by market capitalisation) are required to have at least one woman independent director. • The quorum for every meeting of the board of directors of the top 2000 listed entities is one-third of its total strength, or three directors, whichever is higher, including at least one independent director. • The board of directors is required to lay down a code of conduct for all members of the board and senior management of the listed entity, incorporating the duties of independent directors.
Mexico	• According to Article 28 of the Securities Markets Law, the board of directors is responsible, among other functions, for setting the general strategies for the business and the subsidiaries that it controls. • The directors of the board of listed companies have the duty of loyalty and due care not only for the company but also for the subsidiaries and firms where the listed firm has significant influence (more than 20% of equity). • In practice, it is common to have directors in several boards, as well as directors participating in more than one company within a company group.
New Zealand	• NZX-listed companies are required to have a minimum of three directors. It is recommended in the NZX Corporate Governance Code, that a majority of the board should be independent directors. • NZX recommends the chair be independent, if the chair is not independent, the chair and CEO should be different people. They also recommend that the board should have a formal written charter setting out their roles and responsibilities, and those of directors, including formal delegations to management. • A director's duties include determining and implementing policies and making decisions, preparing and filing statutory documents, maintaining records and calling meetings including an annual meeting of shareholders.
South Africa	• The Companies Act, 2008 provides for a one tier board system as a minimum standard and requirement (although 2-tier boards are also permitted). • King IV Code on Corporate Governance for listed companies recommends a 1-tier board, and distinguishes between governing body and management. Principle 7 of the Code provides for the Chief Executive Officer and at least one executive to be appointed to the governing body for interaction with management. The other executive can be the Chief Financial Officer (CFO).
Sweden	• The Companies Act recognises a board and a CEO (company body/person). The Corporate Governance Code recommends a maximum of one executive to sit on the board. • Under the Companies Act the CEO (if not a board member) has the right to attend (but not vote at) all board meetings unless otherwise decided by the board of directors in any specific case. • About one-third of Swedish listed companies have one executive on the board, which is the CEO in nearly all cases.
Switzerland	• In form, the Swiss board concept follows the one-tier board model. • However, in case of a delegation of management authorities to individual members of the board, a two-tier board results. • Furthermore, among banks and insurers a two-tier approach is common and is expected by the regulator.
United States	• Delaware corporate law mandates that the responsibility for the oversight of the management of a corporation's business and affairs is vested in its board of directors. • The boards for listed companies are generally one-tier which may be comprised of both executive and non-executive directors and the maximum and minimum number of directors is fixed in the company's governing documents. • Delaware corporate law also permits the board of directors to appoint committees having a broad range of powers and responsibilities, and to select the company's executive officers consistent with its bylaws.

Table 4.3. Two-tier board structures in selected jurisdictions

Jurisdiction	Description of board structure
Brazil	**Supervisory body (optional except for state-owned enterprises)**
	• The Fiscal Council is a board that reports to the shareholders, independent from the administrators, and is established by decision of the general meeting with the purpose of supervising the regularity of management's activities. Brazil's Securities Commission (CVM) therefore considers it equivalent to a supervisory board. Some of its responsibilities are similar to an audit committee such as reviewing company financial reports while also having some broader responsibilities related to ensuring that directors and managers do not extract private benefits and that they comply with all provisions of the Companies Law. However, the Fiscal Council is not responsible for issues related to strategy, investment decisions or succession planning.
	• Brazilian Corporate Law prevents administrators and employees (and their close relatives) of the company, or of a company in the same group, to be appointed to the Fiscal Council.
	• Members of the Fiscal Council have the power to act individually, despite the collective nature of the body.
	• According to a KPMG Survey based on data from Brazil's 2021 Reference Forms, 61% of listed companies have a Fiscal Council and 40% of members are appointed by minority shareholders.
	• For the 39% of listed companies without a Fiscal Council, the management body as described below serves as a single-tier board.
	Management body (executive and non-executive board)
	• According to Brazilian Corporate Law, both supervision and management of the operations of the company are the responsibility of the board of directors.
	• The board of directors consists of executive and non-executive managers (the former up to the limit of one-third of the members).
	• According to a KPMG Survey based on data from Brazil's 2016 Reference Forms, 8% of directors on the boards are executive managers, 56% are outside directors and 36% are independent directors.
China	• In Chinese listed companies, a supervisory board and a board of directors are appointed by the shareholders.
	• The supervisory board is comprised of shareholder representatives and employee representatives, employee representatives account for at least one-third of the supervisory board. It is a permanent supervisory body and exercises its supervisory power over the board of directors, management and the whole company independently. Independent directors and the supervisory board both act as a company's internal supervision mechanisms.
	• The board of directors is comprised of directors and independent directors, and independent directors shall account for more than one-third of the board in a listed company. A listed company must also set up an audit committee which is comprised of directors and majority is independent directors. Manager teams are selected by the board of directors and responsible for the daily operating of the company.
Estonia	**Supervisory body**
	• Public limited liability companies are required to have a supervisory board with at least three members. An advisory board is also obligatory for public limited companies.
	• The supervisory board plans the activities and organises the management of the company and supervises the activities of the management board. The supervisory board must notify the general meeting of the results of a review.
	• In practice, the majority of listed companies have four to six members on the supervisory board.
	Management body
	• Public limited liability companies are required to have a management board which may comprise only one member. The management board is responsible for the daily representation and management of the company.
	• In practice, the majority of listed companies have two to four members in the management board. 6 listed companies (of the total 18) were reported to have only one member in the management board.
Germany	**Supervisory body**
	• A Supervisory Board (Aufsichtsrat) consists of non-executive board members.
	• *Companies subject to co-determination:* Listed companies with 501 – 2000 employees must have a supervisory board that consists of one-third of employee representatives. Companies with more than 2000 employees must have a supervisory board that is equally composed of shareholder representatives and employee representatives.
	• *Companies not subject to co-determination:* The supervisory board should usually consist of 3 members. The articles of association may establish a higher number of board members which, commensurate with the registered capital of the company concerned, may amount to a maximum of 9, 15, or 21 members.
	• The typical board of a listed company has a mixed structure. In many cases, the board consists of former CEOs and experts, particularly financial experts, such as auditors or accountants.
	Management body
	• A Management Board (Vorstand) consists of executive board members.

Jurisdiction	Description of board structure
Indonesia	**Supervisory body**
	• The board of commissioners is defined as the company organ with the task of supervising and giving advice to the board of directors, which is the management body of the company.
	• The members are elected at the general meeting of shareholders.
	Management body
	• The board of directors is defined as the company organ with full authority and responsibility for the management of the company.
	• The members are elected at the general meeting of shareholders. The board of commissioners is not endowed to appoint and/or dismiss the directors.
	• The board of commissioners is endowed to temporary dismissal of the directors upon the approval by the general meeting of shareholders.

Table 4.4. Examples of a hybrid board structure

Jurisdiction	Structure			
Italy	[T] The "**traditional**" model[1]	-	Board of directors	A **board of directors** and a **board of statutory auditors** (*collegio sindacale*) both appointed by the shareholders' meeting; the board of directors may delegate day-to-day managerial powers to one or more executive directors, or to an executive committee.
		-	Board of statutory auditors	
	[2] The "**two-tier**" model (*dualistico*)	-	Supervisory board	A **supervisory board** appointed by the shareholders' meeting and a **management board** appointed by the supervisory board, unless the bylaws provide for appointment by the shareholders' meeting; the supervisory board is not vested with operative executive powers, but, in the by-laws, it may be entrusted with "high level" management powers.
		-	Management board	
	[1] The "**one-tier**" model (*monistico*)	-	Board of directors	A **board of directors** appointed by the shareholders' meeting and a **management control committee** made up of non-executive independent members of the board; the board may delegate day-to-day managerial powers to one or more managing directors, or to an executive committee.
		-	Management control committee	
Japan	**[A]** "**Company with statutory auditors**" model	-	Board of directors	There must be at least one executive director and may be non-executive directors as well. Where this model is adopted, there is a separate organ of the company called the "**statutory auditors**" (*Kansayaku*[2]), which has the function of auditing the execution of duties by the directors.
		-	Statutory auditors	
	[C] "**Company with three committees**" model	-	Board of directors	The company must establish **three committees** (nomination, audit and remuneration committees), with each committee composed of three or more directors, and a majority must be outside directors.
		-	Three committees	
	[S] "**Company with an audit and supervisory committee**" model	-	Board of directors	The company must establish an **audit and supervisory committee** composed of more than three directors, the majority being outside directors. The committee has mandates similar to that of the statutory auditors, as well as those of expressing its view on the board election and remuneration at the shareholder meeting.
		-	Audit and supervisory committee	
Portugal[3]	[2C] The "**traditional**" model	-	Board of directors	A board of directors and a supervisory board (*conselho fiscal*) appointed by the shareholders; the board of directors may delegate managerial powers to one or more executive directors or to an executive committee; members of the supervisory board cannot be directors and, in case of listed companies, the majority must be independent.
		-	Supervisory board (*conselho fiscal*)	
	[2A] The "**one-tier**" model	-	Board of directors	A board of directors and a supervisory board (*comissão de auditoria*) appointed by the shareholders; the board of directors may delegate managerial powers to one or more executive directors or to an executive committee; members of the supervisory board must be non-executive directors and, in case of listed companies, the majority must be independent.
		-	Supervisory board (*comissão de auditoria*)	
	[2G] The "**two-tier**" model	-	Executive board of directors	A board of directors and a supervisory board (*conselho geral e de supervisão*); members of the board of directors are appointed by the

Jurisdiction	Structure			
		-	Supervisory board (*conselho geral e de supervisão*)	supervisory board (unless the articles of association provide for appointment by shareholders); members of the supervisory board cannot be directors and are appointed by shareholders and, in case of listed companies, the majority must be independent. Listed companies are also required to set up a financial affairs committee (*comissão para as matérias financeiras*) which is a specialised committee of the supervisory board composed by a majority of independent members.

1. In **Italy**, the traditional model, where the general meeting appoints both a board of directors and a board of statutory auditors, is the most common board structure. The board of statutory auditors functions as an internal auditing board.
2. In **Japan**, statutory auditors (Kansayaku) are different from external auditors. Statutory auditors are appointed by shareholders meetings and their principal role is to audit activities of directors from a legal viewpoint. Statutory auditors include both internal ones and external ones (external statutory auditors are those who have not worked for the company as executive directors or employees.). The Companies Act requires certain large companies to have committees of statutory auditors and half or more of the members of such committees shall be external statutory auditors.
3. In **Portugal**, all three models comprise two boards (a board of directors and a supervisory board), and a statutory auditor although subject to different rules. Portugal no longer has the concept of external auditor: since the transposition/implementation of the European audit legislation (2014) there is only the statutory auditor, which can perform the tasks once reserved to the external auditor. Notwithstanding, some national companies prefer to appoint a different auditor to issue the audit report as well as to carry out audit services with a broader scope than statutory audits, provided that the integrity of the functions and the liability regime of the statutory auditor are not compromised.

Table 4.5. Board size and director tenure for listed companies

Jurisdiction	Tier(s)	Board of directors (Supervisory board for 2-tier board)			Management board (two-tier system)			
		Size		Appointment	Size		Appointment	
		Minimum	*Maximum*	*Maximum term years*	*Minimum*	*Maximum*	*Maximum term years*	*By*
Argentina	2	3	-	3 to 5	3	-	3 to 5	GSM
Australia	1	3	-	3[1]				
Austria	2	3		5	-			SB
Belgium	2	3	-	6	3		6	SB
Brazil	1	3	-	3 [2]				
	2	3	5	-	3	-	3[2]	GSM
Canada	1	3	-	1[2][1]				
Chile	1	5 or 7	-	3				
China	2	3	-	3	5	19	3	GSM
Colombia	1	5	10	-				
Costa Rica	1	3	-	-				
Czech Republic	1+2	(3)		-	(3)		-	GSM, SB
Denmark	1+2	3		4 (1)	1			SB
Estonia	2	3		5	1	-	5	SB
Finland	1+2	-		(1)			(1)	(GSM)
France	1+2	3	18	6 (4)	1	7	6	SB
Germany	2	3	21	5	1-2	-	5	SB
Greece	1	3	15	6				
Hong Kong (China)	1	[3][3]	-	(3)				
Hungary	1+2	(3)[4]	-	(5)	3	-	-	GSM
Iceland	2	3	-	-	-	-	-	SB
India[5]	1	3/6	15	3 to 5				
Indonesia	2	2	-	5	2	-	5	GSM
Ireland	1	2		-				
Israel	1	4[6]	-	-				

Jurisdiction	Tier(s)	Board of directors (Supervisory board for 2-tier board)			Management board (two-tier system)			
		Size		Appointment	Size		Appointment	
		Minimum	*Maximum*	*Maximum term years*	*Minimum*	*Maximum*	*Maximum term years*	*By*
Italy	T+1	-		3				
	2	3	-	3	2	-	3	SB
Japan	C+S	3	-	1				
	A	3	-	2				
Korea	1	3 (smaller for SMEs)	-	3				
Latvia	2	5	20	5	3	-	5	SB
Lithuania	1+2	3	15	4	3	-	4	SB/GSM[7]
Luxembourg	1+2	3		6	-	-	6	SB/GSM
Malaysia	1	2	-	3[8]				
Mexico	1	3 (3)	21 (15)	-				
Netherlands	1+2	-		(4)	-		(4)	GSM
New Zealand	1	-		-				
Norway	1	3	-	4 (2)				
	2	12	-	4 (2)	5	-	-	SB
Peru	1	3[9]	-	3				
Poland	2	5	-	5	1	-	5	SB
Portugal	2C+2A+2G	-		4	-		4	SB/GSM[10]
Saudi Arabia	1	3	-	4				
Singapore	1	3	-	3				
Slovak Republic	1+2	3	-	5	1	-	5	GSM/SB
Slovenia	1+2	3	-	6	1	-	6	SB
South Africa	1	-	-	-	-	-	-	GSM
Spain	1	3	-	4				
Sweden	1	3	-	4 (1)				
Switzerland	1+2	1	-	1				SB
Türkiye	1	5	-	3[11]				
United Kingdom[12]	1	2	-	(1)				
United States[13]	1	[3]	-	3				

Key: **[ ]** = requirement by the listing rules; **( )** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation; **SB** = Supervisory board; **GSM** = General Shareholder Meeting. For definitions of tiers for Italy, Japan and Portugal, see Table 4.4.

1. In **Australia**, directors may be re-appointed for successive terms. This includes independent directors.
2. In **Canada**, the Canada Business Corporations Act requires annual elections of directors for distributing corporations.
3. In **Hong Kong (China)**, the Main Board Listing Rules do not contain any requirements for minimum board size but they require at least three independent non-executive directors and they must represent at least one-third of the board.
4. In **Hungary,** in the case of a one-tier system, there cannot be less than five members.
5. In **India**, while the minimum number of directors on the board of a public company is three, the boards of the top 2 000 listed entities, based on market capitalisation, are required to comprise not less than six directors. Furthermore, the maximum number of directors (15) may be increased by a special resolution of the shareholder meeting.
6. In **Israel,** the minimum board size is underpinned by the requirement for the membership of audit committees. In addition, according to the Israeli company law, there is a limited term for certain types of directors such as an external director.
7. In **Lithuania**, the board shall be elected by the supervisory board. If the supervisory board is not formed, the board shall be elected by the general meeting of shareholders.
8. In **Malaysia**, a director's retirement is based on one-third rotation at every annual general meeting where the longest serving director in the office (since the last election) shall retire. A retiring director shall be eligible for re-election.

9. In **Peru**, the corporation's bylaws must establish a fixed number or a maximum and minimum number of directors. When the number of directors is variable, the shareholder´s meeting, before the election, must decide on the number of directors to be elected for the corresponding period. The number of directors shall not be less than three.
10. In **Portugal**, when a company adopts the "two-tier" model, the number of members of the supervisory board must be higher than that of the executive board of directors. Furthermore, in the "two-tier" model, members of the executive board are appointed by the supervisory board, unless the articles of association provide that they are appointed by the shareholders. In the remaining two models, members of the board of directors are elected by the shareholders.
11. In **Türkiye**, directors may be re-appointed unless otherwise stated in the company's articles of association. Independent directors may also be re-appointed. However, independence criteria set forth under the Corporate Governance Principles requires the independent director not to have served as a board member for six years in the company within the previous 10 years. Therefore, it would be possible to re-appoint an independent director successively for a second term only.
12. In the **United Kingdom** it would be possible for two executive directors to be the sole members of a board. However it is recommended that there should also be an independent chair and independent board members. Independent board members have to be re-appointed each year but the UK Corporate Governance Code recommends that they do not stay in post beyond a total of nine years.
13. In the **United States**, NYSE and Nasdaq rules require companies to have an audit committee of at least three members. The maximum term of three years would apply to companies listed on the NYSE with classified boards of directors.

Table 4.6. Board independence requirements for listed companies

Jurisdiction	Tier(s)	Board independence requirements		Key factors in the definition of independence			
		Separation of the CEO and Chair of the board (as applicable to 1-tier boards)	Minimum number or ratio of independent directors	Term Maximum term of office & effect at the expiration of term		Independence from "substantial shareholders"	
						Requirement	Shareholding threshold of "substantial shareholders" for assessing independence
Argentina	2	-	(66%)	10	No independence	Yes	5%
Australia	1	Recommended	(>50%)	-	-	(Yes)	5%
Austria	2	-	(50%)	-	-	No	-
Belgium	1+2	Recommended	3	12	No independence	Yes	10%
Brazil[1]	1+2	Required	20% (33%)	-	-	(Yes)	(50%)
Canada	1	-	2 (>50%)[2]	-	-		
Chile	1	Required	1[3]	-	-	Yes	10%
China	2	-	33%	6	No independence	Yes	(5%); rank in top 5 shareholders
Colombia	1	Required	[25%]	-	-	[Yes]	[<50%]
Costa Rica[4]	1	Recommended	2	9	No independence	Yes	10%
Czech Republic	1+2	Recommended	(>25%)	-	-	(Yes)	-
Denmark	1+2	Required	(50%)	(12)	(No independence)	(Yes)	(20%)
Estonia	2		(50%)[5]	10	(No independence)	Yes	-
Finland	1+2	Recommended	(>50%)	-[6]	-	(Yes for 2)	(10%)
France	1+2	-	(50% or 33%)	(12)	(No independence)	(Yes)	(10%)
Germany[7]	2	-	(Appropriate number with further specifications)	(12)	Indication for non-independence	(Yes)	-
Greece	1	Required	2 (1/3)	9	(No independence)	No	-

Jurisdiction	Tier(s)	Board independence requirements		Key factors in the definition of independence			
		Separation of the CEO and Chair of the board (as applicable to 1-tier boards)	Minimum number or ratio of independent directors	Term Maximum term of office & effect at the expiration of term		Independence from "substantial shareholders"	
						Requirement	Shareholding threshold of "substantial shareholders" for assessing independence
Hong Kong (China)	1	Recommended	[3 and 33%]	(9)	(Explain)[8]	Yes	10%
Hungary	1+2	-	50%	(5)	(No independence)	Yes[9]	30%
Iceland	2		(50%)	-	(Explain)	Yes for 2	10%
India	1	-[10]	[33% or 50%]	10[11]	No independence for 3 years	Yes	2%
Indonesia	2	-	[30%]	10[12]	[Explain]	[Yes]	[20%]
Ireland	1	Recommended	(>50%)	(9)	(Explain)	No	-
Israel	1	Required[13]	2 (50% or 33%)	9	No independence, leaves board[14]	Yes	5%
Italy	T+1+2	-[15]	1 (or 2 if the board>7 members)[16]	(9)	(Explain)	Yes	-
Japan[17]	A	-	[1] and (2)	-	-	Yes	10%
	C, S	-	Majority of each committee, [1] and (2)				
Korea	1	-	>50% and at least 3[18]	-	-	Yes	Largest or all >10%
Latvia	2	-	(50%)	10	(No independence)	Yes	-
Lithuania	1+2	Required	33%	10	No independence	Yes	20%
Luxembourg	1+2	-	-	12	No independence	Yes	10%
Malaysia	1	Recommended	[1/3 or 2]	(9)	(Explain)[19]	Yes	10% or more of total number of voting shares in the corp.; or 5% or more of number of voting shares where such person is largest sh of corp.
Mexico	1	-	25%	-	-	Yes	20%
Netherlands	1+2	Required	(>50%)	-	-	Yes	10%
New Zealand	1	Recommended	2 required, majority recommended	-	-	(Yes)	5%
Norway	1+2	Required	2 (>50%)	-	-	Yes	10%
Peru[20]	1	Recommended	(33%)	(10)	(No independence)	(Yes)	(1%)
Poland	2		(2)	(12)	(No independence)	(Yes)	(5%)

Jurisdiction	Tier(s)	Board independence requirements		Key factors in the definition of independence			
		Separation of the CEO and Chair of the board (as applicable to 1-tier boards)	Minimum number or ratio of independent directors	Term Maximum term of office & effect at the expiration of term		Independence from "substantial shareholders"	
						Requirement	Shareholding threshold of "substantial shareholders" for assessing independence
Portugal	BoD	-	(Adequate proportion)	(12)	(No independence)	(Yes)	(Controlling SH or company in group relationship)
	SB	-	[>50% including the Chair]	2 re-elections, up to a max. of 4 years each (total of 12 years)	No independence	Yes	2%
Saudi Arabia	1	Required	33% or 2	(9)	No independence	Yes	5%
Singapore[21]	1	Recommended	(Majority)	[9]	Explain	(Yes)	5%
		Recommended	[1/3]				
Slovak Republic	1+2	Recommended	-	-		No	-
Slovenia	1+2	Required	(50%)	(12)	(No independence)	Yes	(Controlling SH)[22]
South Africa	1	Required	Majority of non-executives	-	Conduct a review of the independence of the Director every 10 years.	Yes	-
Spain	1	Recommended	2	12	No independence	Yes	3%
Sweden	1	Required	(>50%)	-	-	Yes for 2	10%
Switzerland	1+2	Recommended[23]	(>50%)	-	-	No	-
Türkiye[24]	1	Recommended	(33% and 2)	6	No independence	Yes	Controlling SH
United Kingdom	1	Recommended	(50%)	9	Explain	No	-
United States	1	-	[>50%][25]	-	-		

Key: **[ ]** = requirement by the listing rules; **( )** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation. For 2-tier boards, separation of the Chair from the CEO is assumed to be required as part of the usual supervisory board/management board structure unless stated otherwise.

1. In **Brazil**, according to CVM Resolution No. 80/2022 (Annex K, Article 5º), the participation of independent members on the board of directors is mandatory for listed companies registered in category A with outstanding shares or certificated of deposit of shares.

2. In **Canada**, National Policy 58-201 Corporate Governance Guidelines provides that there should be a majority of independent directors.

3. In **Chile**, a mandatory independent board member is required for a listed company only if it has listed equity above 1, 500, 00 inflation linked units (approx. USD 61.5 million as of Dec. 2022) and at least 12.5% of its shares with voting rights are owned by shareholders who do not individually own or control more than 10% of such shares.

4. In **Costa Rica**, the Corporate Governance Regulation was reformed to adopt a new regulatory requirement with multiple criteria for board independence that took effect on 1 January 2023, including a transitionary measure for the provision setting 9 years within a 12-year period as the maximum to be considered independent to be phased in gradually by 2026.

5. In **Estonia**, if there is an uneven number of board members, there may be one independent director less than dependents to comply with the code recommendation.

6. In **Finland**, pursuant to the Corporate Governance Code, the board of directors may, based on an overall evaluation, determine that a director is not independent of the company or a significant shareholder if the director has served as a director for more than 10 consecutive years. The effect of a director's long service history (in excess of 10 consecutive years) on his/her independence shall be evaluated at regular intervals as part of the overall evaluation, i.e. at least once a year.

7. In **Germany**, according to the German Corporate Governance Code, the supervisory board shall include an appropriate number of independent members (regarding the members appointed by the shareholders). The Code contains further specifications (see Table 4.7). Also, not more than two former members of the management board shall be members of the supervisory board.
8. In **Hong Kong (China)**, pursuant to the Corporate Governance Code, if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders and the relevant shareholder circular should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected.
9. In **Hungary**, according to Section 3:286 (3) of the Civil Code, controlled companies are not subject to this independence requirement.
10. In **India**, as per Companies Act, 2013, the separation of the CEO and chair of the board is mandatory unless the company does not carry multiple businesses or if the articles of the association of the company provide otherwise. This requirement applies to public companies, whether listed or not, above a certain size threshold. Further, where the chairperson of the board is a non-executive director, at least one-third of the board is required to be comprised of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board must be independent. However, where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of the board or at one level below the board, at least half of the board of the listed entity must be independent.
11. In **India**, independent directors can be appointed for a term up to a period of 5 years and are eligible for re-appointment on passing of special resolution by the company for another term of up to 5 years. They can present themselves for reappointment as independent directors, after a cooling off period of three years.
12. In **Indonesia**, the maximum term of office for independent supervisory board members (called commissioners) is two periods of the board term. Independent commissioners can be appointed for more than two periods as long as they explain why they consider themselves independent at the General Shareholder Meeting.
13. In **Israel**, a separation of the Chair and CEO may be waived (for a 3-year term) subject to the approval of the majority of those shareholders who do not have 'personal interest' in the decision and/or do not hold control of the company or if no more than 2% of those shareholders objected to such nomination.
14. In **Israel,** following nine years as an independent board member, the director's tenure on the board ends and he or she is not allowed to serve as an officer, an employee, or to provide services to the company, whether directly or indirectly, for two years.
15. In **Italy**, the Corporate Governance Code does not recommend explicitly the separation of the chair and the CEO, but at the same time requires, in case of the concentration of offices, the appointment of a Lead Independent Director.
16. In **Italy**, the Corporate Governance Code sets other independence criteria and recommends a different minimum number of independent directors in the board (33% in controlled or 50% in non-controlled large companies; at least two independent directors for all the other listed companies).
17. In **Japan**, the Companies Act was amended in 2019 to require certain types of companies to appoint at least one outside director, eliminating an exception that allowed them to avoid appointing an outside director by explaining the reason. In addition, Japan's Corporate Governance Code indicates that companies listed on the Prime Market of TSE should appoint at least one-third of their directors as independent directors (two directors if listed on other markets), although, if a company listed on the Prime Market of TSE in its own judgement believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors, it should appoint a sufficient number of independent directors.
18. In **Korea**, the requirement for more than 50% and at least 3 independent directors applies to the largest listed companies. Listed companies with equity capital valued less than 2 trillion won must elect at least 25% independent directors.
19. In **Malaysia**, the 12-year tenure limit prescribed under the Listing Requirements took effect from 1 June 2023 onwards. Further, Practice 5.3 of the Malaysian Code on Corporate Governance recommends that the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain the independent director beyond nine years, the board should seek annual shareholders' approval through a two-tier voting process.
20. In **Peru**, the independent director cannot have more than 10 continuous or alternate years during the last 15 years as an independent director of the company or of any company of its economic group.
21. In **Singapore**, a majority of independent directors is recommended for companies if the chair is not independent. Furthermore, The SGX Listing Rules previously required the appointment of independent directors who have served beyond nine years to be subject to a two-tier vote requiring approval by the majority of (i) all shareholders; and (ii) all shareholders excluding shareholders who also serve as directors or the CEO and their associates. These rules were amended on 11 January 2023. Under the new regime, the SGX Listing Rules require independent directors to be subject to a nine-year tenure limit. Independent directors who have served beyond such limit must be redesignated as non-independent within a prescribed time limit.
22. In **Slovenia**, the threshold for assessing independence is in relation to a "controlling shareholder". A shareholder is considered to be a controlling shareholder if they hold the majority of voting rights, if they control the company based on an enterprise contract or if it controls the company in practice through other reasons.
23. In **Switzerland**, the separation of the CEO and the chair of the board is required for banks and insurers. The code recommends that the audit committee and the compensation committee consist of independent members of the board. The chairperson of the board should not also be the chairperson of the audit committee; respectively non-executive and independent members (Articles 22 and 37 of the Swiss Code of Best Practice for Corporate Governance (economiesuisse) 2014).

24. In **Türkiye**, in case the same person is appointed as the CEO and the chair of the board, this shall be disclosed to the public along with its justification. On the other hand, the CEO and the chair of the board cannot be the same person for banks and insurers. The number of independent directors shall not be less than 1/3 of the total director number, while smaller companies shall have a minimum of two independent directors. Also, the independent director cannot hold more than 5% of capital in the company or its controlling shareholder.
25. In the **United States**, controlled companies are not subject to this independence requirement.

Table 4.7. Requirement or recommendation for board independence depending on ownership structure

Jurisdiction	Provision for independent board depending on ownership structure		
		Factors influencing the independent board requirement	
Chile	Minority shareholders	A mandatory independent board member is required for a listed company, **only if it has listed equity above 1 500 000 inflation linked units** (approx. USD 61.5 million as of December 2022) **and at least 12.5%** of its shares with voting rights **are owned by shareholders** who **do not individually own or control more than 10%** of such shares. Board independence is defined not only in relation to shareholders but also in relation to material business relationships.	
France	Controlling shareholders	*Companies **without controlling shareholders**:*	- **The code recommends that a majority** of the directors should be independent.
		*Companies **with controlling shareholders**:*	- **At least one-third** of the directors should be independent.
		For small and medium listed companies, Middlenext's corporate governance code recommends that the board should include **at least two independent directors.** This number may be reduced to one member when the board has five members or less. This may be increased on boards with a large number of members.	
Germany	Controlling shareholders	*Companies **without controlling shareholders**:*	- According to the recommendation of the German Corporate Governance Code, more than half of the members of the supervisory board shall be independent from the company and the executive board (regarding the members appointed by the shareholders).
		*Companies **with controlling shareholders**:*	- Additionally, in case the supervisory board has six or less members, at least one, in other cases at least two members, shall be independent from the controlling shareholders (regarding the members appointed by the shareholders).
Israel	Controlling shareholders	*Companies **with dispersed shareholding**:*	- **A majority** of the directors should be independent.
		*Companies **with controlling shareholders**:*	- **At least one-third** of the directors should be independent.
Italy	Pyramidal and integrated group structures	Companies belonging to an integrated group which are controlled by another listed company (pyramid) **must have a board with a majority of independent directors** as a listing requirement (For the purpose of such provisions independent directors cannot serve in the parent company's board).	
	Controlling shareholder	*Large companies without controlling shareholders:*	- The Corporate Governance Code recommends that a majority of the directors should be independent.
		Large companies with controlling shareholders:	- At least one-third of the directors should be independent.
United States	Controlling shareholders	A listed company of which more than **50% of the voting power** for the election of directors is held by an individual, a group or another country is **not required** to comply with the majority independent board requirement.	

Table 4.8. Employees on the board

Jurisdiction	Tier	Minimum number of employees	Minimum requirement	Maximum allowance
Argentina	2	-	-	-
Australia	1	-	-	-
Austria	2	300	33%	-
Belgium	1	-	-	-
Brazil	1	-	-[1]	-
Canada	1	-	-	-
Chile	1	-	-	-
China	2	-	33%[2]	-
Colombia	1	-	-	-
Costa Rica	1	-	-	-
Czech Republic	2	500	33%	50%
Denmark[3]	1+2	35	2	50%
Estonia	2	-	-	-
Finland	1+2	150[4]	-	
France[5]	1+2	1000 or 5000	1 or 2	33% or 5
Germany[6]	2	2001	50%	50%
		501-2000	33%	-
Greece	1	-	-	-
Hong Kong (China)	1	-	-	-
Hungary	1+2	200	33%	-
Iceland[7]	2	-	-	-
India	1	-	-	-
Indonesia	2	-	-	-
Ireland[8]	1	-	-	-
Israel	1	-	-	-
Italy	T+1+2	-	-	-
Japan	C+A+S	-	-	-
Korea	1	-	-	-
Latvia	2	-	-	-
Lithuania	1+2	-	-	-
Luxembourg	1+2	1000	33%	33%
		1000	-	33%
Malaysia	1	-	-	-
Mexico	1	-	-	-
Netherlands	1+2	100	-	33%[9]
New Zealand	1	-	-	-
Norway	1+2[10]	31, 51 and 201	1 for lowest category; 33% min. 2 for middle category, and 33% min. 3 for largest category	-
Peru	1	-	-	-
Poland	2	-	-	-
Portugal	2C+2A+2G	-	-	-
Saudi Arabia	1	-	-	-
Singapore	1	-	-	-
Slovak Republic	1+2	50	33%	50%
Slovenia	1+2	500	1/3	50%
South Africa	1	-	-	-
Spain	1	-	-	-
Sweden	1	1000	3[11]	50%
		25-999	2	50%
Switzerland	1+2	-	-	-

Jurisdiction	Tier	Minimum number of employees	Minimum requirement	Maximum allowance
Türkiye	1	-	-	-
United Kingdom	1	-	-	-
United States	1	-	-	-

Key: Minimum number of employees: Refers to the minimum company size threshold under which a requirement for employee board members applies; Minimum requirement: refers to the minimum requirement (number or percentage) of employees on the board; Maximum allowance: Refers to the maximum limit (number or percentage) of employees on the board.

1. In **Brazil**, federal state-owned enterprises with at least 200 employees (including listed SOEs) must have one employee representative on the board of directors.

2. In **China**, the proportion of employee representatives on the supervisory board shall not be less than one-third, and the specific proportion shall be stated in the company's articles of association.

3. In **Denmark**, there is no requirement for employee board representation but a statutory right for employees to appoint representatives (depending on the size of the board).

4. In **Finland**, employee representation in the administration of companies may be implemented as agreed between the employer and the personnel. If no agreement is reached on personnel representation, the personnel shall have the right to nominate their representatives to one administrative body, which shall be selected by the company from among a) supervisory board, b) board of directors, or c) similar bodies that together cover the profit units of the company. In cases where employees are appointed to the board, the minimum number of employee representatives is one and maximum allowance is four or 25%.

5. In **France**, employee representatives must be appointed to the board of directors or to the supervisory board when a company employs over two consecutive years at least 1 000 permanent employees, either directly or through subsidiaries located in France, or at least 5 000 employees, either directly or through subsidiaries worldwide. In that case, there must be at least one employee representative when the board consists of 12 members or fewer, and at least two employee representatives otherwise (commercial code Articles L. 225-27-1 and L225-79-2).

Furthermore, in **France**, employee representatives may be appointed to the board of directors within a certain limit (five persons or one-third of board members whichever is smaller for the companies whose shares are allowed to be traded in the regulated market) if the company's articles so permit. In companies with a 2-tier structure, the maximum number of employee representatives on the supervisory board is four persons or one-third of members.

6. Large **German** companies (with more than 2 000 German-based employees) subject to co-determination must have employees and union representatives filling 50% of the seats on the supervisory board but with the chair having the casting vote.

7. In **Iceland**, the board in its supervisory function is composed of non-executive directors only; therefore no employee representatives nor executives on the supervisory board.

8. In **Ireland**, worker participation legislation requires board representation in certain state-owned enterprises.

9. In large companies in the **Netherlands** (those in the "structure regime" required for companies with more than EUR 16 million in capital and at least 100 employees based in the Netherlands), the Works Council (representing company employees) may recommend candidates to the supervisory board for nomination that are then subject to election by the shareholders. One-third of the recommended candidates will be nominated by the supervisory board for election, unless the supervisory board deems the candidate(s) unfit, in which case the supervisory board needs to go to the Enterprise Chamber of the Amsterdam Court of Appeal.

10. In **Norway**, one-third of the corporate assembly members with deputy members are elected by and amongst the employees.

11. In **Sweden**, there is no requirement for employee board representation but a statutory right for employees to appoint up to three representatives (depending on the size of the company).

Table 4.9. Board-level committees

Jurisdiction	Audit committee			Nomination committee			Remuneration committee		
	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members
Argentina	L	C	66%	C	C	(66%)	C	C	(100%)
Australia[1]	R	C/R	(>50%)	C	C	(>50%)	C/R	C	(>50%)
Austria	L	L	1 or 2	C	-	-	C	-	(50%)
Belgium	L	-	1	C	-	(>50%)	L	-	>50%
Brazil	C[2] R	C	(>50%) 33%	-	-	-	C	C	(100%)
Canada	L	L	100%	C	C	(100%)	C	C	(100%)
Chile	L	L	50%	-	-	-	L[3]	L	50%

Jurisdiction	Audit committee			Nomination committee			Remuneration committee		
	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members
China	L	L	(>50%)	C	C	(>50%)	C	C	(>50%)
Colombia	L	L	2	C	C	(100%)	C	C	(1)
Costa Rica	L	L	1	C	C	(1)	C	C	(1)
Czech Republic	L	-	(>50%)	C	-	(>50%)	C	-	(>50%)
Denmark	L	L	50%	C	-	(50%)	C	-	(50%)
Estonia	L	L	>50%	-	-	-	-	-	-
Finland[4]	L, C	C	(>50%)	C	-	(>50%)	C	-	(>50%)
France	L	-	(66%)	C	-	(50%)	C	C	(50%)
Germany	L	C	1	C	C	(100%)	-	C	-
Greece	L	L	>50%	L	L	2/ >50%	L	L	2/ >50%
Hong Kong (China)[5]	R	R	>50%	R	R	>50%	R	R	>50%
Hungary	L	L	100%	C	-	(50%)	C	-	(50%)
Iceland	L	-	(>50%)	C	Not member of BOD	(>50%)	C	-	(>50%)
India	L	L	66%	L	L	66%	L	L	66%
Indonesia[6]	L	L	100%	L	L	(33%)	L	L	(33%)
Ireland	L	L	(>50%)	C	C	(50%)	C	C	(100%)
Israel	L	L	>50%	-	-	-	L	L	>50%
Italy	L	L	100%	C	-	(>50%)	C	C	(>50% with independent Chair)
Japan[7]	L	-	>50%	L/C	-	>50%	L/C	-	>50%
Korea[8]	L	L	>50%	L	C	>50%	C L for financial institutions with few exceptions)	C	(100%)
Latvia	L	L	>50%	-	-	-	-	-	-
Lithuania	L	L	>50%	C	-	-	C	-	-
Luxembourg	C	-	(50%)	C	-	-	C	-	-
Malaysia	R	R	>50%	R; L (financial institutions)	L (financial institutions)	>50%	C; L (financial institutions)	L (financial institutions)	>50%
Mexico	L	L	100%	-	-	-	C[9]	L, C	(>50%)
Netherlands	L	L	>50%	C	C	(>50%)	C	C	(>50%)
New Zealand	R		>50%	C	-	(>50%)	C	-	(>50%)
Norway	L	-	1	C	-	(50%)	C	C	(100%)
Peru[10]	C	C	(Chair)	C	C	(Chair)	C	C	(Chair)
Poland	L	L	>50%	-	-	-	-	-	-
Portugal	L	L	>50%	C	-	(>50%)	C	C	(100%)
Saudi Arabia	L	C	1[11]	L	L	1	L	L	1
Singapore[12]	L R	 R	>50% (>50%)	R	R	(>50%)	R	R	(>50%)
Slovak Republic	C	C	>50%	C	-	-	L (financial institution)	-	(100%)
Slovenia	L	L	100%	C	C	(100%)	C	C	(100%)
South Africa	L, R, C	C	3	C	-	(>50%)	C[13]	C	-
Spain	L	L	>50%	L	L	(2)	L	L	(2)

Jurisdiction	Audit committee			Nomination committee			Remuneration committee		
	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members	Establi-shment	Chair indepe-ndence	Minimum number or ratio of independent members
Sweden	L[14]	-		C	C	(>50%)	C	-	All except chair
Switzerland	C	C	(100%)	C	-	(>50%)	L	C	(100%)
Türkiye	L	L	100%	L	L	The chair	L	L	The chair
United Kingdom	C	C	(100%)	C	-	(>50%)	C	C	(100%)
United States	L/R	L/R	100%	R	R	100%	L/R	L/R	100%

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; **( )** = recommended by the codes or principles; "**-**" = absence of a specific requirement or recommendation.

1. In **Australia**, the ASX Corporate Governance Principles and Recommendations recommend that the chair of the audit committee is independent. For the top 300 listed companies, this recommendation becomes a requirement under the Listing Rules. Similarly, it is recommended that listed entities have a Remuneration committee, which becomes a requirement for the top 300 listed companies under the Listing Rules. See Listing Rule 12.

2. In **Brazil**, the audit committee is optional, but, when in place, and in accordance with CVM Resolution No. 23/2021, it enables firms to rotate independent auditors every 10 years instead of every year.

3. In **Chile**, the directors' committee (with equivalent functions to an audit committee) is comprised by three members of the board, most of whom must be independent. The directors' committee is a requirement for corporations that have a stock market equity equal to or greater than the equivalent of 1 500 000 development units (approx. USD 61.5 million as of Dec. 2022) and at least 12.5% of its shares issued with voting rights are held by shareholders who individually control or own less than 10% of such shares.

4. In **Finland** the tasks of the audit committee are established by law but the committee itself is voluntary and the tasks can instead be handled by the full board. The Corporate Governance Code recommends an audit committee to be established, if the extent of the company's business requires that the preparation of the matters pertaining to financial reporting and control be done by a body smaller than the entire board of directors. Neither the managing director nor executive directors should be members of the nomination or remuneration committee.

5. In **Hong Kong (China)**, an issuer with a Weighted Voting Rights structure must establish a corporate governance committee which must be comprised entirely of independent non-executive directors, one of whom must act as the chairman (Main Board Listing Rules 8A.30 and 8A.31). The nomination committee can be chaired by the board chairman or an independent non-executive director (Main Board Listing Rule 3.27A).

6. In **Indonesia**, according to POJK No 34/POJK.04/2014 Article 3, listed companies and public companies are required to have an independent chair member from their independent commissioners in the committee on nomination and remuneration. Other members might come from commissioners, an independent external party, and person who is under the board of directors in the human resources division. Moreover, members of the committee from the human resources division should not be a majority.

7. In **Japan** the establishment of a board-level audit committee is mandatory for a company with the three committees model (C) and for a company with an audit and supervisory committee model (S), and, in both cases, the majority of members should be outside directors. The establishment of a nomination and remuneration committee is mandatory only for a company with the three committees model, and, in that case, the majority of members should be outside directors. For companies listed on the Prime Market, it is required that the majority of members of each committee be independent, and to disclose the committees' mandates and roles, as well as the policy regarding the independence of the composition.

8. In **Korea**, the establishment of a board-level audit committee and nomination committee is mandatory for listed companies with total assets valued at two trillion won or more as of the end of the latest business year. Every financial company shall establish a board-level audit committee, nomination committee, risk management committee, and a remuneration committee. However, the remuneration committee need not be established for a financial company if the audit committee deliberates on matters related to remuneration, amongst other aspects.

9. In **Mexico**, the Corporate Practices Committee is mandated by law to review information regarding remuneration for executives (Securities Market Law, Art. 25; Articles 41, 42 and 43, I, c). In addition, the Corporate Governance Code, Practice 18 requires the establishment of a committee in charge of remuneration.

10. In **Peru**, the Corporate Governance Code recommends that the audit committee, risk committee and remuneration committee for listed companies should be chaired by independent directors. Furthermore, the Code recommends that the number of committees depend on the size of the company and the nature of its business. However, financial entities, insurance companies and pension fund management companies, which are required to be listed companies, are obliged to set up an audit committee, a risk committee and a remuneration committee.

11. In **Saudi Arabia**, members of the audit committee shall be composed of shareholders or others, including at least one independent director, and it is recommended to have half of the members independent. Executive Directors are not allowed to be members of the audit committee.

12. In **Singapore**, where a listed company adopts a dual class share structure, the majority of each of the committees, including the respective chairmen, must be independent.

13. In **South Africa**, the requirement to have a remuneration committee is limited to issuers listed on the Main Board of the Johannesburg Stock Exchange.

14. In **Sweden**, the tasks of the audit committee are established by law but the committee itself is voluntary and the tasks can instead be handled by the full board. Neither the company chair nor any other member of the board may chair the nomination committee.

Table 4.10. Governance of internal control and risk management, including sustainability

Jurisdiction	Board responsibilities for risk management	Implementation of the internal control and risk management system	Board-level committees related to risk, including sustainability			Chief risk officers
			Risk management role of audit committee[1]	Establishment of separate risk committee	Establishment of separate sustainability committee	
Argentina	C	C	L/R	C	-	C
Australia	C, L[2]	C, L	C	C	-	-
Austria	L/C	L	L/C	-	-	-
Belgium	L	L	L	-	-	-
Brazil	-	-[3]	C/R	-	-	-
Canada	L	L	-	-	-	
Chile	C	C	-	-	C	-
China	L	L[4]	C	C	-	-
Colombia[5]	L	L	L	C	-	C
Costa Rica	L	L	-	C	-	C
Czech Republic	C	C	C	C	-	-
Denmark	L	L, C	L	-	-	-
Estonia	-	L	L	-	-	-
Finland	L/C	L/C	L/C	-	-	-
France	L	C	L	C	C	C
Germany	L/C	L/C	L/C	-	-	-
Greece	L	L	L	-	-	-
Hong Kong (China)	C	C	C	-	-	-
Hungary	C	C	-	-	-	C
Iceland	L	L	L	-	-	-
India[6]	L	L	L	L	-	-
Indonesia	L	L	L	-[7]	-	L
Ireland	C	C	C	-	-	-
Israel	L	L	-	-	-	L[8]
Italy	C	L/C	L	C	C [9]	-
Japan	L/C	L/C	-	-	-	-
Korea[10]	C	C	-	-	-	-
Latvia	C	C	L	-	-	-
Lithuania	C	C	C	-	-	-
Luxembourg			C		C	
Malaysia	L; C	L; C	-	C	C	-
Mexico	L	L	L, C	-	-	-
Netherlands	C	C	C	-	-	-
New Zealand	C	C	C	C	-	-
Norway	C	L/C	L	-	-	-
Peru[11]	C	C	C	C	-	-
Poland	-	L/C	L (surveillance)	-	-	-
Portugal[12]	L	L	-	-	-	-
Saudi Arabia	L	L/C	-	C	-	-
Singapore	R	R/C	R	C	-	-
Slovak Republic	L	L	L		-	L
Slovenia	L	C	L	-[13]	-	-
South Africa	L, R, C	L, R, C	C	C	L, C[14]	-
Spain	L	L/C	L/C	-	-	-
Sweden	C	C	L	-	-	-
Switzerland	L	C	C	-	-	-
Türkiye	L	L	-	L	-	-

Jurisdiction	Board responsibilities for risk management	Implementation of the internal control and risk management system	Board-level committees related to risk, including sustainability			Chief risk officers
			Risk management role of audit committee[1]	Establishment of separate risk committee	Establishment of separate sustainability committee	
United Kingdom	C	C	C[15]	-	-	-
United States	R[16]	L/R	L/R	-	-	-

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation; **N/A** = not applicable.

This table does not incorporate references to regulations and recommendations applying specifically to financial institutions, while they may be mentioned in a footnote.

1. Risk management role of audit committee: Indicates that risk management is explicitly included in the role of audit committee.

2. In **Australia,** entities that provide financial services under an Australian financial services licence are required under legislation to have in place adequate risk management systems. Directors' duties of care and diligence and good faith under the Corporations Act 2001 are also a source of board responsibility for risk management.

3. In **Brazil**, listed companies are required to disclose if they have a formal risk management policy in their Reference Form (shelf document). They also have to disclose its characteristics and the adequacy of the operational structure and of the internal controls for the verification of the risk management policy adopted.

4. In **China**, a listed company shall establish internal control and risk management systems, and set up a special department or designate an internal department to be responsible for risk management, such as inspection and supervision of the company's important operations, control over subsidiary companies, disclosure of financial information and compliance with the laws and regulations, etc.

5. In **Colombia**, establishment of a risk committee is mandatory for financial issuers, but for non-financial issuers it is voluntary. If the company has a complex and diverse structure for business and transactions, the Colombian national code recommends the establishment of a CRO. In the case of company groups or control configurations, it is recommended that the CRO has faculties over the conglomerate at large.

6. In **India**, the requirements specified above apply to listed entities. Further, the establishment of a separate risk management committee is mandatory for the top 1 000 listed entities by market capitalisation, and is voluntary for other listed entities under the Listing Regulations. The role of the risk management committee includes formulation of a detailed risk management policy which shall include a framework for identification of sustainability risks (particularly, ESG related risks).

7. In **Indonesia**, listed companies from the bank industry are obligated to establish a separate risk committee.

8. In **Israel**, internal auditors are in charge of risk management. The board of directors of a listed company is required to appoint an internal auditor, in charge of examining, inter alia, the propriety of the company's actions, in terms of compliance with the law and proper business management.

9. In **Italy**, the Code does not require the committee to be necessarily comprised by board members only but leaves it to the company to choose what composition is best for the committee that supports the board in pursuing the sustainable success of the company.

10. In **Korea**, every financial company shall establish a risk management board, however where a financial holding company has formulated risk management standards for its subsidiaries, subsidiaries do not need to formulate risk management standards.

11. In **Peru**, according to the Corporate Governance Code, the board of directors of any corporation establishes, among its members, special committees that focus on the analysis of the most relevant aspects for the performance of the corporation, such as audit, nomination and remuneration, risks, corporate governance, among others. The number of committees established depends on the size of the corporation and the nature of its businesses, having at least a nomination and remuneration committee and audit committee.

12. In **Portugal**, the duty to supervise the effectiveness of risk management systems, commonly attributed to audit committees, is performed, in any of the governance models admitted in the country, by the supervisory board.

13. In **Slovenia**, the establishment of a separate risk management committee has been made mandatory for banks and is voluntary for the rest of the companies.

14. In **South Africa**, public companies and public interest companies must have a Social and Ethics Committee, which is tasked with reviewing sustainability issues.

15. In the **United Kingdom**, although the Code recommends that audit committees cover risk management, it allows for the use of risk committees and for splitting the function across separate audit and risk committees.

16. In the **United States**, this is applicable only for NYSE-listed companies.

Table 4.11. Appointment of external auditors

Jurisdiction	Approval (appointment) of an external auditor		Role of the audit committee in relation to the external audit:		
	By the board	By the shareholders	Recommendation or nomination of external auditor	Setting audit fees	Reviewing the audit's scope and adequacy
Argentina[1]	*	L	C, L	-	C
Australia	L[2]	L	C	C	C
Austria[3]	*	L	L	L	L
Belgium	*	L	L	-	L
Brazil	L	-	L	-	L
Canada	-	L	L[4]	-	-
Chile	*	L	L[5]	-	L
China	*	L	L	-	L
Colombia	*	L/C	C	-	-
Costa Rica	L[6]	-	L	L	L
Czech Republic	N/A	L	L	-	L
Denmark	*	L	L	-	-
Estonia	*	L	L[7]	-	L
Finland	-	L	L	L[8]	L
France	*	L	L[9]	L	L[10]
Germany	*	L	L	L[11]	L
Greece	-	L	L	-	C
Hong Kong (China)	-	L, R	C	C	C
Hungary	L*	L	L[12]	L	L
Iceland	*	L	L	-	L
India	*	L[13]	L	L	L
Indonesia[14]	L	L	L	L	L
Ireland	L[15]	L	L[16]	-	L
Israel	-[17]	L	L[18]	L	L
Italy	-	L	L	-	L
Japan	-	L	L/C	-	-
Korea[19]	L	-	L	L	L
Latvia	-	L	L, C	-	L
Lithuania	-	L	L	L	L
Luxembourg	-	L	L	L	L
Malaysia[20]	*	L	R	C	R
Mexico	L[21]		L, C	L	L, C
Netherlands	*	L	L, C		L, C
New Zealand	R	-	R	R	R
Norway		L	L		L
Peru	L,*[22]	L, C	-	-	C
Poland	L	-	L[23]	-	L
Portugal	-	L	L	C	L/C
Saudi Arabia	*	L[24]	L	L	L
Singapore[25]	-	R, C	C	C	C
Slovak Republic[26]	-	L	L	-	L
Slovenia	-	L	L	L	L
South Africa	L	L	L, C	L, C	L
Spain	-	L	L	L	L
Sweden	L/C*	L	L	-	L
Switzerland	*[27]	L	C	C[28]	C
Türkiye	-	L	L	-	L
United Kingdom[29]	*	L	L	L (largest PLCs)	L (largest PLCs)

Jurisdiction	Approval (appointment) of an external auditor		Role of the audit committee in relation to the external audit:		
	By the board	By the shareholders	Recommendation or nomination of external auditor	Setting audit fees	Reviewing the audit's scope and adequacy
United States	L/R	-	L/R	L/R	L/R

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation; "*****" = board recommendation or approval for submission to shareholders' final approval, ratification or certification; **N/A** = not applicable. Please note that the provisions related to the internal audit and control function are covered under Table 4.1.

1. In **Argentina**, while Law 26 831 contains provisions establishing requirements for the approval and review of external auditor appointment, the new Corporate Governance Code recommends that the audit committee gives an opinion on the board's proposal for the appointment of external auditors.
2. In **Australia**, under s327A of the Corporations Act 2001, the directors of a public company must appoint an auditor of the company within one month after the day on which a company is registered as a company unless the company at a general meeting has appointed an auditor. Directors may also replace a casual vacancy in the office of auditor under Section 327C. In both situations, the auditor holds office until the company's first (or next) AGM.
3. In **Austria**, the audit committee is responsible for overseeing the audit of the financial statements, examining and monitoring the independence of the auditor, reporting to the supervisory board on the result of the audit and implementing the procedure for selecting the auditor (taking into account the appropriateness of the fee) including a recommendation on his appointment to the supervisory board.
4. In **Canada**, Section 2.3(2) of National Instrument 52-110 Audit Committee provides that an audit committee must recommend to the board of directors: (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer; and (b) the compensation of the external auditor.
5. In **Chile**, powers and duties of the directors' committee (with functions equivalent to an audit committee) include: a) proposing to the board of directors names for the external auditors that will be suggested to the shareholders' meeting, b) examining the reports of the external auditors and pronouncing an opinion on them prior to the presentation to the shareholders for their approval, and c) informing the board of directors regarding the convenience of hiring or not the external audit company for services that are not part of the external audit, when they are not prohibited, with attention to whether the nature of such services may generate a risk of loss of independence, among others. A new law also gives the directors' committee the power to provide an opinion regarding the company's ordinary related party transaction policy.
6. In **Costa Rica**, according to Article 4 of the Regulation of External Auditors (CONASSIF Agreement 01-10), the board must appoint the external auditor.
7. In **Estonia**, according to Article 98 of the Auditors Activities Act, the function of an audit committee is to monitor and analyse the process of auditing of annual accounts or consolidated accounts. In particular, an audit committee is required to give an overview of the results of the statutory audit and their work to the body that elected or the person that appointed its members and make proposals regarding the appointment or removal of an audit firm.
8. In **Finland**, according to the Companies Act, the annual general meeting decides on the appointment and remuneration of the auditor. According to the Finnish Corporate Governance Code, the board of directors can establish an audit committee to, among other things, prepare the appointment of the company's auditor. If there is no audit committee, the preparation of these tasks is the responsibility of the entire board or of another committee appointed by the board. In practice, the audit committee prepares the board's proposal for the auditor and the auditor's fee and the annual general meeting may, for example, decide that the auditor's fee is to be paid according to the auditor's invoice, in accordance with the procurement principles approved by the audit committee.
9. In **France**, the audit committee recommends a choice of auditors for election by the general assembly.
10. In **France**, through tender offers.
11. In **Germany** the supervisory board can delegate the setting of fees to the audit committee.
12. In **Hungary**, Section 3:291 (1) of the Civil Code requires setting up an audit committee to assist the supervisory board or management board in the selection of the auditor and in its co-operation with the auditor.
13. In **India**, in the case of state-owned companies, appointment of the statutory auditor is done by the Comptroller and Auditor General of India whereas for other companies, appointment is by shareholders. For listed entities, the role of the Audit Committee with regard to external auditors, inter-alia, includes the following: (i) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity, and (ii) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
14. In **Indonesia**, according to OJK Regulation No. 13/POJK.03/2017, the audit committee provides a recommendation to the board of commissioners (BOC) on the appointment/removal of the external auditor, as well as on the audit fees and the scope of audit. The board of commissioner could be the party who appoint the external auditor if the shareholder through AGM mandate it to the board of commissioners based on a recommendation from the audit committee.
15. In **Ireland**, the board may appoint the auditors in certain cases including to fill a vacancy (Companies Act, Section 384).
16. In **Ireland**, the audit committee submits a recommendation to the directors for the appointment of external auditors.
17. In **Israel**, the shareholders have the primary responsibility to appoint an external auditor. However, the board may appoint the first external auditor at any time before the first annual general meeting.

18. In **Israel**, the general meeting appoints and removes the external auditor, and approves the audit fees. However, in public companies, when removal of the external auditor or non-renewal of his appointment is on the general meeting's agenda, the audit committee is required to express its position on this matter, after giving the external auditor a reasonable opportunity to present his position to it. In addition, the audit committee (both in public and private companies) is required to examine the audit fees, to review the audit's scope, and to present its recommendations on those matters to the annual meeting or to the board if the general assembly has authorised it to make decisions in this regard.
19. In **Korea**, for listed companies with total assets valued at two trillion won or more, the audit committee shall appoint an accounting corporation or audit team. For other listed companies, the appointment shall be made by either the audit committee, the auditor, the company, or the general meeting of employees depending on the size, type, etc. of the company. When the company appoints an auditor, it shall report such fact to the regular general meeting of shareholders convened after the appointment or shall notify or publicly announce such fact to the shareholders.
20. In **Malaysia**, the audit fees may be determined by the board, as provided for under the Companies Act 2016. Guidance 9.3 of the Malaysian Code on Corporate Governance (MCCG) recommends that the audit committee in assessing the suitability, objectivity and independence of the external auditor should consider among others, the appropriateness of the audit fees.
21. In **Mexico**, provisions regarding the appointment of external auditors by the board are stated in Articles 28, 42 and 43 of the Securities Markets Law. Besides, criteria for selection, monitoring, and removal are provided by the Auditors' Provisions. In addition, the Corporate Governance Code encourages the audit committee to recommend to the board the candidates for external auditors, the conditions of employment and the scope of professional work and monitor their compliance. Similarly, the Code recommends the approval of those additional services to those of audit that will be provided by the external auditors.
22. In **Peru**, according to Article 114 of the General Corporation Law, the general shareholders' meeting designates the external auditor or delegates to the board their appointment. Also, in accordance with Principle 27 of the Code of Good Corporate Governance, the general shareholders' meeting, at the board's proposal, designates the external auditor. In practice, in companies having established an audit committee as recommended in the Code, said committee can give an opinion and/or participate in the appointment process of the external auditor.
23. In **Poland**, the audit committee prepares the selection procedures of the external auditor and makes recommendations.
24. In **Saudi Arabia**, according to Art. 78 of the Corporate Governance Regulation, the General Assembly appoints the Company's external auditor based on a recommendation from the Board, provided that the following requirements are met: i) the nomination shall be based on a recommendation from the audit committee; ii) the external auditor shall be authorised by the Competent Authority; iii) the external auditor's interests shall not conflict with the interests of the Company; and iv) the number of nominees shall not be less than two.
25. In **Singapore**, the board of directors must, within three months after incorporation of the company, appoint an external auditor who will hold office until the conclusion of the first shareholders annual general meeting. The appointment of external auditors will be approved at the annual general meeting by shareholders subsequently. Furthermore, the Listing Rules require a change in auditing firm to be approved by shareholders in a general meeting. The Code of Corporate Governance also recommends that the audit committee should make recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors. The Practice Guidance of the Code of Corporate Governance further recommends that for appointments and re-appointments of external auditors, the audit committee should evaluate the performance of the external auditor, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA).
26. In the **Slovak Republic**, in accounting entities that have an audit committee established or in which the supervisory board performs the functions of the audit committee, the board of directors submits to the general meeting or members' meeting a proposal for the approval or dismissal of the auditor based on the recommendation of the audit committee or supervisory board. If the accounting entity does not have a board of directors, a general meeting or a members' meeting, the procedure for approving and recalling the auditor of the accounting entity shall be established by a special regulation.
27. In **Switzerland**, the responsibility for the proposal for (re-)election to the general meeting lies with the entire board of directors.
28. In **Switzerland**, the audit committee should assess the performance and the fees charged by the external auditors and ascertain their independence, critically assess the appropriateness of the external audit engagement period on a recurring basis, as well as examine the compatibility of the auditing responsibilities with any consulting mandates. See FAOA Audit Committee Guide, 2nd Edition.
29. In the **United Kingdom**, legislation requires all companies with securities traded on regulated markets, as well as all deposit holders and insurers, to have an audit committee to select the auditor for the board to recommend to the shareholders. An exemption from having an audit committee is available for subsidiaries of other companies subject to the same framework. For the largest public companies, the board must accept the audit committee's recommendation, and for others, the shareholders must be informed of any departure by the board from the recommendation. For the largest public companies, the board is also bound by the audit committee's recommendation of the auditor's fees and decision as to the scope of the audit, though, for all companies, the fees must be recommended to the shareholders.

Table 4.12. Provisions to promote external auditor independence and accountability

Jurisdiction	Provisions for audit firm rotation	Time period for audit firm rotation and re-appointment				Provision for audit partner rotation (Yes, No)	Provisions on non-audit services	
		Maximum term years before rotation	Exceptions allowed (Yes, No)	Public tender (Yes, No)	Minimum years before re-appointment of the same auditor		Prohibitions or restrictions on non-audit services	Role of the audit committee in pre-approving allowed non-audit services
Argentina	-	-	No	No	-	Yes	-	-
Australia		-	-	No	-	Yes[1]	-	C
Austria	L	10	Yes	Yes	4	Yes	L	L
Belgium	L	9+9	Yes	Yes	4	Yes	L	L
Brazil	L	5	Yes		3	Yes	L	-
Canada[2]	-	-	N/A	N/A	-	Yes	L	L[3]
Chile[4]	-	-	-	-	-	-	L	L
China	C	5	Yes[5]	No	2	Yes	-[6]	-
Colombia	C	5/10[7]	No	No	-	Yes	L	-
Costa Rica	L	10	No		3	Yes	L	-
Czech Republic	L	10+10	-	Yes	4	Yes	L	L
Denmark	L	10+10	Yes	Yes	3	Yes	L	L
Estonia	L	10+10	No	No	4	Yes	L	L
Finland	L	10+10	Yes	Yes	4	No	L	L
France	L	10+6	Yes	Yes	4	Yes	L	L
Germany	L	10	Yes	Yes	4	Yes	L	L
Greece	L	5	No	No	2	Yes	L	L
Hong Kong (China)[8]	-	-	-	-	-	Yes	C	C
Hungary	L	10	No	No	4	Yes[9]	L	L
Iceland	L	10	Yes	Yes	1	Yes	L	L
India[10]	L	10	No	No	5	Yes	L	L
Indonesia	-	-	-	-	-	Yes[11]	L	-
Ireland	L	10	Yes		4	Yes	L	L
Israel	-	-	No	No	-	-	L, C	C
Italy	L	9[12]	Yes	No	4	Yes	L	L
Japan	-	-	-	-	-	Yes	L	C[13]
Korea	L	6	No	No	3	Yes	L	L
Latvia	L	10+10+2	No	Yes	4	Yes	L	L, C
Lithuania	L	10	No	No	4	Yes	L	L
Luxembourg	L	10+10	Yes	Yes	-	Yes	-	-
Malaysia[14]	-	-			-	Yes	-	C
Mexico	L, C	5	No	No	2	Yes[15]	L	L
Netherlands	L	10	No	No	5	Yes	L	-
New Zealand	-	-	-	-	-[16]	Yes	C	C
Norway	L	10+10	No	Yes	2	-	L	
Peru[17]	C	-			-	Yes	-	-
Poland	L	10	Yes	Yes	4	Yes	L	L
Portugal[18]	L	8 / 9 / 10	Yes	No	4	Yes	L, C	L, C
Saudi Arabia	L	7	Yes	No	3	Yes	L	L
Singapore	-	-			-	Yes[19]	L[20]	R, C
Slovak Republic[21]	L	10 + 10	Yes	Yes	4	Yes	L	L
Slovenia	L	7	No	No	2	Yes[22]	L	L
South Africa	L	5	No	No	5	Yes	L	L

Jurisdiction	Provisions for audit firm rotation	Time period for audit firm rotation and re-appointment				Provision for audit partner rotation (Yes, No)	Provisions on non-audit services	
		Maximum term years before rotation	Exceptions allowed (Yes, No)	Public tender (Yes, No)	Minimum years before re-appointment of the same auditor		Prohibitions or restrictions on non-audit services	Role of the audit committee in pre-approving allowed non-audit services
Spain	L	10	Yes	Yes	3	Yes	L	L
Sweden	L	(10+10)	No	Yes	4	Yes	L	L
Switzerland[23]	-	-	N/A	N/A	-	Yes[24]	L	C
Türkiye	L	7	No	No	3	Yes[25]	L	-
United Kingdom	L	20	Yes	Yes	4	Yes	L	L
United States	-	-	N/A	N/A	-	Yes[26]	L	L

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles;"**-**" = absence of a specific requirement or recommendation; **N/A** = not applicable.

Provisions for auditor rotation refer to the requirements or recommendations for listed companies to rotate their external audit providers after a given period. This table captures auditor rotation requirements applicable to audit firms and not lead or partner auditors or others on the audit team. Time periods shown in the table do not include additional periods provided for joint audits except as specified in footnotes.

Provisions for audit partner rotation refers to the requirements or recommendations for listed companies to rotate specifically the audit partner after a given period.

Prohibitions or restrictions on non-audit services refer to the rules prohibiting or restricting a statutory audit firm/external auditor from providing non-audit services to any listed company for which it is the statutory auditor (e.g. tax services).

Role of the audit committee in pre-approving allowed non-audit services refers to the rules allowing a statutory audit firm/external auditor to provide any non-audit service that is not explicitly prohibited to the audited listed company, based on the approval of the audit committee following an assessment of the threats to the audit firm/auditor's independence and the safeguards in place to mitigate those threats.

European Audit Regulation requires public interest entities to rotate their audit providers at least every 10 years, with a possibility to extend this period to a maximum of 20 years where a public tender is held after 10 years, or 24 years for joint audits.

1. In **Australia**, an individual can play a significant role in the audit of a particular listed company (as an individually appointed auditor, lead auditor or review auditor) for five successive years or five out of seven successive financial years (the 5/7 rule). The period may be extended either through regulatory relief or by the Board. The Board may extend an eligibility term by no more than two successive years. For listed companies, which are required to have an audit committee under the Listing Rules, this must be in accordance with a recommendation provided by the audit committee.

2. In **Canada**, Section 162 of the Canada Business Corporations Act, requires auditors to be appointed at each annual meeting.

3. In **Canada**, Section 2.3(4) of National Instrument 52-110 Audit Committee states that an audit committee must pre-approve all non-audit services to be provided to the issuer or its subsidiary entities by the issuer's external auditor.

4. In **Chile**, it is presumed that the partners of the external audit company lack independence of judgment with respect to an audited corporation, when they conduct the audit of the entity for a period that exceeds five consecutive years. Furthermore, the directors' committee, among its duties and powers, should inform the board of directors about the convenience of hiring or not hiring the external audit company for the provision of other services, provided that those services are not among the ones that the Securities Market Law explicitly establishes as incompatible with the external audit service for the same entity.

5. In **China**, the Code of Ethics issued by the CICPA provides for a cooling-off period under different circumstances, with a minimum of two years.

6. In **China**, restrictions on non-audit services are prescribed in the Code of Ethics for Professional Accountants released by CICPA.

7. In **Colombia**, regarding a Statutory Auditor-natural person without contract with any auditing firm, the maximum contract term is five years. Recommendation 29.10 further states that within the maximum contract term, halfway through it, the corporation promotes the turnover of the auditing-firm associates and the work teams assigned to it. At the end of such term, turnover of the firm itself must obligatorily take place.

8. In **Hong Kong (China)**, rotation requirements for individuals acting as engagement partner, responsible for the engagement quality control review and/or acting in any other key audit partner role are provided by the Hong Kong Institute of Certified Public Accountants' Code of Ethics for Professional Accountants. The maximum term before rotation is seven years, and the cooling off period before re-appointment is two years.

9. In **Hungary**, the maximum is for seven years.

10. In **India**, listed entities cannot appoint an individual as auditor for more than one term of five consecutive years and an audit firm as auditor for more than two terms of five consecutive years. Shareholders of a company may resolve to provide that in the audit firm appointed by it, the auditing partner and his team shall be rotated at such intervals as may be resolved by the shareholders. In case of audits of listed entities, the auditing partner should be rotated after a pre-defined period, normally not more than seven years.

11. In **Indonesia**, according to POJK regulation No. 13/POJK.03/2017, audit services on annual historical financial information from the same Audit Partner shall be limited to a maximum audit period of three consecutive accounting years. The restriction of usage of audit services is also required for Audit Partner that is associated party, that is, an Audit Partner who does not sign the independent auditors' report but was directly involved in the provision of audit services of annual historical financial information. Audit services from the same Audit Partner can only be

re-used after a cooling off period of two consecutive accounting years. Regarding the prohibition or restriction on non-audit services, the Audit Firm and its Audit Partner should not give assurance and non-assurance services in the same period or book year.

12. In **Italy**, audit firms must rotate every nine years, and key audit partners must rotate every seven years. In the case of an appointment of a statutory auditor (natural person), the term for rotation is seven years.

13. In **Japan**, when an audit firm provides non-assurance services in addition to audit services to Public Interest Entities, the following points are required under the Code of Ethics of the Japanese Institute of Certified Public Accountants (JICPA): (i) audit firms should provide information on non-guaranteed services to the company auditors etc. of Public Interest Entities that intend to provide such services; (ii) non-guaranteed business cannot be provided unless consented to by the Audit & Supervisory Board Members, etc.

14. In **Malaysia**, the Malaysian Institute of Accountant By Laws imposes a cooling off period of five years for the engagement audit partner after serving the company for seven years. For the provision of non-audit services, while there is no specific prohibition or restriction on such services, the Listing Requirements prescribe that a listed issuer shall disclose the amount of fees for the non-audit services rendered by the listed issuer's auditor, and where the fees are significant, the nature of the non-audit services rendered. Further, Guidance 9.3 of the Malaysian Code on Corporate Governance recommends that the audit committee establish policies and procedures that address among others, the requirement for non-audit services to be approved by the audit committee before they are rendered by the auditor.

15. In **Mexico**, the Auditors' Provisions state in Article 7 the maximum term for the partner in charge of the audit of a listed company/financial entity, for the revisor of the quality control and the lead auditor in charge of the audit of a listed company/financial entity, as well as for the cooling off period. In addition, the Corporate Governance Code states in Practice 27 that the partner and his/her team should rotate every five years, at the most. Additionally, Article 28, Section III of the Securities Markets Law establishes that the board is responsible for contracting of the legal entity that provides the external audit services and, where appropriate, of additional or complementary services to those of external audit.

16. In **New Zealand**, cooling-off periods are based on the *PES 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* adopted standard which outlines different cooling-off periods: five years for an engagement partner, 3-years for an individual responsible for the engagement quality control review, and two years for other key audit partners.

17. In **Peru**, the Corporate Governance Code recommends that the company should maintain a renewal policy for its independent auditor or its audit firm. The audit firm's work team must rotate at most every five years. In addition, the Corporate Governance Code indicates that the board of directors may agree to hire the audit firm or the independent auditor to perform other services different from those of the audit of accounts.

18. In **Portugal,** the auditor may be appointed for a maximum of two or three terms of office, depending on if they are of four or three years, respectively. This maximum period (eight or nine years) may be extended up to 10 years, if approved by the general meeting of shareholders under proposal of the supervisory body. The cooling-off period is four years for audit firms and three years for the key audit partner(s) responsible for carrying out the statutory audit.

19. In **Singapore**, the Listing Manual requires audit partners to be appointed for a maximum of five years by an issuer before rotation ("time on period") and a minimum two-years period before they are re-appointed by the same issuer ("cooling-off period"). The ACRA Code of Professional Conducts and Ethics for Public Accountants and Accounting Entities ("ACRA Code") also prescribes a time on period and cooling-off period for audit partners of public interest entities of seven years and five years respectively. As the stricter of the two requirements apply, the time on and cooling-off period for audit partners for listed companies is effectively five years each.

20. In **Singapore**, the Listing Manual does not prohibit or restrict the use of non-audit services. However, the aggregate amount of fees paid to auditors, broken down into audit and non-audit services, must be disclosed in the annual report. The audit committee must also confirm that it has reviewed all non-audit services provided by the auditors and that they would not, in the audit committee's opinion, affect the independence of the auditors. The Practice Guidance of the Code of Corporate Governance also recommends the audit committee assesses the independence and objectivity of the external auditors, taking into consideration the aggregate and respective fees paid for audit and non-audit services.

21. In the **Slovak Republic**, unless otherwise stipulated by a special regulation, a statutory auditor and an audit firm that carry out statutory audit in a public-interest entity shall conclude an audit contract with the public-interest entity for a period of at least two years and maximum of three years if the audit contract is concluded with the entity for the first time. The maximum duration of every next concluded audit contract with the public-interest entity may be no more than three years if the statutory auditor is approved by the general meeting of shareholders, general meeting of members or any other body of the audited entity which is approving and dismissing the statutory auditor.

22. In **Slovenia**, Article 45(2) of the Auditing Act provides that a certified auditor shall be prohibited from auditing an individual legal person, if he/she has, as key audit partner, audited the financial statements of a legal person for seven consecutive years following the date of his/her first appointment, and if following the last audit, two years have not passed for which another key audit partner audited the financial statements.

23. In **Switzerland**, the provisions for auditor rotation deal with the obligation of internal rotation with respect to the Lead Engagement Partner (individual auditor). It is not to be understood as external rotation (i.e. audit firm rotation). The Lead Engagement Partner is appointed for a period of one up to three financial years. Its term of office ends on the adoption of the annual accounts for the final year. Re-appointment is possible. (Art. 730a para. 1 Code of Obligations). The Audit Committee is also recommended to examine the compatibility of the auditing responsibilities with any consulting mandate (economiesuisse, Swiss Code of Best Practice for Corporate Governance, 2016, para. 24).

24. In **Switzerland**, the person who manages the (ordinary) audit may exercise his/her mandate for seven years at most. He/she may only accept the same mandate again after an interruption of three years (Art. 730a para. 2 Code of Obligations).

25. In **Türkiye**, CMB's audit communique refers to the Turkish Commercial Law No. 6 102 and Public Oversight Accounting and Auditing Standards Authority (KGK) regulations with regard to audit rotation. According to the relevant KGK's 'Audit Regulation', both audit firm and auditor are subject to the same rotation rules. Thus, the auditor should not provide any audit services to the same customer for which he/she provides audit services for seven years within the past ten-year period. The auditor's maximum service period to the same customer is calculated regardless of the audit firm she/he worked for.

26. In the **United States**, partner rotation, but not audit firm rotation, is required as is originally provided in Section 203 of the Sarbanes-Oxley Act of 2002 (now provided by statute in the Securities Exchange Act of 1934 Section 10A(j)) and Rule 2-01(c)(6) of Regulation S-X). While lead and concurring partners (or engagement quality reviewers) are required to rotate off an engagement after a maximum of five years and must be off the engagement for five consecutive years, other audit partners are subject to rotation after seven years on the engagement and must be off the engagement for two consecutive years. In addition the role of an audit committee in pre-approving allowed non-audit services is set forth in laws and regulations and is not based on a threats and safeguards approach.

Table 4.13. Audit oversight

Jurisdiction	Professional auditor/ accountancy body	Public oversight body	Funding resources of the public oversight body		Institutions in charge			
			Levies on audit fees	State budget	Approval and registration of external auditors and audit firms	Adoption of audit standards	Quality assurance system	Investigative and administrative disciplinary system
Argentina	Argentine Federation of Professional Councils of Economic Sciences (FACPCE)	Central Bank (BCRA), National Securities Commission (CNV), Superintendence of Insurance (SSN)	X	X	FACPCE / BCRA, CNV, SSN	FACPCE / BCRA, CNV, SSN	FACPCE / BCRA, CNV, SSN	FACPCE / CNV
Australia[1]	Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia, Institute of Public Accountants (IPA)	Australian Securities and Investments Commission (ASIC)	X	X	ASIC	ASIC,CA ANZ, CPA, IPA	ASIC, CA ANZ, CPA, IPA	ASIC, Companies Auditors Disciplinary Board (CADB), CA ANZ, CPA, IPA
Austria	Chamber of Tax Advisers and Auditors (KSW) / Institute for Austrian Certified Public Accountants (IWP)	Audit Oversight Body of Austria (APAB)	X		APAB	APAB / KSW	APAB	APAB / KSW
Belgium	Institute of Registered Auditors (IBR-IRE)	Belgian Audit Oversight College (CSR-CTR)	X[2]		IBR-IRE / CSR-CTR	IBR-IRE / High Council of the Economic Professions (CSPE-HREB) / Belgian Minister of Economy	CSR-CTR	CSR-CTR
Brazil	Federal Council of Accounting (CFC)	Securities and Exchange Commission of Brazil (CVM)		X[3]	CFC / CVM	CFC	CVM / CFC	CVM / CFC
Canada	Chartered Professional Accountants of Canada (CPA)	Canadian Public Accountability Board (CPAB)	X		CPAB	CPA	CPAB	CPAB
Chile		Financial Market Commission		X	CMF	CMF	CMF	CMF

Jurisdiction	Professional auditor/ accountancy body	Public oversight body	Funding resources of the public oversight body		Institutions in charge			
			Levies on audit fees	State budget	Approval and registration of external auditors and audit firms	Adoption of audit standards	Quality assurance system	Investigative and administrative disciplinary system
China	The Chinese Institute of Certified Public Accountants (CICPA)	Ministry of Finance of the PRC (MOF)	-[4]		MOF	MOF	MOF / CICPA	MOF / CICPA
Colombia	-	Central Board of Accountants (CBA)[5]		X	CBA	Technical Council for Accounti ng (TCA)	CBA / TCA	CBA
Costa Rica	Chamber of Certified Public Accountants (CCPCR)	General Superinten-dency of Securities (SUGEVAL), General Superintendency of Financial Entities (SUGEF), General Superintendency of Insurance (SUGESE) and Superintendency of Pensions (SUPEN)	X[6]	X	CCPCR / SUGEVAL/ SUGEF/ SUGESE / SUPEN	CCPCR	CCPCR	CCPCR / SUGEVAL / SUGEF / SUGESE / SUPEN
Czech Republic	The Chamber of Auditors of the Czech Republic (KACR)	Public Audit Oversight Board (RVDA)		X	KACR	KACR	RVDA	RVDA
Denmark	Danish Auditors (FSR)	Danish Business Authority (DBA)	X	X	DBA	FSR/DBA	DBA	DBA
Estonia	Estonian Auditors' Association (EAA)	Auditing Activities Oversight Board (AAOB)	X	X	AAOB	AAOB	AAOB	AAOB
Finland	Finnish Association of Auditors (FAA)	Finnish Patent and Registration Office, Auditor Oversight Unit (PRH)	X		PRH	FAA	PRH	PRH
France	National Association of Statutory Auditors (CNCC)	High Council for Statutory Audit (H3C)	X		H3C	H3C / CNCC	H3C	H3C
Germany	Institute of Public Auditors (IDW) / Chamber of Public Accountants (WPK)	Auditor Oversight Body (APAS)	X	X	WPK	IDW	APAS	APAS
Greece	Institute of Certified Public Accountants in Greece (SOEL)	Hellenic Accounting and Auditing Standards Oversight Board (HAASOB)	X[7]		HAASOB / SOEL	HAASOB	HAASOB	HAASOB
Hong Kong (China)	Hong Kong Institute of Certified Public Accountants (HKICPA)	Accounting and Financial Reporting Council (AFRC)[8]	X	X	AFRC	HKICPA	AFRC	AFRC
Hungary	Hungarian Chamber of Auditors (MKVK)	Auditors' Public Oversight Authority (KKH)	X	X	MKVK	MKVK	KKH	KKH MKVK

Jurisdiction	Professional auditor/ accountancy body	Public oversight body	Funding resources of the public oversight body		Institutions in charge			
			Levies on audit fees	State budget	Approval and registration of external auditors and audit firms	Adoption of audit standards	Quality assurance system	Investigative and administrative disciplinary system
Iceland	Institut of State Authorized Public Accountants (FLE)	Audit Oversight Board (AOB)	X		AOB	AOB	AOB	AOB
India	Institute of Chartered Accountants of India (ICAI)	National Financial Reporting Authority (NFRA)		X	ICAI	NFRA / ICAI	NFRA / ICAI	NFRA / ICAI
Indonesia	Indonesian Institute of Certified Public Accountants (IAPI) / Institute of Indonesia Chartered Accountants (IAI)	Finance Professions Supervisory Centre (PPPK) – Ministry of Finance and Indonesia Financial Services Authority (OJK)		X[9]	PPPK/OJK	IAPI	PPPK/OJK	IAPI / PPPK/OJK
Ireland	Recognised Accountancy Bodies (RABs)[10]	Irish Auditing and Accounting Supervisory Authority (IAASA)	X	X	RABs / IAASA	IAASA	IAASA	IAASA / RABs
Israel	Israel Auditors' Council (IAC) Institute of Certified Public Accountants in Israel (ICPAI)	Israel Peer Review Institute (IPRI)[11]	X		IAC	ICPAI	IPRI	IAC
Italy		Italian Securities and Exchange Commission (CONSOB)	X		Ministry of Economy and Finance (MEF)	MEF/CONSOB[12]	CONSOB	CONSOB
Japan	Japanese Institute of Certified Public Accountants (JICPA)	Certified Public Accountants and Auditing Oversight Board (CPAAOB) established within the Financial Services Agency (FSA)		X	FSA	FSA (Business Accounting Council)	CPAAOB / JICPA	CPAAOB / FSA
Korea	The Korean Institute of certified public accountants (KICPA)	Financial Services Commission (FSC), Financial Supervisory Service (FSS)	X	X	FSC/FSS	FSC	FSC/FSS	FSC/FSS
Latvia	Latvian Association of Sworn Auditors (LASA)	Ministry of Finance (MoF)		X	LASA	LASA	MoF	MoF
Lithuania	Lithuanian Chamber of Auditors (LAR)	Authority of audit, accounting, property valuation and insolvency management (AVNT)		X	LAR	AVNT / LAR	AVNT	AVNT
Luxembourg	Institute of Statutory Auditors (IRE)	Financial Supervisory Commission (CSSF)	X		CSSF	CSSF	CSSF	CSSF
Malaysia	Malaysian Institute of Accountant (MIA)	Audit Oversight Board (AOB)	-[13]	-	AOB	MIA	AOB and MIA	AOB and MIA

Jurisdiction	Professional auditor/ accountancy body	Public oversight body	Funding resources of the public oversight body		Institutions in charge			
			Levies on audit fees	State budget	Approval and registration of external auditors and audit firms	Adoption of audit standards	Quality assurance system	Investigative and administrative disciplinary system
Mexico	Mexican Institute of Public Accountants (IMCP)	Comisión Nacional Bancaria y de Valores (CNBV) General Administration of Fiscal Audit Federal Tax Administration Service		X	IMCP General Administration of Fiscal Audit Federal Tax Administration Service	IMCP / CNBV	IMCP / CNBV	IMCP
Netherlands	Royal the Netherlands Institute of Chartered Accountants (NBA)	Authority for Financial Markets (AFM)	X		AFM / NBA	NBA / approval of standards by the Ministry of Finance	AFM	AFM
New Zealand	New Zealand Institute of Chartered Accountants (NZICA)	Financial Markets Authority (FMA)		X	NZICA	XRB	FMA	NZICA/FMA
Norway	Norwegian Institute of Public Accountants (NIPA)	Financial Supervisory Authority of Norway (FSAN)	X		FSAN	NIPA	FSAN	FSAN
Peru	Peruvian Public Accountants Associations (PPAA)	Superintendence of Securities Market (SMV)[14]	-[15]	-	PPAA	SMV	SMV	PPAA/SMV
Poland	Polish Chamber of Statutory Auditors (PIBR)	Polish Agency for Audit Oversight (PANA)	X[16]		PIBR / PANA	PIBR / PANA	PANA	PANA
Portugal	Portuguese Statutory Audit Institute (OROC)	Portuguese Securities Market Commission (CMVM)	X		CMVM / OROC	OROC	CMVM	CMVM / OROC
Saudi Arabia	Saudi Organization for Certified Public Accountants (SOCPA)	Capital Market Authority (CMA)	X[17]	-	CMA	SOCPA	SOCPA / CMA	SOCPA / CMA
Singapore	Institute of Singapore Chartered Accountants (ISCA)	Accounting and Corporate Regulatory Authority (ACRA)	-[18]	-	ACRA	ACRA	ACRA	ACRA
Slovak Republic	Slovak Chamber of Auditors (SKAU)	Auditing Oversight Authority (UDVA)	X	X	UDVA	SKAU/ UDVA	UDVA	UDVA
Slovenia	Agency for Public Oversight of Auditing (ANR)	Agency for Public Oversight of Auditing (ANR)	X	X	ANR	ANR	ANR	ANR
South Africa	South African Institute of Chartered Accountants (SAICA)	Independent Regulatory Board for Auditors (IRBA)	X	X	SAICA/ IRBA	IRBA	IRBA	IRBA
Spain	Institute of Chartered Accountants of Spain (ICJCE)	Accounting and Auditing Institute (ICAC)	X		ICAC	ICAC / Professional bodies	ICAC	ICAC

Jurisdiction	Professional auditor/ accountancy body	Public oversight body	Funding resources of the public oversight body		Institutions in charge			
			Levies on audit fees	State budget	Approval and registration of external auditors and audit firms	Adoption of audit standards	Quality assurance system	Investigative and administrative disciplinary system
Sweden	Institute for the Accountancy Profession in Sweden (FAR)	Swedish Inspectorate of Auditors (RI)	X		RI	RI / FAR	RI	RI
Switzerland [19]	EXPERTsuisse/ Treuhand | suisse / Veb.ch	Federal Audit Oversight Authority (FAOA)	X		FAOA	EXPERT suisse / FAOA	FAOA	FAOA
Türkiye[20]	Union of Chambers of Certified Public Accountants of Türkiye	Public Oversight Accounting and Auditing Standards Authority (KGK) / Capital Markets Board (CMB)	X	X	KGK / CMB	KGK	KGK / CMB	KGK / CMB
United Kingdom	Recognised Supervisory Bodies (RSBs) / Recognised Qualifying Bodies (RQBs)[21]	Financial Reporting Council (FRC)	X		RSBs	FRC	FRC	FRC
United States	Public Company Accounting Oversight Board (PCAOB), and State Boards for Public Accountancy.	SEC	X[22]	N/A	PCAOB	SEC/ PCAOB	PCAOB	SEC/ PCAOB

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation; **N/A** = not applicable.

Professional accountancy body refers to the professional body responsible for providing regulation and oversight over individuals and firms operating in the accountancy industry.

Public oversight body refers to the public body responsible for supervising the audit profession and monitoring compliance with requirements for auditors' independence and conduct.

Quality assurance system refers to the quality assurance reviews or inspections carried out for audits of all listed entities that prepare financial reports.

Investigative and administrative disciplinary system refers to investigative and disciplinary procedures carried out for professional accountants.

1. In **Australia**, each year, the government publishes a legislative instrument setting out ASIC's regulatory costs for the previous financial year and how they are allocated. ASIC then issues levy notices to recover most of its regulatory costs from regulated entities. Regulatory costs are also recovered through fees for service pursuant to the Corporations (Fees) Regulations 2001.

2. In **Belgium**, the costs supported by the FSMA for the functioning of the CSR-CTR as well as the costs for the functioning of the sanctions committee of the FSMA as regards the audit profession are covered by fees from the profession. It is a legal obligation for the members of the profession to contribute via their fees.

3. In **Brazil**, the CVM generates its own revenues charging fees and fines from capital market participants and collecting resources from legal settlements under the Securities Act's consent decree clause. However, all resources must be sent to the central government to be included in the federal annual budget.

4. In **China**, according to the chapter of CICPA, the financial resources of the CICPA come from membership dues, donations, subsidies from the government, revenue from the operating activities and services provided by the Institute and other revenues.

5. In **Colombia**, the Central Board of Accountants (CBA) is supported by the Technical Council for Accounting (TCA) on topics related to the adoption of law and standards.

6. In **Costa Rica**, SUGEVAL's budget is 80% funded by the Central Bank and 20% funded by compulsory contributions of regulated entities. However, an amendment to the Law Regulating the Securities Market and other related laws, achieved by Law 9 746 (adopted in October 2019), changed the financing to a 50% – 50% split. Starting in 2024, compulsory contributions of regulated entities will increase by 7.5% annually until the 50% is achieved in 2027.

7. In **Greece**, if the levied fees are not sufficient to cover HAASOB's operating costs, then HAASOB is subsidised by the state budget.
8. In **Hong Kong (China)**, since 1 October 2022, the Financial Reporting Council has been renamed as the Accounting and Financial Reporting Council (AFRC) to oversee the accounting profession. The AFRC is vested with the statutory functions to issue practicing certificates to certified public accountants, register practice units and public interest entity auditors and deal with matters regarding inspection, investigation and discipline of the accounting profession.
9. In **Indonesia**, the PPPK is funded from the state budget, while the OJK is funded from registration, annual fees of auditors, and accounting firm fees based on a certain percentage of engagement, and/or state budget.
10. In **Ireland**, Recognised Accountancy Bodies (RABS) refer to the professional bodies which are approved by the Companies Act 2014 and monitored by the IAASA as responsible for licensing their members to perform audits: the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants in Ireland (ICAI) and the Institute of Certified Public Accountants in Ireland (CPA).
11. In **Israel**, the IPRI is a subsidiary of the ICPAI.
12. In **Italy**, the MEF adopts audit standards having heard the opinion of CONSOB.
13. In **Malaysia**, the AOB is funded primarily from the registration fees of audit firms and individual auditors. In addition, the AOB also receives funding from the Securities Commission Malaysia.
14. In **Peru**, according to Article 1 of SMV´s Organic Law, the SMV supervises compliance with international auditing standards by auditing firms authorised by any of the Peruvian public accountants associations and hired by natural or legal persons subject to SMV oversight. The SMV may issue general provisions consistent with international auditing standards and require any information or documentation to verify such compliance.
15. In **Peru**, SMV's Organic Law includes the possibility of obtaining funding resources from the Central Government and fines from wrongdoers; nevertheless, the main source of resources of the SMV is the income from the contributions of issuers and supervised entities.
16. In **Poland**, PANA is directly funded from fees paid by audit firms. It may also be funded from the state budget, if needed.
17. In **Saudi Arabia**, the Capital Market Law (CML) states that government funds may be used as a source of financial resources for the CMA. However this has not been the case in practice and the CMA remains fully self-funded from fees for services and commissions charged by the authority and fines and financial penalties imposed on violators.
18. In **Singapore**, ACRA is a self-funded regulatory agency. Its main sources of income are from statutory fees payable under the Acts administered by ACRA (e.g. company, business, public accountant and corporate service provider registration and related fees) and fees from provision of information services related to such entities.
19. In **Switzerland**, the FAOA is funded by fees levied off registered individuals and firms (for its decisions, inspections and services). To cover the oversight costs that are not covered by fees, the FAOA charges an annual oversight levy to audit firms under state oversight on the basis of the costs incurred in the accounting year in question (see Art. 21 Auditor Oversight Act and Art. 37 Auditor Oversight Ordinance). Furthermore, the professional body EXPERTsuisse issues auditing standards. However, the FAOA has the competence to approve, amend or derogate existing auditing standards or to adopt its own standards. This competence is limited to standards applying to financial audits of Public Interest Entities (Art. 16a para. 2 Auditor Oversight Act).
20. In **Türkiye**, KGK is in charge of authorising and registering external auditors. However, external auditors shall also be authorised by the CMB to be able to audit public companies. In this respect, the CMB may inspect and impose administrative fines to external auditors if necessary.
21. In the **United Kingdom**, professional bodies which are approved and monitored by the FRC as responsible for supervising the work of their member auditors and audit firms include: the Association of Chartered Certified Accountants (ACCA), Chartered Accountants Ireland (ICAI), the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Scotland (ICAS).
22. In the **United States**, funding for the PCAOB is specified by law and regulation and is derived from fees levied on issuers, brokers and dealers, and audit firms.

Table 4.14. Voting practices for board election

Jurisdiction	Majority requirement for board election	Voting for: Individual candidate/list of candidates	Cumulative voting
Argentina	-	Individual candidate	Allowed
Australia	Required	Individual candidate	-
Austria	Required	(Individual candidate)	
Belgium	-	-	Allowed
Brazil	-	-	Allowed
Canada	Required[1]	Individual candidates	Allowed
Chile	-	Individual candidate	Allowed
China	Required	Individual candidate	Allowed/Required if one SH and its person acting in concert hold ≥ 30% of the voting shares[2]
Colombia	Required	List	-
Costa Rica	Required	Individual candidate	Allowed
Czech Republic	Required	Individual candidate	Allowed

Jurisdiction	Majority requirement for board election	Voting for: Individual candidate/list of candidates	Cumulative voting
Denmark	Required	(Individual candidate)	Allowed
Estonia	Required	Individual candidate	Allowed
Finland	Required[3]	Individual candidate	Allowed
France	Required	Individual candidate	-
Germany	Required	(Individual candidate)	Allowed
Greece	Required	Individual candidate / List	-[4]
Hong Kong (China)	Required	Individual candidate	-
Hungary	Required	(Individual candidate)	-
Iceland	Required	Individual candidate	-
India	Required	Individual candidate	Allowed
Indonesia	Required	Individual candidate	-
Ireland	Required	Individual candidate	-
Israel	Required	Individual candidate	-
Italy	-[5]	List	-
Japan	Required	Individual candidate	Allowed but limited
Korea	Required	Individual candidate	Allowed but limited
Latvia	-	Individual candidate	Allowed
Lithuania	Required	Individual candidate	Allowed
Luxembourg	Required	Individual candidate	-
Malaysia	Required	Individual candidate	-
Mexico	Required	Individual candidate	Allowed (1 board member for each 10%)
Netherlands	-	-	Allowed but limited
New Zealand	Required	Individual candidate	Allowed
Norway	-	(Individual candidate)	Allowed
Peru	-	Individual candidate	Allowed
Poland	Required	Individual candidate	Allowed
Portugal	Required[6]	List of candidates[7]	-
Saudi Arabia	Required	Individual candidate	Required
Singapore	Required	Individual candidate	-
Slovak Republic	Required	Individual candidate	Allowed
Slovenia	Required	Individual candidate	Allowed
South Africa	Required	Individual candidate	-
Spain	Required	Individual candidate	-
Sweden	-	Individual candidate	-
Switzerland	Required	Individual candidate	Allowed
Türkiye	Required	Individual candidate	-
United Kingdom	Required	Individual candidate	-
United States	-	Individual candidate	Allowed

Key: **Required** = specifically required by law or regulation. Otherwise "**optional**" or "**recommended**" are used; **( )** = recommendation; "**-**" = not required or not allowed.

1. In **Canada**, the majority requirement applies with respect to publicly-traded companies in uncontested elections, through the operation of federal legislation as well as provincial securities exchange rules.
2. In **China**, besides the election of directors, a cumulative voting system is required in the election of supervisors if a listed company whose single shareholder and its person acting in concert hold 30% or more shares.
3. In **Finland**, in an election, the person receiving the most votes shall be elected. In practice, the general meeting decides before the election if a majority of votes is required for the election.
4. In **Greece**, a shareholder can directly appoint one or more board members, provided that they do not exceed 2/5 of the total number of members comprised within the board of directors.
5. Under **Italy**'s use of a list voting system, all board seats except those reserved to minority shareholders are elected from the list receiving the most votes (an absolute majority is not required).

6. In **Portugal**, a company's articles of association can establish that if a minority of shareholders holding at least 10% of the voting rights votes against the proposed list of candidates, it has the right to appoint at least one member of the board of directors. In such a case, the election shall be by a majority of said shareholders.
7. In **Portugal**, a company's articles of association can allow that a maximum of 1/3 of the board of directors is appointed by groups of shareholders, provided that none of these groups holds shares representing more than 20% and less than 10% of the voting rights.

Table 4.15. Board representation of minority shareholders

Jurisdiction	Requirement / recommendation	
	Required for re-election	
Brazil	Allowed	**One or two** members of the board may be elected separately by minority shareholders, pursuant to the following rules: - Minority shareholders holding voting shares that represent 15% or more of the voting capital are entitled to appoint one member for the board; and - Minority shareholders holding non-voting preferred shares or preferred shares with limited voting rights that represents 10% or more of the total capital stock are entitled to appoint one member to the board; - if neither the holders of shares with voting rights nor the holders of preferred shares without voting rights or with restricted voting rights achieve the percentages mentioned above, they are allowed to aggregate their shares in order to jointly elect a member for the board of directors, as long as their shares represent at least 10% of share capital; and - in the case of state-owned enterprises, minority shareholders have the right to elect one representative for the Board with no minimum share capital requirement.
India	Allowed	Companies Act, 2013 provides for nomination of one director by small shareholders. In this context, a small shareholder is someone holding shares of nominal value of not more than 20 thousand rupees.
Israel	Required	**At least two** outside directors must be approved or appointed by a majority of the minority.
Italy	Required	**At least one** board member must be elected from the slate of candidates presented by shareholders owning a minimum threshold of the company's share capital. His/her appointment is not a necessary condition for the valid composition of the board (i.e. the board composition is still valid if only one slate has been presented and the board is consequently made up of only directors elected from that slate). The bylaws may reserve a higher number of board seats to minority shareholders.
Mexico		According to Article 144 of the Companies Law at least one board member must be elected from shareholders representing at least 10% of the share capital.
Peru	Required	According to Article 164 of the General Corporation Law, corporations are obliged to constitute their board of directors with representation of the minority. To this end, each share gives the right to as many votes as directors must be elected and each voter can accumulate their votes in favour of a single person or distribute them among several. The corporation bylaws may establish a different system of election, provided that the minority representation is not lower.
Portugal	Required	The articles of association of public listed companies must provide that: i.) a **maximum of one-third** of board members are appointed within candidates proposed by a group of shareholders holding between 10 and 20% shareholding; or ii) that minority shareholders representing at least 10% of the share capital appoint **at least one** director.
Spain	Allowed	Shares that are voluntarily grouped to constitute share capital amounting to or exceeding the sum resulting from dividing the capital by the number of members of the board of directors, shall be entitled to designate the number of members deduced from the proportion of share capital so grouped, rounding any fractions. In other words, depending on the number of directors, shareholders can pool their shares in order to appoint a number of directors to the board in proportion to the share capital they hold in accordance with the proportional representation system. For instance, if minority shareholders possess 100 shares and the board has 12 members, they may pool the 100 shares divided by 12 in order to designate a member of the board.
Türkiye	Allowed	The minority shareholders (holding 5% of the equity capital for listed companies) may be given the right to be represented at the board (**maximum half** of the members of the board can be elected in this way, provided that the articles of association of the company allow.)

Jurisdiction	Requirement / recommendation	
	Required for re-election	
United Kingdom	Required for premium listed companies with controlling shareholders	Premium listed companies with controlling shareholders must ensure that their constitutions provide for the election of independent directors by a **dual voting structure**. This structure requires that **independent directors must be separately approved both by the shareholders as a whole and the independent shareholders** as a separate class.

Table 4.16. Governance of board nomination

Jurisdiction	Information provided to shareholders regarding the candidates for board membership			Requirement or recommendation for board nomination	
	Name of candidate	Qualifications of candidates	Candidate's relationship with the firm	Qualification of candidates [e.g. only for non-executive directors (NED), independent directors (ID) or members of audit committee (AC)]	Formal screening process (e.g. approval by the nomination committee)
Argentina	L, C	L, C	L, C	L, C	C
Australia	L	C	C	C	C: NED
Austria	L	L	L	C	-
Belgium	L		-	C, L: AC	C
Brazil	L	L	L	L	-
Canada	L	L	L	-	-
Chile	L	C	C	L: ID, C	L: ID
China	L	L	L	L	R: ID[1]
Colombia	L	C	C	C, L: ID, AC	C
Costa Rica	L	C	C	C	C
Czech Republic	L	C	-	C	C
Denmark	L, C	L, C	L, C	C	C
Estonia	L	-	-	C	-
Finland	C	C	C	C, L (AC)	-
France	L	L	L	C	C
Germany	L	L, C	L, C	C	C
Greece	L	L	L	L	C
Hong Kong (China)	R	R	R	R: ID, AC	C
Hungary	C	C	L, C	L, C: AC	-
Iceland	L	L	L	L	C
India	L	L	L	L	L
Indonesia	L	L	L[2]	L: NED, AC	L
Ireland	L	-	-	C	C
Israel	L	L	L	L	-
Italy	L	L	L	C	C[3]
Japan	L	L	L	R: ID; L: Outside directors	L/C
Korea	L	L	L	-	-
Latvia	L, C	C	C	C	C
Lithuania	C	C	C	L, C	C
Luxembourg				-	-
Malaysia	R	R	R	R	R; C
Mexico	L	L	L	L: ID; AC; C: ID, AC	-
Netherlands	L, C	L, C	L, C	C: Supervisory board	-
New Zealand	R	R	R	C	C
Norway	C	C	C	L: AC, C	-
Peru	L, C	L, C	L, C	L[4]: ID, C: ID	-
Poland	L	-	-	-	-
Portugal	L	L	L	C	C
Saudi Arabia	L	L	L	L	-

Jurisdiction	Information provided to shareholders regarding the candidates for board membership			Requirement or recommendation for board nomination	
	Name of candidate	Qualifications of candidates	Candidate's relationship with the firm	Qualification of candidates [e.g. only for non-executive directors (NED), independent directors (ID) or members of audit committee (AC)]	Formal screening process (e.g. approval by the nomination committee)
Singapore[5]	R	R	R	R, C	C
Slovak Republic	C	C	-		
Slovenia	L	L	C	C	-
South Africa	L	L	L	L, C	L, C
Spain	L	L	L	L: ID	L
Sweden	L	C	C	R; L: AC	C
Switzerland	L	C	C	C	C
Türkiye	L	L	L	L: ID, AC C: AC	L: ID[6]
United Kingdom	C	-	L	C	C
United States	L	L	L	L/R: AC, R: Members of remuneration and nomination committees	R

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation.

1. In **China**, Listing Rules require a listed company to state in the announcement that the proposal on the independent directors is subject to the approval of the Exchange and file with the Exchange the relevant materials of the candidates when giving notice of the shareholder's general meeting for the election of independent directors.
2. In **Indonesia**, the information on the relationship of the candidate with the firm is required to oversee the independence of the commissioner.
3. In **Italy**, before board appointments occur, companies provide to their shareholders recommendations on the professional skills needed, as emerged in the self-evaluation process. The nomination committee, which supports the board in the self-evaluation process, is also in charge of succession planning, of proposing candidates if directors have to be nominated during the mandate and, in general, advising the board on its optimal composition (also in case the board presents a list of candidates for the subsequent board appointment).
4. In **Peru**, the SMV approved the "Qualification on Independent Directors Guidelines", with the purpose that companies with securities registered in the Securities Market Public Registry use the same criteria for their disclosures to the market on the independent condition of their directors. The Guidelines provide input to the issuers for their responses to the "Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies" questions about independent directors and when a director is qualified as such.
5. In **Singapore**, the SGX Listing Manual provides that any appointment of a director must be announced by the issuer, providing information including the director's name, working experience, relationship with the issuer, shareholding interest in the issuer and other specified information. The Listing Manual requires directors to have appropriate experience and expertise to manage the group's business. A director without prior experience as a director of an issuer must undergo training as prescribed by the Exchange. If the nominating committee is of the view that training is not required as the director has other relevant experience, the basis of their assessment must be disclosed.
6. In **Türkiye**, Corporate Governance Principles require the independent director candidates to be first evaluated by the nomination committee and afterwards reported to the board. For a certain group of companies (relatively higher market capitalisation and shares in free float), the short list of candidates shall be notified to the Capital Markets Board 60 days prior to the general assembly meeting.

Table 4.17. Requirements or recommendations for board and key executives remuneration

Jurisdiction	General criteria	Specific requirement or recommendation
		e.g. *Long term incentive mechanism for variable remuneration (LTIM); Severance payment cap (SPC)*
Argentina	L	LTIM, SPC
Australia	C	SPC (applicable for board only)[1]
Austria	L	LTIM (3 years); SPC (2 years)
Belgium	L	LTIM (3 years); SPC (12-18 months)
Brazil	C	LTIM
Canada	-[2]	-
Chile	C	-
China	C	LTIM; (equity incentive, employee stock option plans etc.). The articles about severance payments should be fair and without prejudice to the legitimate rights of listed companies
Colombia	C	LTIM

Jurisdiction	General criteria	Specific requirement or recommendation
		e.g. *Long term incentive mechanism for variable remuneration (LTIM); Severance payment cap (SPC)*
Costa Rica	C	-
Czech Republic	C	LTIM, SPC
Denmark	C	LTIM (3 years); SPC (2 years)
Estonia	C	LTIM, SPC
Finland	C	LTIM[3]
France	C	LTIM
Germany	L, C	LTIM, SPC (2 years)
Greece	L	LTIM
Hong Kong (China)	R, C	-
Hungary	L	LTIM (credit institutions, investment firms, UCITs, AIF fund managers and insurance companies)
Iceland	L	LTIM (credit institutions, investment firms, UCITs, AIF fund managers and insurance companies)
India[4]	L	-
Indonesia	L	LTIM
Ireland	C	LTIM
Israel	L	LTIM, SPC
Italy	L C	Variable remuneration, if awarded, is based on clear, comprehensive and varied performance criteria, taking into account, where relevant, corporate and social responsibility. LTIM (3 years); SPC (the company should clearly define a limit for severance payments)
Japan	C	LTIM
Korea	C	LTIM
Latvia	L	SPC (2 years)
Lithuania	C	LTIM, SPC (2 years)
Luxembourg	C	-
Malaysia	-	-
Mexico	L	-
Netherlands	L	LTIM; SPC (1-2 years)
New Zealand	C	-
Norway	L	Variable remuneration, if awarded, shall be based on clear, comprehensive and varied criteria. It shall indicate the financial and non-financial performance criteria, including, where appropriate, criteria relating to corporate social responsibility and sustainability, and explain how they contribute to the company's business strategy and long-term interests and sustainability
Peru	C	LTIM
Poland	C	-
Portugal	C/L	LTIM (C – 3 years; or L – 5 years for credit institutions)
Saudi Arabia	L	LTIM, Maximum limit: 500 000 Saudi Riyal (for board members)
Singapore	C	LTIM
Slovak Republic	L	LTIM (2 years); SPC (6 months)
Slovenia	L	(LTIM), SPC (for SOEs only)
South Africa	L, C	LTIM, SPC, Policies of the Entity, MOI
Spain	L	LTIM (3 years)
Sweden	C	LTIM (3 years), SPC (2 years)
Switzerland	L	SPC (Prohibition of contractually agreed severance payments)
Türkiye	C	Independent director remuneration cannot be based on profitability, share options or company performance
United Kingdom	C	LTIM
United States	-	-

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation.

1. In **Australia**, recommendations state that severance payments are not to be provided to board members (specifically, non-executive directors). There is no quantitative SPC for management, rather severance pay is addressed by a requirement relating to member approval in prescribed circumstances, and recommendations that severance payments be agreed in advance and that there should be no payment for removal for misconduct.

2. In **Canada**, legislative provisions on board and key executives' remuneration have been enacted but are not yet in force.

3. In **Finland**, the remuneration of the Board and CEO must be based on the remuneration policy reviewed by the Annual General Meeting (advisory decision).
4. In **India**, the Companies Act requires that the remuneration of all directors taken together should not exceed 11% of net profits of the company (if the company does not have profits, there are absolute rupee limits specified under the Companies Act). If the remuneration exceeds the limits specified, the same will require shareholder approval.

Table 4.18. Disclosure and shareholder approval of board and key executives remuneration

Jurisdiction	Remuneration policy		Level / amount of remuneration		
	Disclosure	Approval by shareholders	Disclosure		Approval by shareholders
			Total	*Individual*	
Argentina	L	SoP/AA	L	All directors	SoP/AA
Australia	L	L (Advisory)	L	Key management personnel	L (Advisory)
Austria	L	L (Advisory)	L	L	L (Advisory)
Belgium	L	L (Binding)	L	CEO and members of board of directors	L (Advisory)
Brazil	L	L (Binding)	L	Highest, lowest and average paid to directors	L (Binding)
Canada	L	C (Advisory) (Once in force)[1]	L	L	C (Advisory)
Chile	-	L (Binding for board members)	L	Board members by name and key executives all together	L (Binding for board members)
China	L	L (For directors)	L	L	L (For directors)
Colombia	C	C (Binding)[2]	C	-	C
Costa Rica	L	L (Binding)[3]	-	-	-
Czech Republic	L	L (Binding)	L	Board members, CEO and his/her deputy	L (Advisory)
Denmark	L	L (Binding)	L	L	L (Advisory)
Estonia	L	L (Advisory)[4]	L	L	-
Finland	L	L (Advisory)[5]	L	L (CEO and members of the board of directors and supervisory board where applicable) C (Key executives)	L (Advisory)
France	L	L (Advisory)	L	L	L (Binding)
Germany	L	L (Advisory)	L	L	L (Advisory)
Greece	L	L (Binding)	L	L	L (Binding)
Hong Kong (China)[6]	R	-	R	All directors by name and senior management by band	-
Hungary	L	L (Advisory)		L (Board members CEO and his/her deputy)	L (Advisory)
Iceland	L	L (Binding)	L	L (CEO and key management)	L (Binding)
India	L	-	L[7]	L	L (Binding)
Indonesia	L	L(Binding)	L	L	L(Binding)
Ireland	L	L (Advisory)	L	R	SoP/AA
Israel[8]	L	L (Binding)	L	Top 5	L (Binding)
Italy	L	L (Binding)	L	L: Directors, statutory auditors and general managers	L (Binding) for directors[9]
Japan	L	SoP/AA	L	Above JPY 100 million	SoP/AA
Korea	C		L	Directors above KRW 500 million and 5 employees above KRW 500 million[10]	L (Binding)
Latvia	L	L (Binding)	L	L	L (Binding)
Lithuania	L	L (Binding)	L	L	C (Binding)[11]
Luxembourg	L	L (Advisory)	L	L	L (Advisory)
Malaysia	C	-	R	R (All directors) C (Top 5 senior management in bands of RM 50 000)[12]	L (Binding for directors)
Mexico	L	L (Binding)	L	-	L (Binding)
Netherlands	L, C	L (Binding)	L	L	L (or AA)
New Zealand	C	-	L	All directors and employees above NZD 100 000	R (Binding)[13]

Jurisdiction	Remuneration policy		Level / amount of remuneration		
	Disclosure	Approval by shareholders	Disclosure		Approval by shareholders
			Total	*Individual*	
Norway	L	L (Binding*)	L	L – All directors and CEO	L (Binding)
Peru	C	L (Binding)	L	All members of the board of directors	L (Binding)
Poland	L	L	L	L	L
Portugal	L	L (Binding)	L	All members of the board of directors and supervisory board	L (Binding)
Saudi Arabia	L	L (Binding)	L	All directors and top 5 key executives	-
Singapore	R[14]	-	R C	All directors and CEO Top 5 key executives (who are not directors or CEO), employees who are substantial shareholders (defined as 5% and above shareholdings) or immediate family members of a director, CEO or substantial shareholder and whose remuneration exceeds SGD 100 000 during the year.	R (Binding for directors)[14]
Slovak Republic	L	L	L	L (all members of board)	L
Slovenia	L	SoP/AA	L	L	-
South Africa	L, C	L, C (Advisory)	L	All directors	L, C (Advisory)
Spain	L	L (Binding)	L	All members of the management board and directors	L (Binding)
Sweden	L	L (Binding)	L	All directors and CEO	L (Binding for directors)
Switzerland	L/R	C (Advisory)	L	All directors and CEO	L (Binding)
Türkiye	L	SoP/AA	L	C (Board members and all directors)	L (Binding) for directors
United Kingdom	L	L (Binding)	L	All directors	L (Advisory)
United States	L	L (Advisory)	L	All directors and CEO, CFO and 3 most highly compensated executive officers other than the CEO and CFO (≥ USD 100 000)	L (Advisory)

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** = recommendation by the codes or principles; "**-**" = absence of a specific requirement or recommendation; **N/A** = not applicable.
SOP/AA = choice between shareholder approvals or articles of association.
Advisory/Binding = Irrespective of whether a shareholder vote is required or recommended, these terms set out whether such votes are advisory or binding with respect to remuneration policies or amounts.
Binding* = * indicates binding approval only required if a company uses incentive pay.
1. In **Canada**, an advisory vote will be required once the provision comes into force, on a date to be fixed by order of the Governor in Council. The provision was enacted but is not yet in force.
2. In **Colombia**, the recommendation is that the remuneration policy for the board should always be approved by shareholders. For key executives, the remuneration policy should always be approved by the board of directors.
3. In **Costa Rica**, in accordance with the Corporate Governance Regulation, remuneration policy for board and key executives should always be approved by shareholders if it considers variable performance-based bonuses in company shares.
4. In **Estonia**, the resolution of shareholders is advisory for the supervisory board, unless otherwise provided by the articles of association.
5. In **Finland**, approval by shareholders is only applicable for members of the Board and Supervisory Board.
6. In **Hong Kong (China)**, the Listing Rules require issuers to disclose the aggregate remuneration of the five highest paid individuals in their annual reports. It is not necessary to disclose the identity of the highest paid individuals unless any of them are directors of the issuers. The Code recommends disclosure of any remuneration payable to members of senior management, on an individual and named basis, in issuers' annual reports.
7. In **India**, remuneration of every director is subject to shareholders' approval. Accordingly, companies disclose remuneration to the public as part of this process. Further, the Companies Act 2013 specifies caps with respect to overall and individual remuneration of directors. For listed entities, shareholders' approval is required when the annual remuneration payable to a single non-executive director exceeds 50% of the total annual remuneration payable to all non-executive directors.
8. In **Israel**, binding approval for the level and amount of remuneration is required if it is not within the remuneration policy and for the CEO (in any case). The remuneration policy is subject to the shareholders' approval.
9. In **Italy**, the general meeting is in charge of approving the total remuneration (basis compensation) of the members of the board of directors and, if any, of the executive committee. Moreover, the remuneration of executive board members falls within the scope of authority of the board of directors, unless the bylaws provide otherwise.
10. In **Korea**, according to the Article 159 (Submission of Business Report, etc.) of the Financial Investment Services and Capital Markets Act, a corporation subject to business reporting shall state in its business report the remuneration of each executive officer and detailed standards for and methods of calculation thereof (limited to when the remuneration of an executive officer is not less than the amount prescribed by Presidential Decree, which shall not exceed 500 million won). According to Article 388 (Remuneration for Directors) of the Commercial Act, if

the amount of remuneration to be received by directors has not been determined by the articles of incorporation, such amount shall be determined by a resolution of a general meeting of shareholders.
11. In **Lithuania**, according to the Corporate Governance Code, the general meeting of shareholders should approve both the amount of remuneration to members of the supervisory board in relation to their participation in supervisory board meetings, and the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.
12. In **Malaysia**, Practice 8.2 of the Malaysian Code on Corporate Governance (MCCG) recommends that listed issuers disclose the remuneration component of the top five senior management in bands of RM 50 000. Step-up Practice 8.3 of the MCCG further recommends listed issuers to fully disclose the detailed remuneration of each senior management personnel.
13. In **New Zealand**, the NZX Listing Rules applying to listed issuers impose an additional requirement for directors' remuneration to be approved by ordinary resolution of the shareholders. That requirement does not apply to remuneration of executive directors in their capacity as executives.
14. In **Singapore**, Principle 8 of the Code of Corporate Governance requires companies to be transparent on its remuneration policies. Listing Rule 710 requires compliance with the principles of the Code. The Listing Manual states that an issuers' articles of association must contain a provision stating that fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Table 4.19. Provisions to achieve gender diversity in leadership positions

Jurisdiction	Requirement to disclose statistics on gender composition		Provisions to achieve gender diversity on boards		Sanctions for non-compliance with mandatory provisions
	Of boards	*Of senior management*	*Quota (mandatory)*	*Target (voluntary)*	
Argentina	L/C[1]	L	-	-	No
Australia[2]	C	C	-	C[3]	
Austria	L	L	30%	L	Yes
Belgium	-	-	33%		Yes
Brazil	L	L	-	-	No
Canada	L[4]		-		
Chile	L	L	-	-	Yes (non-compliance with disclosure requirement)
China[5]	-	-	-	-	
Colombia			30% for SOEs	-	
Costa Rica	-	-	50% for SOEs[6]	-	-
Czech Republic	L	-	-	-	-
Denmark	L	L		40%/60% of either gender for large companies, listed companies and SOEs	Yes
Estonia	-	-	-		
Finland	R,C[7]		At least one for listed companies [C] / 40% for SOEs[8]	40% for listed companies	
France	L		40%		Yes
Germany[9]	L	L	30%	L	Yes
Greece	L	-	25%[10]	-	Yes
Hong Kong (China)	R[11]	R	-	R	Yes
Hungary	-	-	-	-	-
Iceland	L	-	40% /60% of either gender for SOEs	-	-
India	L		At least one[12]		Yes
Indonesia	-	-	-	-	-
Ireland	L			40% for SOEs	
Israel	C	-	At least one	50% for SOEs[13]	Yes[14]
Italy	L	-	40%[15]	-	Yes

Jurisdiction	Requirement to disclose statistics on gender composition		Provisions to achieve gender diversity on boards		Sanctions for non-compliance with mandatory provisions
	Of boards	*Of senior management*	*Quota (mandatory)*	*Target (voluntary)*	
Japan	L	C[16]	-	12% for listed companies on the First section of the Tokyo Stock Exchange by 2022[17]	
Korea[18]	L		At least one	-	No
Latvia	-	-	-	-	-
Lithuania	-	-	-	-	-
Luxembourg	-			40%[19]	
Malaysia	R	R	At least one	30%	-
Mexico	L	L	-	C	Yes
Netherlands	L	L	33.3%	L, C	Yes
New Zealand	C	C		50% of public sector boards and committees by 2021	
Norway	L		33-50% depending on number of board members[20]		Yes
Peru[21]	L	-	-	-	-
Poland	C	C	-	-	-
Portugal	L	L	20% since 2018 and 33.3% after 2020		Yes
Saudi Arabia	-	-	-	-	-
Singapore	R, C[22]			20% by 2020; 25% by 2025; and 30% by 2030 for top 100 listed companies	
Slovak Republic	C				
Slovenia	L	-		40% for SOEs	Yes
South Africa	-	-	-	-	-
Spain	L	L	-	40% by 2022	No
Sweden	L	L		40% by 2020	
Switzerland	-	-	40% for SOEs	30%[23]	-
Türkiye	L	-	-	Min. 25%	-
United Kingdom	L	C		40%	
United States	L, R[24]	-	-[25]	-[26]	-

Key: **L** = requirement by law or regulations; **R** = requirement by the listing rules; **C** and **( )** = recommendation by the codes or principles; "**-**" = absence of a specific requirement, recommendation, quota or target; **N/A** = not applicable.

1. In **Argentina**, the Corporate Governance Code approved by General Resolution 797/2019 recommends that companies disclose the diverse composition of their boards. However, at each opportunity to elect directors, companies must disclose board composition through the CNV's website.

2. In **Australia,** the Workplace Gender Equality Act 2012 applies to non-public sector employers with 100 or more employees in Australia. The Act requires such employers to make annual filings with the Workplace Gender Equality Agency disclosing their "Gender Equality Indicators". These reports are filed annually covering the 12-month period ending 31 March.

3. In **Australia**, the Corporate Governance Principles and Recommendations do not set a numerical target, but recommend that each company should set its own numerical target.

4. In **Canada**, securities regulations in most provinces and territories require disclosure relating to the representation of women; for federally-incorporated companies, disclosures include the representation of women, visible minorities, Indigenous and disabled persons.

5. In **China,** the Code of Corporate Governance of Listed Companies (2018 Revision) encourages the diversification of members of the board of directors.

6. In **Costa Rica**, Constitutional Court jurisprudence has interpreted national law and international commitments on the matter as summarised in Vote 13885-2015 from 5 September 2015 "(…) opportunities for men and women shall be equal, therefore, the right to non-discrimination, sheltered by Article 33 of the Constitution, imposes upon the Administration the duty of appointing as equal as possible a number of women to public positions, which obviously includes politically appointed positions."

7. In **Finland**, a company listed in Helsinki Nasdaq SE has to follow the CG code according to the listing rules. According to the CG code a listed company has to have at least one board member of both genders. The target of 40% of both genders in listed companies' boards is based on the government's "equality programme 2020-23" according to which the government follows the progress in companies before possible other tools are used (e.g. possible quota legislation etc.).

8. In **Finland**, the progress of the equality goals of the decision-in-principle is monitored annually in the government's reports to parliament.
9. In **Germany**, listed or co-determined companies are required to set individual targets for the executive board, the supervisory board, and the two management levels below the board. In companies, that are listed and subject to equal co-determination, a 30% minimum quota applies to supervisory boards. These companies are still required to set individual targets for the executive board and the two management levels below the board. If the executive board of a listed and equally co-determined company consists of four or more persons, at least one woman shall be appointed as a member of the board.
10. In **Greece**, Law 4706/2020 on Corporate Governance introduced mandatory quotas of 25%, and binding diversity criteria for the selection of directors.
11. In **Hong Kong (China)**, the Listing Rules require the nomination committee (or the board) of a listed company to have a policy concerning diversity of board members, and to disclose the policy on diversity or a summary of the policy in the corporate governance report in the annual report. The Hong Kong Stock Exchange does not consider diversity to be achieved for a single gender board and has introduced a Listing Rule requirement effective from 1 January 2022. A three-year transition period is in place for existing listed issuers with a single gender board, who will have to appoint at least a director of a different gender on the board no later than 31 December 2024.
A listed company is also required to disclose and explain in the corporate governance report in the annual report (i) how and when gender diversity will be achieved with respect to the board, the numerical targets and timelines set for achieving gender diversity on the board and what measures it has adopted to develop a pipeline of potential successors to the board to achieve gender diversity, as well as (ii) the gender ratio in the workforce (including senior management), any plans or measurable objectives that it has set for achieving gender diversity and any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant. Listing applicants with a single gender board are not accepted. Listing applicants should at the time of their listing applications at least identify a director of a different gender, whose appointment should be effective upon listing.
12. In **India**, every listed company and every other public company having paid – up share capital of 100 crore rupees or more or turnover of 300 crore rupees or more shall appoint at least one female director. Further, the top 1 000 listed entities (by market capitalisation) are required to have at least one female independent director.
13. In **Israel**, for SOEs, the government Companies Law sets a target of appropriate representation for both genders on the board of directors. Until this goal is reached, the law provides that preference shall be given to directors of the other gender that is not yet suitably represented, to the extent possible under the circumstances.
14. In **Israel**, the regulator has the power to impose monetary fines on regulated persons and entities in certain circumstances, including when a company fails to nominate directors of both genders.
15. In **Italy**, Law 160/2019 increased the gender quota (from 33% to 40%, effective starting from 2020) and extended its application (six subsequent board nominations, i.e. nearly 18 years).
16. In **Japan**, employers with no less than 101 regularly employed workers must select one or more items from the list decided by law and disclose the statistical data about the achievement of the women's active engagement in the company, and "the ratio of female workers in managerial position" is included as one of the disclosure items. The employers, which announce the ratio of female workers in managerial position on their homepages and/or the government database, are also required to write down the information in their Annual Securities Report from the fiscal year ending in March 2023.
17. In **Japan**, the Tokyo Stock Exchange restructured its stock market into three new market segments and abolished the First section in April 2022. The target after the market restructuring is to be set in 2023.
18. In **Korea**, under the Financial Investment Services and Capital Markets Act, disclosure on gender composition of boards in their business report is mandated for listed companies. Meanwhile, listed companies with total assets valued at two trillion won or more as of the end of the latest business year shall not have a board of directors made up of just one gender.
19. In **Luxembourg**, sustained efforts are maintained to continue improving gender diversity on boards. A National Plan of Action on Gender Equality for all companies has been implemented by the government.
20. In **Norway,** the requirement depends on the number of board members, and varies between 33 and 50%.
21. In **Peru**, a new Report on Compliance with the Good Corporate Governance Code for Peruvian Corporations was approved by Resolution SMV No. 014-2022, which incorporates some additional questions that seek to complete the scope of evaluation of the principles and include trending issues in corporate governance, such as participation of women in corporation boards.
22. In **Singapore**, the Listing Rules require listed companies set and disclose a board diversity policy in their annual reports, with gender specified as an aspect of diversity that should be encapsulated within issuer's board diversity policy. The Listing Rules also require listed companies to disclose in their annual reports their targets for achieving the stipulated diversity, accompanying plans and timeline for achieving the targets.
23. In **Switzerland**, the thresholds for listed companies are set at 30% for women on the board of directors and 20% for women on the management board. If these thresholds are not met, companies will have to explain why in their compensation report and indicate the measures planned to remedy the situation. The remuneration report will have to mention this information as of 1 January 2026 for the board of directors and as of 1 January 2031 for the management board.
24. In the **United States**, in addition to director diversity disclosure requirements under the federal securities laws and for companies listed on the Nasdaq Stock Market, LLC, a number of states, such as Illinois, Maryland and New York\ have disclosure mandates that require certain corporations to report to the state the gender composition of the board.
25. In the **United States**, although there are no federal quotas or voluntary targets, in 2018, California enacted a law that requires any corporation with its principal executive offices in California that has shares listed on a major US stock exchange to have by 31 December 2021 a minimum of two women board members on any board of directors with five directors and at least three women board members on any board of directors with six or more directors.

This law applies to publicly-held domestic or foreign corporations whose principal executive offices are in California, as disclosed in the corporation's annual report on Form 10-K. Failure to comply with the law could lead to the imposition of fines by the California Secretary of State. On 2 June 2022, the Superior Court of the State of California held that this law was unconstitutional. This decision is currently on appeal. In 2020, Washington enacted a law that requires certain public companies with shares listed on a major US stock exchange and formed under the Washington Business Corporation Act to have at least 25% of the directors be women by 1 January 2022, or the company must provide a board diversity discussion and analysis to its shareholders.

26. In recent years, other **US** states, such as Colorado, Illinois, Massachusetts, Pennsylvania and Maryland have passed non-binding resolutions encouraging public companies to have women on the board of directors.

Table 4.20. Gender composition of boards and management

Jurisdiction	Women's participation in managerial positions[1]			Average annual growth rate for women's participation in managerial positions (2020-22)	Women's participation on boards of directors in publicly listed companies[2, 3]			Average annual growth rate for women's participation on boards of directors in publicly listed companies (2020-22)
	% as of 2020	% as of 2021	% as of 2022		% as of 2020	% as of 2021	% as of 2022	
Argentina[4]	33	32.7	-	-0.9%	12.4	14.3	14.7	9.1%
Australia	40	39.7	-	-0.7%	34	34.8	37.2	4.6%
Austria	32.8	35.5	33.4	1.2%	34.5	37.7	42.6	11.1%
Belgium	34.5	35.4	36.4	2.7%	38.7	36.1	38.3	-0.3%
Brazil	36.8	38.8	39.3	3.4%	13.7	16.9	19.1	18.2%
Canada	35.8	35.6	-		31.3	32.9	35.5	6.5%
Chile	27.4	30.4	29.6	4.2%	9.9	15.2	17.1	33.0%
China	-	-	-	N/A	13	13.8	14.8	6.7%
Colombia	35	35.3	43.5	12.0%	12.5	12.9	20.8	32.2%
Costa Rica[5]	59.4	40.2	46	-8.9%	11	13	13	9.1%
Czech Republic	27.8	28.4	26.8	-1.7%	21.7	25.8	26.7	11.2%
Denmark[6]	27.9	28.2	29.2	2.3%	23.9	26	28	8.2%
Estonia	37.4	41.2	40.2	3.9%	8.8	9.1	10.3	8.3%
Finland[7]	37.5	36.5	36.3	-1.6%	30.1	29.3	30.7	1.1%
France	35.5	37.8	39.9	6.0%	44.8	45.3	46.1	1.4%
Germany	28.9	29.2	28.9	0.0%	34.2	34.1	35.5	1.9%
Greece	29.3	29.6	31.4	3.6%	12.2	28.6	28.7	67.4%
Hong Kong (China)	37	38.4	38.3	1.8%	12.7	13.5	16	12.4%
Hungary	39.2	36.6	37.5	-2.1%	6.7	9.1	8.6	15.2%
Iceland	38.6	37.6	39.6	1.4%	44.4	47.1	44.8	0.6%
India	17.2	16.6	15.9	-3.9%	16.6	17.1	18.2	4.7%
Indonesia	32.6	32.4	31.7	-1.4%	9	12.2	12.3	18.2%
Ireland	36.3	38	38.2	2.6%	26.8	31	33.2	11.4%
Israel	28	29	-	3.6%	24.3	26.7	26.9	5.3%
Italy[8]	27.3	28.6	27.9	1.2%	38.8	41.2	42.9	5.2%
Japan	13.1	13.2	12.9	-0.8%	10.7	12.6	15.5	20.4%
Korea	15.6	16.3	14.6	-3.0%	4.9	8.7	12.8	62.3%
Latvia	46.9	45.9	45	-2.0%	25.6	22.2	19	-13.8%
Lithuania	37.9	37	38.6	1.0%	14.3	22.3	24.5	32.9%
Luxembourg	26.3	21.9	25.5	-0.1%	24.2	24.7	24.6	0.8%
Malaysia[9]	24.9	-	-	N/A	25.1	25	29	7.8%
Mexico	38.4	38.5	38.9	0.3%	9	10.6	11.5	13.1%
Netherlands	26.2	26	28.4	4.2%	32.8	34.7	38.9	8.9%

Jurisdiction	Women's participation in managerial positions[1]			Average annual growth rate for women's participation in managerial positions (2020-22)	Women's participation on boards of directors in publicly listed companies[2, 3]			Average annual growth rate for women's participation on boards of directors in publicly listed companies (2020-22)
	% as of 2020	% as of 2021	% as of 2022		% as of 2020	% as of 2021	% as of 2022	
New Zealand	-	-	-	N/A	43	43.5	46	3.5%
Norway	34	33.5	33.2	-1.2%	42.3	40.8	39.7	-3.1%
Peru	34.7	35.4	35.8	1.6%	14.3	18.8	18.8	15.7%
Poland	43.3	43	42.9	-0.5%	21.7	22.4	24.6	6.5%
Portugal	35.7	38	36.8	1.6%	26	31.1	31.1	9.8%
Saudi Arabia	15.4	16.7	19.5	12.6%	2.1	2.2	3.5	31.9%
Singapore[10]	37.2	38.1	-	2.4%	17.6	18.9	21.5	10.6%
Slovak Republic	35.5	38	38	3.5%	31.4	27.7	30.3	-1.2%
Slovenia	40.1	34	34.8	-6.4%	22.9	19.4	23.1	1.9%
South Africa	-	-	-	-	28.8	34	34.4	9.6%-
Spain	35	33.3	34.7	-0.3%	31.2	34.1	37.7	9.9%
Sweden	42.3	43	41.7	-0.7%	38	38.3	35.4	-3.4%
Switzerland	33.1	31.5	30.7	-3.7%	26.7	30	33.5	12.0%
Türkiye[11]	18.2	19.7	-	4.1%	18.7	18.8	19.3	1.6%
United Kingdom	-	-	-	N/A	34.3	37	39.2	6.9%
United States	41.1	41.4	41	-0.1%	28.2	29.7	31.3	5.4%

Women's participation in managerial positions: Data on the female share of employment in managerial positions conveys the number of women in management as a percentage of employment in management.
Women's participation on boards of directors: 'Board members' refers to all members of the highest decision-making body in the given company, such as the board of directors for a company in a unitary system, or the supervisory board in the case of a company in a two-tier system.
The average annual growth rate for women's participation in managerial positions and on boards is provided only based on the years for which data are available.
1. Source: International Labour Organization, ILOSTAT database. Employment in management is defined based on the International Standard Classification of Occupations. The measure presented here refers to total management (category 1 of ISCO-08 or ISCO-88). This indicator is calculated based on data on employment by sex and occupation. For further information, see the SDG Indicators Metadata Repository or ILOSTAT's indicator description.
2. Source: MSCI Women on Boards: Progress Report 2022 (except as otherwise noted below for 13 jurisdictions referenced in subsequent footnotes). MSCI data refer to the proportion of seats held by women on boards for companies covered by the MSCI ACWI index: an index of 2 765 large- and mid-cap firms from developed and emerging economies (as of November 2022).
3. Source: Data on the gender composition of boards for **Estonia**, **Iceland**, **Latvia**, **Lithuania**, the **Slovak Republic**, and **Slovenia** were obtained from: European Institute for Gender Equality (EIGE) Gender Statistics Database for the largest 50 members of the primary blue-chip index in the country concerned (including only those companies that are registered in the given country). These countries are not covered by the MSCI ACWI index.
4. For **Argentina**, data on women on boards are based on gender reports on boards of directors in publicly listed companies carried out in 2020, 2021 and 2022 by the CNV, which calculated women's participation on boards of directors in all listed companies during those years (see the reports in Spanish).
5. In **Costa Rica**, data on women's participation on boards of directors in publicly listed companies was provided by SUGEVAL.
6. For **Denmark**, the Danish Business Authority publishes an annual report on the gender composition of the supreme governing body of the company in the largest Danish companies. The numbers in the column "Women's participation on boards of directors in publicly listed companies" includes members chosen at the General Assembly and by the employees (see here in Danish).
7. For **Finland**, data comes from the Finland Chamber of Commerce, and cover all Finnish companies listed on the main market of the Helsinki Stock Exchange.
8. For **Italy**, data on gender composition of corporate boards come from statistics published by the Italian securities regulator within the Report on Corporate Governance (various years found here) and Annual Report. Such data refer to all listed companies.
9. For **Malaysia**, data on women on boards was provided by the Securities Commission (SC Malaysia).

10. For **Singapore**, data on women's participation on boards come from 2022 data from the Council of Board Diversity, available here. These data are for the top 100 primary listed companies by market capitalisation on Singapore Exchange.
11. In **Türkiye**, companies are not required to publicly disclose the data on women participation in managerial positions.

References

European Commission (2012), *Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures, COM/2012/0614 final - 2012/0299 (COD)*, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52012PC0614. [4]

Gormley, T. et al. (2023), "The Big Three and board gender diversity: The effectiveness of shareholder voice", *Journal of Financial Economics*, Vol. 149(2), pp. 323-348, https://doi.org/10.1016/j.jfineco.2023.04.001. [7]

OECD (2023), *G20/OECD Principles of Corporate Governance*, OECD Publishing, Paris, https://doi.org/10.1787/ed750b30-en. [1]

OECD (2021), *OECD Corporate Governance Factbook 2021*, OECD Publishing, Paris, https://doi.org/10.1787/783b87df-en. [5]

OECD (2020), *Policies and Practices to Promote Women in Leadership Roles in the Private Sector*, https://www.oecd.org/corporate/OECD-G20-EMPOWER-Women-Leadership.pdf. [6]

OECD (2011), *Board Practices: Incentives and Governing Risks*, http://dx.doi.org/10.1787/9789264113534-en. [2]

SEC (2020), *SEC Adopts Rule Amendments to Modernize Disclosures of Business, Legal Proceedings, and Risk Factors Under Regulation S-K*, https://www.sec.gov/news/press-release/2020-192. [3]

From:
OECD Corporate Governance Factbook 2023

Access the complete publication at:
https://doi.org/10.1787/6d912314-en

Please cite this chapter as:

OECD (2023), “The corporate board of directors”, in *OECD Corporate Governance Factbook 2023*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/2849259e-en

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at http://www.oecd.org/termsandconditions.

OECD