

Corporate Governance Codes: the Italian Experience with Market-Driven Solutions

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OECD
San José, Costa Rica
8 September 2016

EU multi-level framework

- EU company law
 - Non-systematic; mandates “comply or explain” on corporate governance practice
- National company law
 - Systematic; key governance issues (director duties; corporate groups)
- Corporate governance codes
 - Best practices; different source of legitimacy

The Italian CG Code and Committee

The Code:

- ❖ First released in 1999, revised in 2002, 2006 (updated 2010)
- ❖ New committee releases new code in 2011 (updated 2014, 2015)

The Committee:

- ❖ **SUPPORTERS**
 - Business Associations:
 - Banks (Abi)
 - Insurance Firms (Ania)
 - Corporations (Assonime)
 - Manufacturers (Confindustria)
 - Asset Managers Association (Assogestioni)
 - Italian Stock Exchange (Borsa Italiana)
- ❖ **MISSION**
 - Promoting best practices
 - Drafting and updating the Corporate Governance Code
 - Monitoring the implementation of the Code
- ❖ **COMMITTEE**
 - 24 members in charge for 3 years (meeting at least once a year)
 - Technical Secretariat and 3 experts assisting

An integrated monitoring approach

- ❖ Assonime-Emittenti Titoli [Report](#) on Corporate Governance in Italy
- ❖ Corporate Governance Committee Annual [Report](#)
- ❖ Consob [Report](#) on Corporate Governance

Assonime-Emittenti Titoli Report

- CG arrangements and practices (**statistics** and **analysis**)
- Since 2000
- Covers all Italian listed companies (**anonymous** data on an **individual** basis)

- The study is divided into two parts:
 - **Overview** of the corporate governance of listed companies
 - Part on **specific topics**

- Specific topics covered:
 - Structure and costs of the Internal control system (2008)
 - Directors' remuneration (2009)
 - Slate voting and minority representation (2010)
 - Procedures governing transactions with related parties (2011)
 - Directors' remuneration (2012, 2013, 2014, 2015)
 - Comply or Explain (2014, 2015)

CG Committee Annual Report

- Compliance with the CG Code (**analysis and recommendations**); since 2012
- The Report is divided into two parts:
 - **Overview** of the most significant governance issues and of compliance with CG Code
 - In-depth analysis on **specific topics**: board evaluation (2013); comply or explain (2014); board effectiveness (2015)
- Advice on compliance with CG Code's recommendations. Sometimes leading to CG Code **amendments**
- Since 2015, submitted to all Italian listed companies, together with a letter on areas of **possible improvement**

Consob Report on CG

- Structural features (mainly **statistics**)
- Since 2012
- Covers all Italian listed companies.

- Data about:
 - Ownership and control structure
 - Corporate boards
 - Annual general meetings
 - Related party transactions