United States
Corporate Governance Institutions, Practices and Developments

1. Key Institutional Features of Corporate Governance and Company Profile in the United States

1.1 Background

There are four primary sources of law, regulation and principles that provide the legal and institutional basis of the system of corporate governance in the United States: state corporate law; a company's chartering documents, such as its articles of incorporation and bylaws; the federal securities laws; and the listing rules of US exchanges. These sources interact to provide the US framework for determining and regulating the duties and obligations of a publicly traded company's directors and executive officers and the rights of its shareholders.

State corporate laws: There is no federal corporation law in the United States. Instead, each of the 50 states of the US (as well as the District of Columbia) has enacted a corporate enabling statute that provides for the formation of corporate entities and establishes the terms of governance among a corporation's board of directors, management and shareholders. For example, state corporate statutes typically mandate that responsibility for the management of a corporation's business and affairs vests in its board of directors, and typically permit the board of directors to appoint committees having a broad range of power and responsibilities and to select the company's executive officers consistent with its bylaws.

State corporate law consists of both the state corporation statutes and judicial decisions interpreting them. Those judicial decisions, which comprise each state's "common law", have established several key components of the US corporate governance framework, such as a director's duties of care and loyalty,[87] and the business judgment rule used by courts to determine whether a director has breached those fiduciary duties.[88] Because the majority of US public companies have elected to incorporate in Delaware, and Delaware corporate law statutes

[87] The duty of care requires a director to perform his duties in a manner the director reasonably believes to be in the best interest of the corporation. To fulfill this duty, a director must be properly informed and exercise appropriate diligence when making business decisions and overseeing the management of the company. The duty of loyalty requires that a director make corporate decisions based on the best interests of the company and not on a personal interest that is not shared generally by the company's shareholders. As articulated in recent Delaware case law, the duty of loyalty also subsumes a duty to act in good faith, *i.e.* honestly, in the best interest of the corporation, and in a manner that is not knowingly unlawful or contrary to public policy.

[88] The business judgment rule applies a presumption that when making a business decision, directors have acted on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the company. A plaintiff may rebut this presumption upon proof that the directors breached their duty of care or loyalty or acted in bad faith.

and related jurisprudence are well-developed and followed by other states, this report refers to Delaware corporate law.

Corporate chartering documents: A corporation's basic chartering documents are its certificate or articles of incorporation, which are filed with the state of incorporation's secretary of state or other corporate office, and the company's by-laws. State corporate laws typically provide some flexibility regarding the basic chartering documents in order to permit companies to structure their governance as shareholders, directors and management see appropriate. For example, Delaware General Corporation Law (DGCL) Section 212(a) provides that each stockholder is entitled to one vote for each share of capital stock held unless otherwise provided in the company's certificate of incorporation. A corporation's governing documents also may include its corporate governance guidelines, which disclose the standards governing the board's key duties and functions. Many companies have adopted corporate governance guidelines to fulfill exchange listing requirements or voluntarily to reflect best practices.

US federal securities laws: The Securities Act of 1933 (Securities Act) and the Securities Exchange Act of 1934 (Exchange Act) regulate offerings, sales and trading of securities. The Exchange Act also requires companies that have registered securities with the US Securities and Exchange Commission (SEC) to file periodic and current reports on an ongoing basis. The Exchange Act further regulates the process by which public companies solicit shareholder votes in connection with shareholder meetings.

The SEC has promulgated rules that require a Securities Act or Exchange Act registrant and reporting company to disclose specified information concerning its corporate governance, business, results of operation and financial condition, directors and executive officers, principal shareholders, and other matters. The SEC also has rules that govern proxy solicitation and disclosure in connection with shareholder meetings. In addition, the SEC has adopted rules requiring directors, officers and principal shareholders to disclose their ownership of securities in Exchange Act registrants. The fundamental purpose underlying the SEC's disclosure rules is to help investors make informed investment or voting decisions.

Listing rules of US exchanges: To maintain a listing of a security on a US exchange, a company must comply with the exchange's listing rules, which are subject to approval by the SEC. These rules typically include corporate governance requirements.[89] For example, the NYSE requires most listed companies to have a majority of independent directors[90] and nominating, compensation and audit committees, each of which is composed entirely of independent directors.[91] The NYSE has generally justified the independent director requirement in its corporate governance rules based on its view that having independent directors will increase the quality of board oversight and lessen the possibility of damaging conflicts of interest.[92]

---

[89] The corporate governance rules of the various US exchanges, including the New York Stock Exchange (NYSE) and Nasdaq, the principal US securities markets, are similar, although there is some variance. This report references the Listed Company Manual of the NYSE.

[90] Section 303A.01 of the NYSE Listed Company Manual.

[91] Section 303A.04, 303A.05 and 303A.06 of the NYSE Listed Company Manual.

[92] See the commentary to NYSE Listed Company Manual Section 303A.01.

1.2 Trends

The following chart shows the total number of listed companies and aggregate market capitalization for the primary securities markets (NYSE and Nasdaq) in the United States over the past five years:

	2005	2006	2007	2008	2009
Number of Listed Companies	5,434	5,413	5,366	5,963	5,179
Market Capitalization (in US$ billion)	17.24	19.29	19.66	11.61	15.10

Source: Based on statistics compiled by the World Federation of Exchanges

During the 2008 global financial crisis, market capitalization declined 41% from year-end 2007 to 2008 and increased 30% from year-end 2008 to 2009.

1.3 Key Corporate Governance Rules and Practices

See Key Corporate Governance Rules and Practices in the United States, p. 234.

2. Development, Enforcement and Assessment of Implementation of Corporate Governance Rules

2.1 Development of Corporate Governance Rules

The SEC has played a significant role in developing corporate governance rules both directly and, through its oversight of US stock exchanges, indirectly. Areas of corporate governance that have been the subject of final or proposed SEC rules include executive compensation disclosure, comparative corporate governance disclosure by Exchange Act reporting foreign private issuers, proxy disclosure enhancements, proxy access, and a company's internal controls over financial reporting. The SEC has also approved rules adopted by US stock exchanges on a wide range of corporate governance subjects, such as independent director requirements, executive compensation, nominating, and audit committee requirements, and code of ethics requirements.

In its corporate governance rulemakings, the SEC has benefited from comments submitted by independent groups. Those groups have included the Council of Institutional Investors, which is a non-profit association of public, union and corporate pension funds, the Business Roundtable, which is an association of chief executive officers from large US companies, the US Chamber of Commerce, which represents primarily smaller US companies, the American Bar Association, and the American Institute of Certified Public Accountants.

2.2 Enforcement of Corporate Governance Rules

During the two-year period of 2008 and 2009:

- The SEC brought a total of 503 civil actions and administrative proceedings against companies to enforce its rules concerning reporting and disclosure, including corporate governance requirements;[93] and

[93] See the Enforcement Action Summary Charts for Fiscal 2008 and 2009, which are contained, respectively, in Select SEC and Market Data for 2008 and 2009, and available on the SEC's web site at http://www.sec.gov/about/secstats2008.pdf and 2009.pdf.

- A total of approximately 390 class action lawsuits were brought asserting claims of violation of the federal securities laws.[94]

In addition, during that same period, approximately 1,250 lawsuits were brought in the Delaware Court of Chancery asserting rights under state corporate law.[95] These statistics do not include lawsuits brought in state courts other than Delaware courts or lawsuits brought individually to assert claims under the federal securities laws.

2.3 Assessment of Corporate Governance Practices

There has not been a self-assessment or ROSC undertaken with respect to observance of the OECD Principles of Corporate Governance in the United States.

3. Awareness and Advocacy for Good Corporate Governance

3.1 Company Directors

The most prominent association of corporate directors in the United States is the National Association of Corporate Directors (NACD). According to NACD’s website, its “network includes nearly 10,000 directors and executives from leading public, private and nonprofit companies; economy-wide recognized firms whose professional services meet important corporate governance needs; and governance experts from academia and elsewhere”.[96] The NACD develops publications and training for corporate directors, including an annual conference, on matters relating to their corporate governance responsibilities.

In addition to the NACD’s director education programs, many other organizations, including universities and other nonprofit organizations, offer director education courses and publications. Examples are: the Director’s Consortium, sponsored jointly by the University of Chicago, Stanford University, and Dartmouth College; the University of Delaware’s John L. Weinberg Center for Corporate Governance; Duke University’s Director’s Education Institute; the Conference Board’s Director’s Institute; the NYSE’s corporate forums; the American Society of Corporate Secretaries; and the American Bar Association Section of Business Laws’ Corporate Director’s Guidebook, now in its fifth edition. There is no mandatory director training regarding these programs, however.

Some US exchanges require a listed company to adopt corporate governance guidelines that address a variety of board issues, such as the qualifications, responsibilities, and compensation of directors. For example, NYSE listed companies must adopt corporate governance guidelines that, in addition to the above topics, must address continuing education requirements for

---

[94] The number of federal class action lawsuits is based on statistics compiled by the Stanford Law School Securities Class Action Clearinghouse, in cooperation with Cornerstone Research. Not all of these lawsuits addressed corporate governance issues.

[95] The number of Delaware court lawsuits is derived from statistics contained in the 2009 Annual Report of the Delaware Judiciary. This estimate is based on the assumption that approximately 75% of the civil cases brought in the Court of Chancery are corporate governance cases, as reflected in a survey of earlier data in Robert B.Thompson & Randall S. Thomas, *The New Look of Shareholder Litigation: Acquisition-Oriented Class Actions*, 57 VAND. L. REV. 133, 165–66 (2004).

[96] http://www.nacdonline.org

directors.[97] Those guidelines typically encourage directors to attend continuing education programs at the company's expense.

3.2 Media

Some US universities offer programs designed to educate working journalists on business issues, including corporate governance issues. For example, the Rock Center for Corporate Governance at Stanford University Law School awards fellowships to experienced business and finance journalists enabling them to attend a program offering a primer on corporate governance. Columbia University's Graduate School of Journalism annually awards fellowships to experienced journalists seeking to develop their expertise in business matters. Arizona State University's Donald W. Reynolds National Center for Business Journalism provides free training to journalists in an effort to improve the quality of American business journalism. In addition, the Society of American Business Editors and Writers offers continuing education programs on business matters and ethics to its journalist members.

In the United States business and financial journalists regularly report on corporate governance matters. Coverage of corporate governance matters has tended to increase during times of financial and economic crisis, such as following the collapse of Enron and Worldcom in 2002 and the global recession of 2008. Today the US press regularly reports on corporate governance matters in connection with US Congressional efforts to enact financial reform and recent corporate investigations.

3.3 Educational System

While corporate governance has only recently been introduced into curricula at some undergraduate institutions in the US, it is widely available to students in business and legal graduate programs. Corporate governance is not typically a subject taught in US secondary schools (grades 9-12).

Corporate governance is an established part of the MBA curricula at major US universities such as Harvard, Yale, Dartmouth, Stanford, and New York University, either as a mandatory course or an elective. Some MBA programs include corporate governance issues as part of a broader course on corporate responsibility, business ethics and leadership.

Many US law schools offer courses on corporate governance matters. Some US law schools, such as Northwestern University's Corporate Counsel Institute, provide post-graduate training on topics of interest to corporate counsel, including corporate governance.

Members of the judiciary at the federal or state level may also receive training in corporate governance. For example, the Federal Judiciary Center, which provides continuing education and other services to federal judges, has offered courses on US corporate trends and securities regulatory issues. In addition, the judges of the Delaware Supreme Court and the Court of Chancery (the forum with the most concentrated corporate governance docket) typically have records of significant practice experience in transactional and litigation aspects of corporate governance.

3.4 Stock Exchange

The NYSE supports a number of programs that offer continuing education to company directors. Those programs include the director education programs of the NACD and the

---

[97] See NYSE Listed Company Manual Sec. 303A.09.

Outstanding Directors Exchange. Nasdaq also supports continuing education for company directors through the Nasdaq OMX Educational Foundation, Inc., which seeks to provide innovative educational and charitable opportunities that support the exchange's mission.

The NYSE periodically sponsors corporate forums that address significant issues, including corporate governance matters, affecting public companies, and which are led by legal, financial, economic, and investor relations experts.

4. Corporate Governance of State-Owned and Family-Controlled Enterprises

4.1 State-Owned Enterprises

US governmental investment in publicly traded companies has been infrequent. However, in response to the 2008 financial crisis, the US government established the Troubled Asset Relief Program (TARP), which authorized the US Treasury to purchase the "troubled assets" of, and invest in, banks and other financial institutions meeting specified conditions. Oversight of TARP is provided by a Financial Stability Oversight Board, which includes the Chairman of the Federal Reserve, the Treasury Secretary, the Chairman of the SEC, the Director of the Federal Housing Finance Agency and the Secretary of Housing and Urban Development. Under TARP's Capital Purchase Program, the US Treasury has injected over $200 billion of capital in distressed firms in exchange for primarily non-voting preferred securities. Many of those firms have already repaid the TARP investment.

In connection with TARP, the US Treasury Department promulgated executive compensation and corporate governance standards with which participating financial institutions must comply for as long as the US Treasury holds their equity issued under the program. Those standards include: restrictions on the amount of cash compensation and payment of bonuses, retention awards or incentive compensation; prohibition on making "golden parachute" payments; and a "say-on-pay" requirement that shareholders of any TARP recipient be permitted to vote separately to approve the compensation of executives at an annual or other meeting of shareholders.

There are no important CG issues with the way major state-owned enterprises are governed other than the TARP-related issues described above.

While the TARP program is too recent to gauge its long-term effect on corporate governance in the US, the TARP corporate governance-executive compensation standards may be viewed as confirmation of the OECD principle that a company's executive compensation practices should further the long-term interests of the company and its shareholders.

4.2 Family-Controlled Enterprises

Publicly traded companies that are family-controlled are largely subject to the same corporate governance requirements as other US publicly traded companies. Certain corporate governance stock exchange listing standards (such as requiring a majority of independent directors and a nominating committee consisting of all independent directors) do not apply to companies with a controlling stockholder.

While corporate governance requirements might act as a disincentive to a private, family-owned enterprise becoming a listed company, other factors, such as the cost of complying with SEC financial disclosure requirements and producing Exchange Act reports, are at least as significant a disincentive.

5. Role of Professional Service Providers in Corporate Governance

Accounting and auditing firms

Accounting firms seek to ensure that US Generally Accepted Accounting Principles (US GAAP), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), or GAAP reconciliation requirements are complied with in companies' financial statements. Auditors are responsible for verifying compliance with those accounting standards and requirements, and attesting to management's assessment of the issuer's internal control over financial reporting. By the issuance of an audit report and attestation report, the public is informed of the company's financial performance, compliance with accounting standards, and level of adequacy of the company's internal control over financial reporting. Accountants regularly counsel companies on ways to improve their accounting procedures and controls.

Rating agencies

In recent years, securities rating agencies in the United States, such as Moody's and Standard & Poor's, have included corporate governance compliance as part of the methodology used to rate publicly traded companies. In some instances, those agencies have explicitly informed the public that corporate governance problems have contributed to the rating given to a company's securities. In other instances, those agencies have informed the public that a particular rating is due to its assessment of a company's level of financial risk, which is defined to include a view of a company's corporate governance, financial policies, and risk tolerance. Those agencies have also occasionally published reports that focus on corporate governance assessment and compliance in various industries or regions.

Commercial banks

In response to the recent global financial crisis, the US Congress is considering adoption of a financial reform bill that, among other matters: would require the Federal Reserve Board to adopt rules prohibiting bank holding companies from providing compensation to its directors, executives or employees that is excessive or could lead to material financial loss; would prohibit commercial banks from engaging in proprietary trading and investing in or sponsoring hedge funds and other private equity funds; and would impose new standards designed to address the systemic risk of financial collapse. Banks that are listed companies would have to establish risk committees and disclose to the public their compliance with the new regulation in their SEC reports.

Securities analysts

Securities analysts have increasingly focused on the corporate governance of companies in their analyses of companies' performance and prospects. For example, the Calvert Social Index is a benchmarking tool used by securities analysts to measure the level of social responsibility attained by US listed companies. The Index is comprised of the 1,000 largest companies on the NYSE and Nasdaq, which are then reviewed for their performance in several areas, including corporate governance and ethics.

Law firms

Law firms frequently prepare and review company filings, including Securities Act and Exchange Act registration statements and Exchange Act reports and proxy statements, in order to ensure compliance with applicable statutes and SEC rules. If a company is found not to be in compliance with corporate governance requirements, for example, concerning the fairness of related party transactions or the company's internal control over financial reporting, the law firm informs the company about the need to remedy the applicable act or omission and assists the company in finding the means to do so. If SEC rules require the disclosure of the non-conforming practice in an Exchange Act report or other SEC filing, the law firm will typically assist the company in fulfilling its disclosure obligations.

Corporate governance consultants

In recent years, due to the myriad reforms in corporate governance that have occurred, US listed companies have increasingly retained corporate governance consultants to help them comply with corporate governance requirements. For example, corporate governance consultants have assisted compensation committees in the review of director and executive compensation and the establishment of compensation practices that are compliant with SEC and exchange requirements. Nominating committees have also sought the assistance of corporate governance consultants to ensure compliance with independent director requirements.

6. Recent Developments in Corporate Governance

6.1 Corporate Governance Developments

The following are examples of significant corporate government developments in the United States during the past three years:

At the US legislative level, as previously noted, TARP was adopted and established. In addition, the US Congress is currently considering adopting a financial reform bill that, among other matters, could include: a "say-on-pay" provision mandating that any proxy statement, required by SEC rules to include compensation disclosure, must include a non-binding shareholder resolution approving the company's executive compensation; a requirement that listed companies must have fully independent compensation committees based on new independence standards to be adopted by the stock exchanges; a directive to the SEC to adopt rules requiring disclosure of the relationship between executive compensation actually paid and a company's financial performance; and a provision granting the SEC explicit authority to adopt "proxy access" rules requiring companies to include nominees submitted by shareholders in proxy solicitation materials.

At the US administrative level, the SEC adopted rules:

- To enhance proxy disclosure concerning a number of corporate governance matters, such as whether compensation policies and practices present material risks to the company; whether and why the company has chosen to combine or separate the principal executive officer and board chairman positions, and the reasons why the company believes that this board leadership structure is the most appropriate structure for the company; and the board's role in the oversight of risk;
- To implement the TARP condition that requires companies that have received financial assistance under TARP to permit a separate shareholder advisory vote to approve the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the Commission, during the period in which any obligation arising from financial assistance provided under the TARP remains outstanding; and
- Provide an alternative method for issuers and other persons to furnish proxy materials to shareholders by posting them on an Internet website and providing shareholders with notice of the availability of the proxy materials.

The SEC has also proposed rules that would require a company, under certain circumstances, to include in the company's proxy materials a shareholder's, or group of shareholders', nominees for director.

At the state legislative level, in 2009 the Delaware General Corporation Law was amended to add two new sections (112 and 113) that clarify the power of stockholders to adopt bylaws that (i) require the company to include stockholder nominees for election as director in the company's proxy solicitation materials, or (ii) require the company to reimburse a stockholder for costs of soliciting proxies on behalf of one or more nominees for election as director. These provisions have also been followed by similar amendments to the Model Business Corporation Act, which serves as a model for corporate statutes in approximately 30 other US states.

6.2 Enforcement of Corporate Governance Rules

The Delaware Court of Chancery decides hundreds of corporate governance cases every year, and many additional such cases are resolved by settlement or otherwise without generating any judicial opinion. Nevertheless, the following decisions by the Court of Chancery in just the last two months illustrate the regular use of shareholder lawsuits to enforce corporate governance requirements:

Global GT LP v. Golden Telecom, Inc., C.A. No. 3698-VCS (Del. Ch. Apr. 23, 2010): This was a statutory appraisal proceeding arising out of a 2007 merger, with a related party, which prescribed conversion of the minority shareholders into $105 per share in cash. The court award to the minority shareholders was US$125.49 per share plus prejudgment interest.

Air Products & Chemicals, Inc. v. Airgas, Inc., et al., Civil Action No. 5249-CC (Del. Ch. 17 March 2010): This ruling ordered that trial begin in September 2010 on claims arising out of corporate management's opposition to a takeover bid and efforts by the bidder to elect new directors.

London v. Tyrell, Civil Action No. 3321-CC (Del. Ch. 11 March 2010): The court denied a motion to dismiss shareholder derivative litigation based on the report and recommendation of a special litigation committee of the board of directors, and instead ordered breach of fiduciary duty claims to proceed against certain directors for their approval of and awards under an equity incentive plan.

In Re Revlon, Inc. Shareholders Litigation, Consol. C.A. No. 4578-VCL (Del. Ch. 16 March 2010): Finding that lead plaintiff's counsel for the shareholder class had been ineffective, the court appointed new lead class counsel to protect shareholders' interest in litigation challenging a proposed transaction to acquire minority shares of Revlon, Inc.

6.3 Current Issues and Challenges for Corporate Governance

6.3.1 Challenges

One challenge to implementation of good corporate governance in the United States hinges on the fact that historically most US listed companies have adopted a board leadership structure that places the role of chairman of the board in the same person as the company's chief executive officer. Some have expressed concern that this structure impedes the board's ability to assess risk and exercise independent judgment. The SEC has recently adopted rules to address this concern by requiring enhanced disclosure in a company's proxy statement concerning the board's leadership structure and its role in risk oversight.

Another challenge concerns the inability of shareholders to require the inclusion of their director nominees in the company's proxy solicitation materials. Both the US Congress and the SEC are considering ways to address this issue.

6.3.2 Priorities for Reform

In the US, the legal and regulatory framework for corporate governance is already in place and is in accord with most international best practices. Nevertheless, both the US Congress and the SEC are aware of the need for improvements regarding various aspects of the legal and regulatory framework for corporate governance. These aspects include executive compensation regulation, board leadership structure, the board's role in risk oversight, and shareholders' rights involving proxy access and proxy disclosure. While the US Congress or the SEC has recently adopted or proposed measures addressing them, these corporate governance matters are likely to continue to present challenges in the years to come.

6.3.3 Financial Crisis

The corporate developments described in response to Question 6.1 have emerged to varying degrees out of the recent global financial crisis. They include efforts to: strengthen regulation concerning executive compensation; enhance proxy disclosure; and improve proxy access for the benefit of shareholders. Please refer to the response to Question 6.1 for further discussion of these reform measures and whether they have been implemented.

Key Corporate Governance Rules and Practices in the United States

Element	Yes	No	Source(s) of Rule	Comments
RIGHTS OF SHAREHOLDERS				
1. Do shareholders add items to the agenda for shareholders' meetings?	X		SL	See Exchange Act Rule 14a-8.
2. Do shareholders ask questions of directors at shareholders' meetings and do they receive answers?	X		GP	
3. Must company transactions with its insiders be on a non-preferential basis?	X		CL	Under Delaware law, fiduciary duty requires insider transactions to be equivalent to transactions negotiated at arms' length. US federal securities regulations also require disclosure of related party transactions exceeding a specified amount.
4. Is a super majority vote required for major company acts affecting shareholder rights?		X	CL	While DGCL generally requires a majority vote for major company acts affecting shareholder rights, a company's chartering documents may require super majority vote for specified acts. SLR may also encourage a super majority vote for specified acts. See, for example, NYSE Listed Co. Manual Sec. 313.
COMPOSITION AND ROLE OF BOARDS OF DIRECTORS				
5. Must boards have independent directors? What percentage?	X		SLR	NYSE Listed Co. Manual Sec. 303A.01 requires most listed companies to have a majority of independent directors.
6. Do independent directors have significant influence over (a) internal and external audit and (b) executive compensation?	X		SLR	NYSE Listed Co. Manual Secs. 303A.05 and 303A.06 require a listed company to have a compensation committee and an audit committee, the members of which must all be independent.
7. Do independent directors decide what information the board receives from management?	X		CL, SLR	Directors are entitled under state corporate law to have access to all corporate information pertinent to their managerial responsibility. Also, NYSE Listed Co. Manual Sec. 303A.07 requires that, in order to perform oversight

Element	Yes	No	Source(s) of Rule	Comments
				functions effectively, a listed company's audit committee must periodically meet separately with management.
8. Are the chairman of the board and chief executive officer different persons in the majority of listed companies?		X	GP	Although historically, for a majority of US listed companies, the chairman of the board and chief executive officer (CEO) have been the same person, as of 2008 about 39% of S&P 500 companies have appointed a chairman who is different than the CEO, and "lead" non-executive directors are even more common.
9. Are all board members elected annually?		X	CL	Some US listed companies have corporate chartering documents that permit the election of a staggered board of directors.
10. Does the board oversee enforcement of a company code of conduct?	X		SLR	NYSE Listed Co. Manual Sec. 303A.10 requires a listed company to adopt and disclose a code of business conduct and ethics for its directors, officers, and employees.
TRANSPARENCY AND DISCLOSURE OF INFORMATION				
11. Do financial statements comply with International Financial Reporting Standards (IFRS)?	X		SL	Foreign private issuers' financial statements must comply either with IFRS as issued by the International Accounting Standards Board, US GAAP, or home economy GAAP with US GAAP reconciliation. US companies' financial statements must comply with US GAAP.
12. Are the identities of the five largest shareholders disclosed?	X		SL	Pursuant to Reg. S-K Item 403, US listed companies must disclose each shareholder beneficially owning greater than 5% of voting securities as well as share ownership of directors and named executive officers. Foreign private issuers have similar disclosure obligations under Form 20-F.
13. Is compensation of company executive officers disclosed?	X		SL	Pursuant to Reg. S-K Item 402, US listed companies must disclose on an individual basis the annual compensation of its directors and named executive officers. Pursuant to Item 6.B of Form 20-F, foreign private issuers may disclose annual director and executive compensation on an aggregate basis only if the home economy does not require individual compensation disclosure and individual compensation disclosure has not occurred in the home market.
14. Are extraordinary corporate events disclosed?	X		SL	See, for example, Reg. S-K Items 101 and 303 and Form 20-F Items 4 and 5.
15. Are risk factors disclosed in securities offering materials?	X		SL	See Reg. S-K Item 503 and Form 20-F Item 3.D.
16. Are transactions of a company with its insiders disclosed?	X		SL	See Reg. S-K Item 404, requiring related party transaction disclosure by US listed companies, and Exchange Act Section 16 and related rules requiring specified insiders of US listed companies to report their US listed company share ownership. While Form 20-F Item 7.B imposes similar related party disclosure requirements on foreign private issuers, insiders of foreign private issuers are exempt from Exchange Act Section 16 and related rules.

Note: CL – company law; SL – securities law; CGC – corporate governance code; SLR – stock exchange listing requirement, GP – general practice but not obligatory