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2009 Review of the implementation status of corporate governance disclosures: an inventory of disclosure requirements in 24 emerging markets

Report by the UNCTAD secretariat and the University of Stirling

Executive summary

This report examines the mandatory corporate governance disclosure requirements for listed enterprises in 24 emerging markets. The paper presents the results of an update to UNCTAD's 2007 inventory of corporate governance disclosure requirements in emerging markets with a view to assess the trends in corporate governance disclosure requirements in selected markets.

The main findings of this study show that most of the 24 emerging markets examined require some form of mandatory disclosure of most of the items in the ISAR benchmark. Comparison with UNCTAD's 2007 study reveals that, while some changes have taken place, the main findings are still the same. Namely, the three main categories where mandatory disclosure is required are "ownership structure and exercise of control rights", "financial transparency" and "auditing". The category with the least mandatory disclosure of items is "corporate responsibility and compliance".

Compared to the 2007 CG Inventory, the number of implicit disclosure requirements has decreased in favour of more explicit requirements. One of the reasons for this switch is that some countries issued new corporate governance codes, mostly on a "comply or explain" basis, that included more explicit requirements for disclosure. Another explanation is that a few of the emerging markets included in this study have implemented IFRS for listed companies and therefore disclosure on "financial transparency" automatically became more explicit.

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Introduction

1. Corporate governance has been a major area of work for the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) since 1989 (E/C.10/AC.3/1989/6). Since the twenty-first session of ISAR, the group of experts has requested an annual review of the implementation status of corporate governance disclosure. Annual reviews were presented at the twenty-first, twenty-second, twenty-third, twenty-fourth, and twenty-fifth sessions of ISAR. At the twenty-fourth session, ISAR considered the document “2007 Review of the implementation status of corporate governance disclosures: an inventory of disclosure requirements in 25 emerging markets” (TD/B/COM.2/ISAR/CRP.6, hereafter the “2007 CG Inventory”). For ISAR’s twenty-fifth and twenty-sixth sessions, respectively, UNCTAD prepared the documents “2008 Review of the implementation status of corporate governance disclosures: an examination of reporting practices among large enterprises in 10 emerging markets” (TD/B/C.II/ISAR/CRP.1, hereafter the “2008 CG Review”), and “2009 Review of the implementation status of corporate governance disclosures: an examination of reporting practices among large enterprises in 12 emerging markets” (TD/B/C.II/ISAR/CRP.6), hereafter the “2009 CG Review”). UNCTAD’s studies on this subject use as a benchmark ISAR’s conclusions on corporate governance disclosure found in the 2006 UNCTAD publication *Guidance on Good Practices in Corporate Governance Disclosure* (UNCTAD/ITE/TEB/2006/3).

2. The purpose of this study is to update the data presented in the 2007 CG Inventory. The data and analysis presented in this study were prepared by the UNCTAD secretariat in cooperation with the Stirling Management School's Division of Accounting and Finance at the University of Stirling.¹

3. The main findings of this study show that most of the 24 emerging markets examined require some form of mandatory disclosure of most of the items in the ISAR benchmark. Comparison with the 2007 CG Inventory reveals that, while some changes have taken place, the main findings are still the same. Namely, the three main categories where mandatory disclosure is required are “ownership structure and exercise of control rights”, “financial transparency” and “auditing”. The category with the least mandatory disclosure of items is “corporate responsibility and compliance”. Detailed analysis of the findings is presented in chapter I below.

I. Status of implementation of good practices in corporate governance disclosure at the regulatory level

A. Background and methodology

1. ISAR benchmark

4. The purpose of this study is to conduct an inventory of regulatory requirements related to the disclosure items identified in the 2006 UNCTAD publication *Guidance on Good Practices in Corporate Governance Disclosure* (based on the ISAR document TD/B/COM.2/ISAR/30). This 2006 UNCTAD guidance forms a benchmark (hereafter the “ISAR benchmark”) of 52 disclosure items on corporate governance. This benchmark was used in earlier ISAR studies on this subject from 2005 to 2008, as well as in country case studies of Egypt and China

¹ This paper was prepared by the UNCTAD secretariat on the basis of data and draft text provided by Dr. Kevin Campbell director of the CFA Program Partner MSc in Investment Analysis at the University of Stirling, United Kingdom, and a visiting professor in the Faculty of Management at the University of Gdansk, Poland. Research assistance was provided by Yung-Hsiang Teng and Barbara Tschirnich of the University of Stirling.

(both in 2007). Readers should also note that, as was the case with ISAR's previous annual reviews on this subject, this report is not intended as a measure of the quality of disclosure within individual markets; it is a measure of the existence of regulations requiring the selected disclosure items.

5. In an effort to continually improve and update the data available to ISAR, the purpose of this study is to re-examine and update the inventory of disclosure requirements first presented in UNCTAD's 2007 CG Inventory. This study, like the 2007 study, seeks to complement UNCTAD's other research on corporate governance disclosure, by providing an overview of what disclosure items are required in a range of emerging markets around the world. This study looks at the corporate governance disclosure requirements of regulators and stock exchanges in 24 emerging markets. While UNCTAD's corporate governance reviews provide a useful picture of what enterprises are actually disclosing, it is also important to improve the understanding of the requirements placed on companies by regulators and stock exchanges, and how these requirements might vary from country to country, and therefore influence the firm-level disclosure of corporate information. In order to gain a better understanding of the regulatory environment in which publicly listed enterprises operate, the 2007 CG Inventory compared the corporate governance disclosure requirements of regulators and stock exchanges with the ISAR benchmark on good practices. The 2009 review continues this approach and seeks to account for changes in regulations and listing requirements.

6. Compared to previous reviews (and in particular the 2007 CG Inventory), one minor change was made to the benchmark list of indicators: the item on "Disclosure practices on related party transactions where control exists" was removed. This disclosure item was subtracted due to its substantial similarity with the other disclosure item on "Nature, type and elements of related-party transactions".

7. The complete set of 52 disclosure items are grouped into five broad categories, or subject areas, of corporate governance disclosure, and are presented and analysed by category in section B below. These categories are:

- (a) Financial transparency;
- (b) Board and management structure and process;
- (c) Ownership structure and exercise of control rights;
- (d) Corporate responsibility and compliance; and
- (e) Auditing.

2. Sample studied

8. The present study uses the ISAR benchmark to take an inventory of the corporate governance disclosure requirements of 24 emerging markets. The sample of markets examined in this study is drawn from the Emerging Markets Index produced by Morgan Stanley Capital International (hereafter the "MSCI EM Index").² The current MSCI EM Index tracks more than 700 publicly listed enterprises, which account for roughly 85 per cent of the market capitalization of 23 emerging markets.³ Table 1 below provides a list of the 23 markets included in the

² MSCI is a commercial provider of financial information, including equity indices tracking publicly listed enterprises around the world. The MSCI EM Index is considered by institutional investors to be the industry standard to gauge emerging markets performance, and is an important tool for facilitating foreign portfolio investment to developing countries and countries with economies in transition.

³ All MSCI EM Index data used in this study is based on the EM Index as of 11 March 2009. Note that Argentina is no longer part of the MSCI EM Index as of May 2009. For up to date information on the MSCI EM Index please see: www.mscibarra.com.

MSCI EM Index. The study also includes information on Jordan, a former constituent of the MSCI EM Index.

Table 1. The 24 markets included in the study

1. Argentina	14. Republic of Korea
2. Brazil	15. Malaysia
3. Chile	16. Mexico
4. China	17. Morocco
5. China, Taiwan Province of	18. Peru
6. Columbia	19. Philippines
7. Czech Republic	20. Poland
8. Egypt	21. Russian Federation
9. Hungary	22. South Africa
10. India	23. Thailand
11. Indonesia	24. Turkey
12. Israel	
13. Jordan	

3. Research question and sources of information

9. The research question applied to this sample was: which of the corporate governance disclosure items recommended by ISAR are required to be reported by enterprises listed on the major stock exchanges of each of the 24 markets studied? The study examined government laws and regulatory instruments as well as the listing requirements of major stock exchanges. The origin of disclosure requirements varied from market to market, with some markets primarily relying on regulatory instruments and others relying on stock exchange listing rules. The research was performed primarily using publicly available documents from the Internet, but in some cases relied partly on direct communication with regulators and or stock exchange officials if the documents available online needed to be supplemented or clarified.

10. A preliminary copy of updated findings for each market was submitted to the regulators or stock exchange authorities in that market for comment. Where replies had not been received to email and telephone enquiries as of the date of writing this review, the 2007 data were used if no obvious changes to the regulations and listing requirements had occurred since 2007. In the case of Mexico, Peru and Colombia, there were no changes to the 2007 data. While every effort was made to be thorough in this research, this report cannot claim to have covered all applicable laws and regulations.

11. Note that this survey does not take into account voluntary codes; it is an inventory of mandatory requirements in both mandatory codes and “comply or explain” codes. The exclusion of voluntary codes should not be interpreted as discounting the value of voluntary codes; it is merely an attempt to highlight the role of regulators and stock exchanges in setting disclosure requirements. Given the high compliance rate of companies in some markets with voluntary codes, additional mandatory requirements may not be necessary. Other markets have mandatory requirements but compliance with these by enterprises is weak. This report should therefore not be used as a measure of the quality of disclosure within individual markets, rather it is a measure of the existence of regulations requiring the selected disclosure items.

B. Disclosure requirements of 24 emerging markets

12. Table 3 below presents the results of the study, giving the number of markets requiring each corporate governance disclosure item. The information is presented within each of the five broad categories discussed in section A above. This grouping of the disclosure items allows readers to draw their own conclusions based on the importance they assign to a particular category or subject area and, within that category, a particular disclosure item. It also facilitates the analysis that follows on the relative number of disclosure requirements within each category. The categories are presented in order of highest to lowest average number of markets requiring each item, and within each category, the disclosure items are presented in order from most often required to least often required.

Table 2. Main findings of inventory of disclosure requirements in 24 emerging markets
(Number of markets requiring this item)

Disclosure Items by Category	No. of markets (max. = 24)
Ownership Structure and Exercise of Control Rights	
Ownership structure	24
Process for holding annual general meetings	24
Changes in shareholdings	24
Control and corresponding equity stake	24
Control rights	24
Control structure	23
Availability and accessibility of meeting agenda	23
Rules and procedures governing the acquisition of corporate control in capital markets.	22
Anti-Takeover measures	21
Financial Transparency	
Financial and operating results	24
Nature, type and elements of related-party transactions	22
Company objectives	22
The decision making process for approving transactions with related parties	22
Board's responsibilities regarding financial communications	22
Rules and procedure governing extraordinary transactions	19
Critical accounting estimates	17
Impact of alternative accounting decisions	14
Auditing	
Process for appointment of external auditors	22
Process for interaction with external auditors	20
Internal control systems	20
Process for interaction with internal auditors	18
Process for appointment of internal auditors / Scope of work and responsibilities	18
Board confidence in independence and integrity of external auditors	17
Auditors' involvement in non-audit work and the fees paid to the auditors	15
Duration of current auditors	14
Rotation of audit partners	14
Board and Management Structure and Process	
Governance structures, such as committees and other mechanisms to prevent conflict of interest	24
Composition of board of directors (executives and non-executives)	23
Role and functions of the board of directors	23
Determination and composition of directors' remuneration	22
Composition and function of governance committee structures	21
Material interests of members of the board and management	21
"Checks and balances" mechanisms	19
Qualifications and biographical information on board members	19
Duration of director's contracts	17
Independence of the board of directors	17
Risk management objectives, system and activities	16
Existence of procedure(s) for addressing conflicts of interest among board members	16
Existence of plan of succession	15

Disclosure Items by Category	No. of markets (max. = 24)
Number of outside board and management position directorships held by the directors	15
Types and duties of outside board and management positions	14
Professional development and training activities	13
Availability and use of advisorship facility during reporting period	12
Performance evaluation process	11
Compensation policy for senior executives departing the firm as a result of a merger or acquisition	6
Corporate Responsibility and Compliance	
Mechanisms protecting the rights of other stakeholders in business	15
Policy and performance in connection with environmental and social responsibility	13
A Code of Ethics for the Board and waivers to the ethics code	9
A Code of Ethics for all company employees	8
The role of employees in corporate governance	7
Impact of environmental and social responsibility policies on the firm's sustainability	6
Policy on "whistle blower" protection for all employees	2

General Overview

13. As shown in table 2, many of the disclosure items recommended in the ISAR benchmark are already part of the mandatory requirements for listed companies in most of the countries studied. Almost half of the 52 disclosure items are required by 20 or more of the 24 countries. All items in the category 'ownership structure and exercise of control rights' are required to be disclosed in more than 20 markets. Improvements have taken place in the category "financial transparency and information disclosure" as some countries have implemented IFRS, which automatically requires disclosure of all items of the ISAR benchmark in this category. On the other hand, some disclosure items, especially in the "corporate responsibility and compliance" category, are required by less than 10 markets. The small number of markets requiring disclosure of these items demonstrates that the "novelty" (as stated in the 2007 report) of these items still persists and it may take some more time before they are considered for integration into mandatory disclosure requirements.

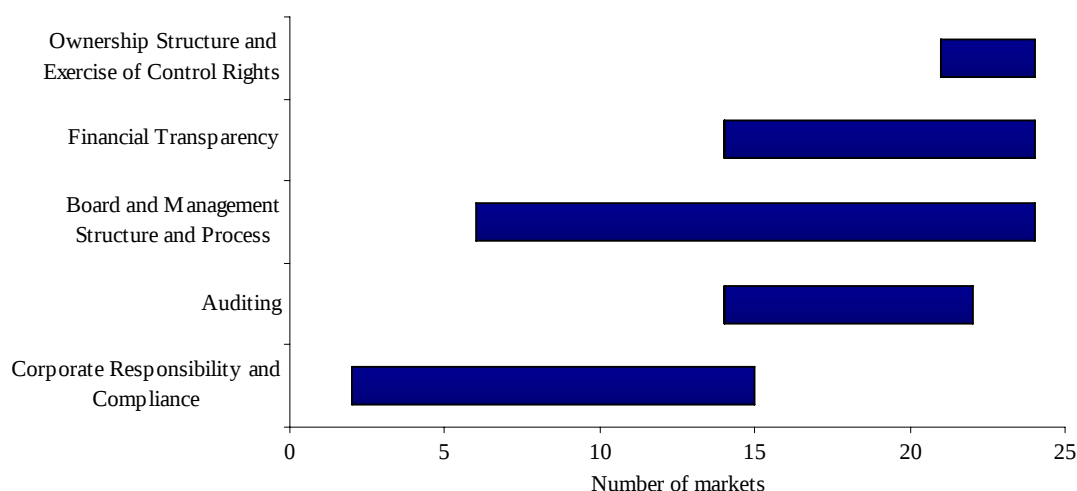
14. Considering further the disclosure items by category, no major changes have taken place compared to UNCTAD's 2007 CG Inventory. The first three categories are still supported in most countries included in this study. Some minor changes regarding the number of countries requiring a particular item resulted from the reclassification of some regulations reviewed in the 2007 CG Inventory. The corporate governance code of the Czech Republic, for example, was classified as following a (mandatory) "comply or explain" approach in the 2007 CG Inventory, but following confirmation of its status by the supervisory authority in that country, it was reclassified for this study as a voluntary code. This change leads the Czech Republic to having fewer disclosure requirements in 2009 than in the earlier review.

15. In some cases, regulators and stock exchanges issued new disclosure requirements, therefore increasing the mandatory disclosure items in the list in Table 2. Five of the nine items in the category "ownership structure and exercise of control rights" have to be disclosed by enterprises in all markets in this study. The other four items are still required by more than 20 markets. Also, in the category "financial transparency and information disclosure", more than half of the items are mandatory in more than 20 of the markets studied. Only three of the nine items in the category "auditing" are required by more than 20 markets. A similar situation appears in the category "board and management structure and process" where six of the 19 items are subject to mandatory disclosure in more than 20 markets. The remaining items in "auditing" and all but one of the remaining items in "board structure" are still required by at least 14 and 11 markets, respectively. The category

with the least mandatory disclosure is “corporate responsibility and compliance”, where five of the seven items are required by less than 10 markets. Figure 1 provides an overview of the maximum and minimum number of markets supporting individual disclosure items in each category.

Figure 1. Overview of disclosure requirements by category

(Maximum and minimum number of markets requiring disclosure items in this category; the length of bar indicates the difference between the disclosure item required by the lowest number of markets, and the disclosure item required by the highest number of markets, within the same category)



16. Figure 1 illustrates the extent of mandatory disclosure requirements in each of the five categories. This analysis remains consistent with the findings of the 2007 CG Inventory. It also shows a different perspective on reporting of auditing issues. In the 2005, 2006 and 2008 CG Reviews, which examined the actual disclosure practices of enterprises, it was the auditing category that was consistently the subject of the lowest level of disclosure among emerging markets. In the 2007 and 2009 CG Inventories, it is found that auditing disclosures are relatively common among the mandatory disclosure rules of emerging markets. The difference between what is required and what is actually disclosed is explored in more depth in both the 2008 and 2009 CG Reviews.

Table 3. Most prevalent and least prevalent disclosure items
(Number of markets requiring this item)

Top 10 most prevalent disclosure items required among 24 emerging markets	No. of markets (max.=24)	Bottom 10 least prevalent disclosure items required among 24 emerging markets	No. of markets (max.=24)
Ownership structure	24	Policy and performance in connection with environmental and social responsibility	13
Process for holding annual general meetings	24	Professional development and training activities	13
Changes in shareholdings	24	Availability and use of advisorship facility during reporting period	12
Control and corresponding equity stake	24	Performance evaluation process	11
Control rights	24	A Code of Ethics for the Board and waivers to the ethics code	9
Financial and operating results	24	A Code of Ethics for all company employees	8
Governance structures, such as committees and other mechanisms to prevent conflict of interest	24	The role of employees in corporate governance	7
Control structure	23	Impact of environmental and social responsibility policies on the firm's sustainability	6
Availability and accessibility of meeting agenda	23	Compensation policy for senior executives departing the firm as a result of a merger or acquisition	6
Composition of board of directors (executives and non-executives)	23	Policy on "whistle blower" protection for all employees	2

17. Table 3 shows the ten most prevalent and the ten least prevalent disclosure items required in the 24 markets studied. Compared to the 2007 CG Inventory, there are not many changes in the items required for disclosure by regulators. Seven of the ten most prevalent disclosure items are from the category "ownership structure and exercise of control rights". This is one item more than in the 2007 study; the item concerned is "control and corresponding equity stake". It is also noteworthy that seven of the ten most prevalent disclosure items are required by all markets included in this study. This demonstrates that there is a consensus internationally about the information that it is regarded as important to disclose.

18. There is also not much change between the 2007 and 2009 CG Inventories regarding the ten least prevalent disclosure items. The item "policy on 'whistle blower' protection for all employees" is still the least required disclosure item. Six of the ten items in table 3 are from the category "corporate responsibility and compliance" demonstrating that a number of corporate responsibility issues have not yet been integrated into mandatory disclosure rules for listed companies.

C. Gap analysis of disclosure requirements

19. Table 4 below illustrates where gaps exist in corporate governance disclosure requirements. The top line of the table lists the numbers of the 52 disclosure items found in the ISAR benchmark. This excludes item 15 which, as noted earlier, was dropped from the initial list of 53 disclosure items. To facilitate comparisons with the 2007 study, the subsequent items were not renumbered but retain their initial

number (16 to 53). The items are grouped according to the five categories. The blank or white spaces in the table indicate an absence of a mandatory requirement for disclosure of that item. The markets in the table are listed from top to bottom in order of the total number of disclosure items required. The three large developed markets are included at the top of the table for comparison purposes.

20. The table demonstrates that all of the items in the category “ownership structure and exercise of control rights” are mandatory disclosure items in almost all the emerging markets included in this study. The category “financial transparency and information disclosure” has a few more gaps but all of the items are still required by 13 of the 24 emerging markets.

21. Requirement of the disclosure items under the categories of “auditing” and “board and management structure and process” is certainly less prevalent. As far as auditing is concerned, there is no particular emphasis on either disclosure of external or internal auditing information. Countries which require disclosure of external auditing items usually also require information on internal auditing structures. Items 25 (duration of current auditors), 26 (rotation of audit partners) and 27 (auditors’ involvement in non-audit work and the fees paid to the auditors) are the least required items of disclosure in this category, as they also were in the 2007 study.

22. The largest variation in requirements between items can be found in the category “board and management structure and process”. Only item 35 (governance structures, such as committees and other mechanisms to prevent conflict of interest) is mandatory for all 24 markets. This demonstrates the widespread importance accorded to this issue. While disclosure of information regarding board and management structures is generally required, the format of the board of directors differs from country to country. Some countries operate a two-tier board system (supervisory board and management board) while others follow the Anglo-Saxon model of a one-tier board system. The latter model usually requires more mandatory information on executive and non-executive directors. For these reasons, the ISAR benchmark items in this category show the greatest variation. Compared with the 2007 study, the position of item 46 (compensation policy for senior executives departing the firm as a result of a merger or acquisition) has not changed and it is still not a requirement in most emerging markets.

23. Table 4 also highlights the major gaps in disclosure requirements for the “corporate responsibility and compliance” category. There are six countries which do not require disclosure of any of the items in this category. These markets are also among the markets with the fewest number of disclosure requirements, with the exception of Poland. Poland’s lack of disclosure requirements in this category thus stands in contrast to the number disclosure requirements Poland has in the other categories.

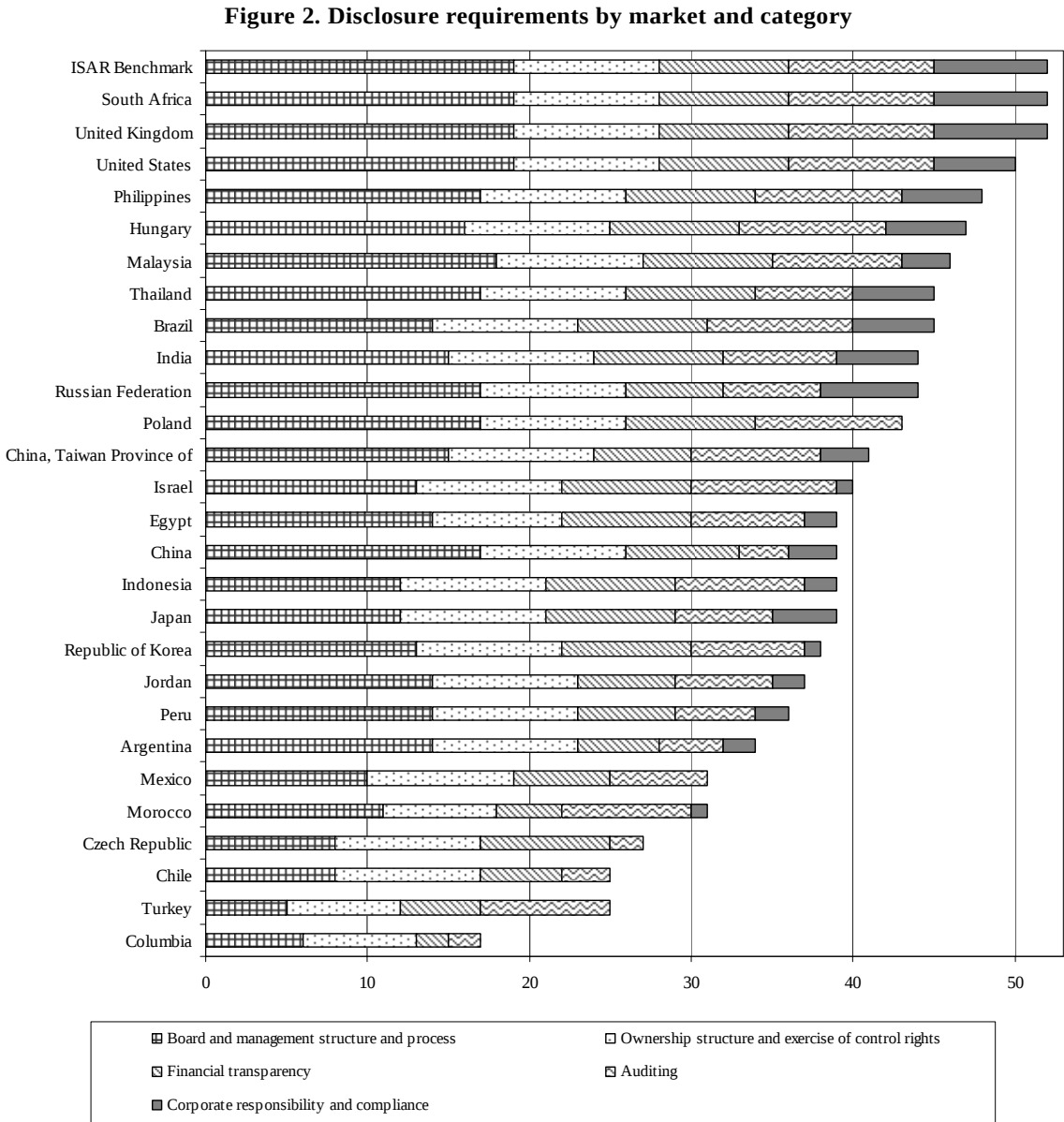
Table 4. Gap analysis of disclosure requirements in 24 emerging markets and three large developed markets*

[illegible]

* Empty white squares indicate that the disclosure item is not required. Disclosure item 15 intentionally omitted. The name of individual disclosure items can be found in the list in Annex II.

D. Comparison of disclosure requirements between markets

24. Figure 2 presents an overview of the number of disclosure items required for each category of disclosure in each of the 24 emerging markets reviewed. For comparison purposes, the figure also includes the number of disclosure items for each category found in the ISAR benchmark of good practices in corporate governance disclosure, as well as the disclosure requirements for Japan, the United Kingdom and the United States.



25. The figure demonstrates that the majority of emerging markets support mandatory disclosure of most of the items in the ISAR benchmark. Only four of the

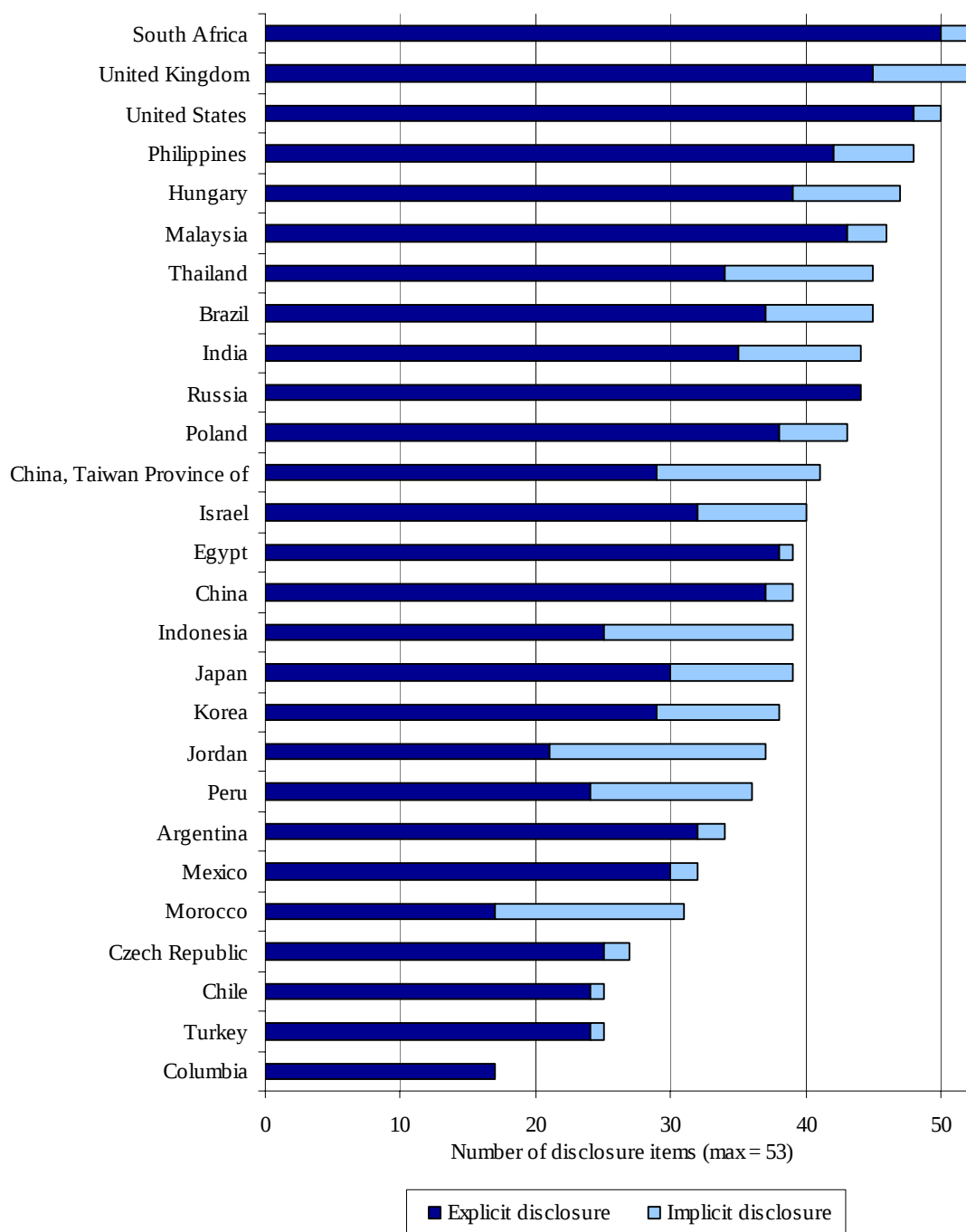
emerging market countries actually require disclosure of less than 30 of the ISAR benchmark items in their laws and regulations.

26. The comparison provided in figure 2 also suggests that many emerging markets have levels of mandatory disclosure that are similar to the largest developed country equity markets, both in terms of the number of disclosure items covered and the range of topics addressed. While this observation does not address issues of compliance with disclosure requirements, or the quality of disclosure, it does make clear that emerging market policy makers share with their developed country counterparts a similar understanding of not only what should be disclosed, but also how disclosure can be encouraged, i.e. through the use of requirements.

E. Clarity of requirements: explicit and implicit disclosure requirements

27. During review regulations and exchange listing requirements, it was observed that for some disclosure items there was an obvious and explicit requirement to disclose or report the item. For example, the text may state: “enterprises must disclose in their annual reports the ownership structure of the enterprise”. In other instances, the requirement to disclose a particular item was less obvious and more implicit. For example, a regulation might require a particular item to be recorded in the minutes of the meeting of the Board of Directors, without explicitly stating that it should be publicly disclosed. The same regulation may go on to state that the Board’s minutes are to be filed with a regulator and made available to the public. In such cases, the regulation implies that certain issues are the subject of mandatory public disclosure. Therefore, all information that is made publicly available, even if it is not in the enterprise’s annual report, was considered “disclosure” for the purposes of this study.

28. Figure 3 presents an overview of the number of explicit and implicit disclosure requirements for each market. As can be seen, these vary considerably from market to market, and may be related to the legal traditions of a given jurisdiction. Nevertheless, explicit references to disclose information might be useful as an aid to both enterprises wishing to list on exchanges in these markets, as well as investors wishing to better understand the disclosure requirements of such markets.

Figure 3. Explicit and implicit disclosure requirements

29. Compared to the 2007 CG Inventory, the number of implicit disclosure requirements has decreased in favour of more explicit requirements. One of the reasons for this switch is that some countries issued new corporate governance codes, mostly on a “comply or explain” basis, that included more explicit requirements for disclosure. Another explanation is that a few of the emerging markets included in this study have implemented IFRS for listed companies and therefore disclosure on “financial transparency” automatically became more

explicit. For investors wishing to better understand the disclosure requirements of these markets, the increase of explicit disclosure requirements is certainly advantageous.

II. Conclusions

30. This report is an update of UNCTAD's 2007 CG Inventory. This study focuses on the disclosure requirements applied to publicly listed firms by regulators and stock exchanges in 24 emerging markets. The study makes no judgments on the quality of disclosure or regulations in any market, rather it simply tests for the existence of selected requirements.

31. The main findings of this study show that most of the 24 emerging markets examined require some form of mandatory disclosure of most of the items in the ISAR benchmark. Comparison with the 2007 CG Inventory reveals that, while some changes have taken place, the main findings are still the same. Namely, the three main categories where mandatory disclosure is required are "ownership structure and exercise of control rights", "financial transparency and information disclosure" and "auditing". The category with the least mandatory disclosure of items is "corporate responsibility and compliance". The data analysis also provided some insights into differences between the markets in the sample group, both in regards to the particular disclosure items required, as well as the degree of specificity of the rules regarding disclosure. The use of "explicit" disclosure rules has increased, but many markets still have "implicit" disclosure rules which could be made more clear. A comprehensive list of explicit disclosure requirements in every market would assist enterprises in preparing their reports, and assist investors in understanding what information is required from companies.

32. Whereas UNCTAD's annual CG Reviews examine the actual disclosure practices of listed companies in their annual reports, the 2007 and 2009 CG Inventories concentrate on mandatory disclosure required by regulators and stock exchanges. These two approaches allow the Group of Experts to address some of the questions surrounding the relationship between disclosure rates and disclosure requirements. The complementary role of the two approaches is designed to address the question of whether or not the low rates of disclosure of some enterprises, particularly in developing countries and economies in transition, was influenced by local regulations within these markets. The 2008 and 2009 CG Reviews examine this question.

Annex I. List of sources by market

Argentina

- o Stock Exchange Rules ("Reglamento de Cotización");
- o National Securities Rules (Normas de la Comisión Nacional de Valores);
- o Decree nr. 677/01;
- o Corporate Law Nro. 19.500 (Ley de Sociedades Comerciales).

Brazil

- o LAW No. 10.303, OF OCTOBER 31, 2001 (Corporate Law);
- o Law no. 6.404 of December 15, 1976;
- o CMV Instruction No 308 of May 14, 1999;
- o CVM Instruction No 358 of January 3, 2002;
- o CVM Instruction No 457 of July 13, 2007;
- o Corporate Governance Code.

Chile

- o Characteristics of the Chilean Stock Market, Bolsa de Comercio de Santiago, 2003;
- o Questionnaire of the Santiago Stock Exchange, Serie Institucional N° 3, Bolsa de Comercio de Santiago, 1999;
- o Law No. 18,045 (Securities Market Law);
- o Law No. 18,046 (Corporations Law).

China

- o Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in 2008);
- o Provisional Code of Corporate Governance for Securities Companies;
- o Securities Law of the People's Republic of China (Revised in 2005);
- o Company Law of the People's Republic of China (Revised in 2005).

China, Taiwan Province of

- o Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies;
- o Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies;
- o Taiwan Stock Exchange Corporation Rules Governing Information Reporting by Listed Companies (amendment in Dec 2008);
- o Business Mergers and Acquisitions Law;
- o Co., Ltd. Self-Regulatory Rules on Disclosure of Merger and Acquisition Information;
- o Company Act.

Columbia

- o Código de Comercio;
- o Código de mejores prácticas corporativas: Código País.

Czech Republic

- o Section III of the Exchange Rules of the Prague Stock Exchange;
- o Act on Undertaking on the Capital Market;
- o Act on Auditors;
- o Commercial Code No. 513/1991 ("Obchodní zákoník").

Egypt

- o Egyptian Code of Corporate Governance (2005);
- o Listing Rules of the Cairo Alexandria Stock Exchange;
- o Capital Market Law (second edition of 1998);
- o Auditing Standards;
- o Accounting Standards.

Hungary

- o Directive 2004/109/EC of December 15, 2004;
- o Regulations of the Budapest Stock Exchange for listing, continued trading and disclosure;
- o Corporate Governance Code;
- o Act IV of 2006 on Business Associations.

India

- o Listing Agreement for Equity, Bombay Stock Exchange;
- o Report of the Kumar Mangalam Birla Committee on Corporate Governance;
- o Securities and Exchange Board of India Notification.

Indonesia

- o Regulation Number I-A Listing Requirements, Jakarta Stock Exchange;
- o Regulation Number I-E Concerning the Obligation of Information Submission, Jakarta Stock Exchange;
- o Bapepam Rules Number VIII.G.11;
- o Bapepam Rules Number VIII.G.2;
- o Bapepam Rules Number IX.E.1;
- o Bapepam Rules Number IX.E.2;
- o Report on the Observance of Standards and Codes (ROSC).

Israel

- o Company Law 5759-1999;
- o The Securities Law;
- o Identifying a principal shareholder in a reporting corporation;
- o IFRS.

Japan

- o Security Listing Regulations, Tokyo Stock Exchange (TSE);
- o Principles of Corporate Governance for Listed Companies, TSE;
- o Criteria of Listing, TSE;
- o Listing Guides for Foreign Companies, TSE;
- o Companies Act;
- o Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security and the Like, TSE;
- o New Legislative Framework for Investor Protection, Financial Services Agency;
- o Law Concerning the Promotion of Business Activities with Environmental Consideration by Specified Corporations, Ministry of the Environment;
- o The Whistle Blower Protection Act.

Jordan

- o Directives for Listing Securities on the Amman Stock Exchange, 2004;
- o The Securities Law, 2002;
- o The Companies Law No. 22 of 1997;
- o JSC Directives of Disclosure and Auditing and Accounting Standards of 2004.

Republic of Korea

- o Stock Market Disclosure Regulation, 2007, KRX;
- o Stock Market Operational Guidelines on Fair Disclosure, 2007, KRX;
- o Stock Market Listing Regulation, 2008, KRX;
- o Enforcement Rule of Stock Market Listing Regulation, 2008, KRX;
- o Commercial Act, Republic of Korea.

Malaysia

- o Listing Requirements for Main Board and Second Board, KLSE;

- o Malaysian Code on Corporate Governance, Securities Commission Malaysia.

Mexico

- o Ley General de Sociedades Mercantiles;
- o Ley del Mercado de valores;
- o Code of Best Corporate Practices, 2006, Bolsa Mexicana de Valores (BMV);
- o Corporate Governance Code for Mexico, 2002, BMV;
- o Code of Professional Ethics of the Mexican Stock Exchange Community, BMV.

Morocco

- o General Rules of the Stock Exchange (Casablanca-Bourse);
- o Loi N° 17-95 Relative aux Societes Anonymes.

Peru

- o Reglamento de inscripción y exclusión de valores mobiliarios en la Bolsa de Valores de Lima (Regulation of Inscription and exclusion of values in the StockExchange of Lima);
- o Ley General de las Sociedades (General Societies Law);
- o Reglamento de Hechos de Importancia, Información Reservada y Otras Comunicaciones (Regulation of Important Facts, Reserved Information and Other Communications) o Reglamento de Propiedad Indirecta, Vinculación y Grupos Económicos;
- o Reglamento de Propiedad Indirecta, Vinculación y Grupos Económicos (Regulation of Indirect Property, Linkages and Economic Groups);
- o Reglamento de Oferta Pública de Adquisición y de Compra de Valores por Exclusión (Regulation of Public Supply of Acquisition and Purchase of Values by Exclusion);
- o Reglamento de Información Financiera y Manual para la Preparación de Información Financiera (Regulation of Financial Information and Manual for the Preparation of Financial Information);
- o Manual para la Preparación de Memorias Anuales y Normas Comunes para la determinación del contenido de Documentos Informativos (Manual for the Preparation of Annual Reports and Common Norms for the determination of the Intelligence document content).

Philippines

- o The corporation code of the Philippines;
- o Financial Disclosure Checklist (Philippines Securities and Exchange Commission);
- o The Securities Regulation Code;
- o Philippines Code of Corporate Governance.

Poland

- o Commission Recommendation of February 15, 2005;
- o Best Practices for Warsaw Stock Exchange Listed Companies, 2007;
- o WSE Listing Regulations;
- o Act of July 29, 2005 on Public Offerings.

Russian Federation

- o Corporate Governance Code;
- o Law on Securities Markets;
- o Russian Civil Code.

South Africa

- o Stock exchange listing rules for the Johannesburg Stock Exchange;
- o The King Report III.

Thailand

- o Disclosure Manual, 2007, Stock Exchange of Thailand (SET);
- o Principles of Good Corporate Governance for Listed Companies, 2006, SET;
- o Listed Companies Handbook, 2009;

- o Listing of Ordinary Shares or Preferred Shares as Listed Securities, 2001 (Amended in 2009).

Turkey

- o Commercial Code;
- o Communiqué on Principles Regarding Public Disclosure of Material Events (Capital Markets Board of Turkey);
- o Communiqué amending the communiqué regarding independent auditing in capital markets;
- o The Capital Markets Law, 2007.

United Kingdom

- o Disclosure Rules and Transparency Rules, Finance Service Association (FSA);
- o FSA Handbook;
- o The City Code on Takeovers and Mergers, The Panel on Takeovers and Mergers;
- o Alternative Investment Management;
- o The Combined Code on Corporate Governance, 2008.

United States

- o Security Act, 1933;
- o Listed Companies Manual, NYSE;
- o Sarbanes-Oxley Act;
- o Standards relating to listed company audit committees;
- o Regulation S-K, SEC.

Annex I. List of disclosure items in the ISAR benchmark

No.	Disclosure item
Ownership structure and exercise of control rights	
1	Ownership structure
2	Process for holding annual general meetings
3	Changes in shareholdings
4	Control structure
5	Control and corresponding equity stake
6	Availability and accessibility of meeting agenda
7	Control rights
8	Rules and procedures governing the acquisition of corporate control in capital markets.
9	Anti-takeover measures
Financial transparency and information disclosure	
10	Financial and operating results
11	Critical accounting estimates
12	Nature, type and elements of related-party transactions
13	Company objectives
14	Impact of alternative accounting decisions
15	Disclosure practices on related party transactions where control exists
16	The decision-making process for approving transactions with related parties
17	Rules and procedures governing extraordinary transactions
18	Board's responsibilities regarding financial communications
Auditing	
19	Process for interaction with internal auditors
20	Process for interaction with external auditors
21	Process for appointment of external auditors
22	Process for appointment of internal auditors/scope of work and responsibilities
23	Board confidence in independence and integrity of external auditors
24	Internal control systems
25	Duration of current auditors

26	Rotation of audit partners
27	Auditors` involvement in non-audit work and the fees paid to the auditors
Corporate responsibility and compliance	
28	Policy and performance in connection with environmental and social responsibility
29	Impact of environmental and social responsibility policies on the firm`s sustainability
30	A code of ethics for the board and waivers to the ethics code
31	A code of ethics for all company employees
32	Policy on “whistle blower” protection for all employees
33	Mechanisms protecting the rights of other stakeholders in business
34	The role of employees in corporate governance
Board and management structure and process	
35	Governance structures, such as committees and other mechanisms to prevent conflict of interest
36	“Checks and balances” mechanisms
37	Composition of board of directors (executives and non-executives)
38	Composition and function of governance committee structures
39	Role and functions of the board of directors
40	Risk management objectives, system and activities
41	Qualifications and biographical information on board members
42	Types and duties of outside board and management positions
43	Material interests of members of the board and management
44	Existence of plan of succession
45	Duration of director`s contracts
46	Compensation policy for senior executives departing the firm as a result of a merger or acquisition
47	Determination and composition of directors` remuneration
48	Independence of the board of directors
49	Number of outside board and management position directorships held by the directors
50	Existence of procedure(s) for addressing conflicts of interest among board members
51	Professional development and training activities
52	Availability and use of advisorship facility during reporting period
53	Performance evaluation process