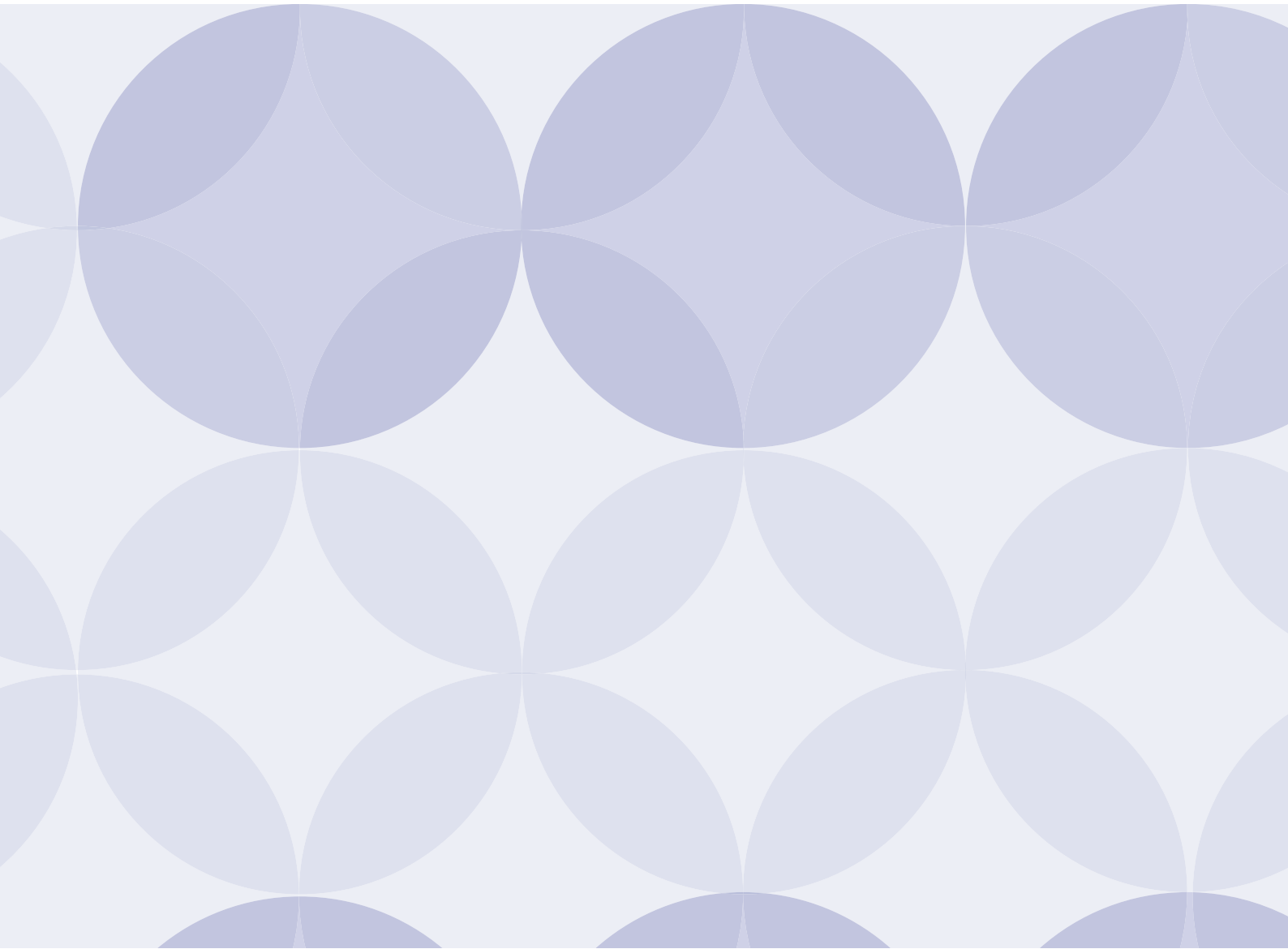




Anti-Corruption and Integrity in State-Owned Enterprises in Latin America

A survey of ownership entities in Argentina, Brazil, Chile,
Colombia, Costa Rica, Mexico, Panama and Peru



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Foreword

This report provides an overview of measures taken by Latin American governments to improve integrity and prevent corruption in state-owned enterprises (SOEs), based on the results of an OECD survey submitted to the public bodies responsible for the ownership and co-ordination of national SOEs in all countries that participate in the Latin American Network on Corporate Governance of State Owned Enterprises (“SOE Network”). The Network, organized by the OECD in collaboration with the CAF Latin American Development Bank, provides an ongoing forum for the exchange of experience, research, analysis and support for reforms to strengthen the performance and governance of SOEs across the region. In support of this aim, the main goal of this report is to guide Latin American jurisdictions toward identifying concrete rules and practices that they could adopt in order to further align themselves with the [OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises](#) (“ACI Guidelines”).

The report was developed by Caio Figueiredo C. de Oliveira under the supervision of Daniel Blume, Corporate Governance and Corporate Finance Division of the OECD Directorate for Financial and Enterprise Affairs. The author is grateful for the UK Prosperity Fund’s financial support of this work and for the governments of Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama and Peru, which have invested considerable time completing an extensive survey questionnaire and addressing follow-up questions. Likewise, special thanks for valuable comments and inputs received from the participants of the SOE Network meeting in March 2021, when an earlier version of this report was discussed, and Alison McMeekin (OECD) for her inputs. Further thanks to Katrina Baker (OECD) for excellent editorial support.

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1. Introduction

The OECD issued in 2019 new [Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises](#) (“ACI Guidelines”) and in 2021 its accompanying [Implementation Guide](#), with the objective of supporting governments in improving integrity and preventing corruption in state-owned enterprises (SOEs). The ACI Guidelines are intended to complement the [OECD Guidelines on Corporate Governance of SOEs](#) (“SOE Guidelines”).

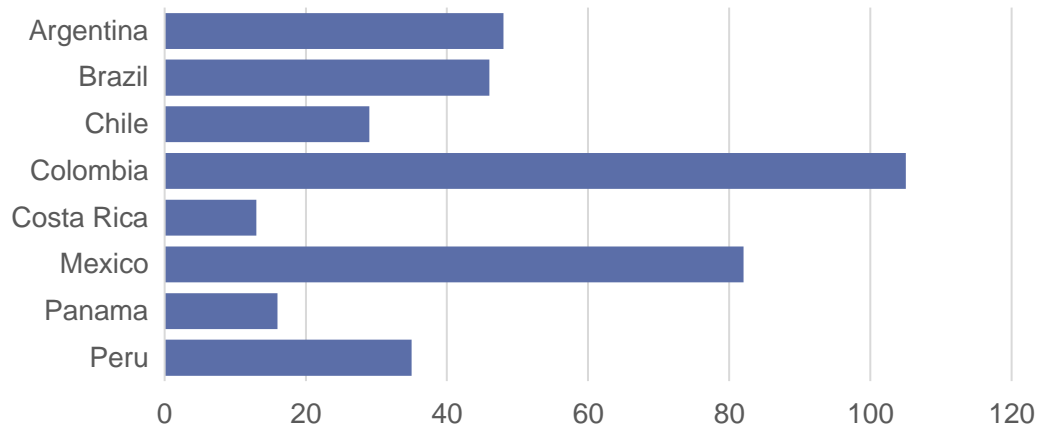
The ACI Guidelines present aspirational recommendations that allow for some flexibility when countries evaluate how best to implement the instrument’s suggestions. The main goal of this report is to aid Latin American jurisdictions to identify concrete rules and practices that they could adopt in order to further align with the recommendations of the ACI Guidelines.

This report describes the results of an OECD survey submitted to the public bodies responsible for the ownership and co-ordination of national SOEs in all countries that participate in the Latin American Network on Corporate Governance of State Owned Enterprises (“SOE Network”). The governments of Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama and Peru answered the questionnaire. Their responses build upon an initial benchmarking [Survey on Anti-corruption and Integrity in OECD and Latin American SOEs](#) prepared for the SOE Network on this topic in 2017.

While the Network’s initial survey was broadly focused and included surveys of selected SOEs in addition to governments, this follow-up survey was conceived to focus in greater depth on three priority topics from the government’s perspective as owner: 1) integrity in state ownership; 2) exercise of state ownership; 3) board autonomy and integrity. This report also benefits from work and issues already addressed in previous SOE Network meetings, most notably on [Transparency and Accountability Frameworks for Latin American SOEs \(2014\)](#), [SOE Board Practices and financing \(2015\)](#) and the above-mentioned initial survey on anti-corruption and integrity.

Respondents were asked to answer with respect to commercially-oriented SOEs, controlled by the central or federal government, which are wholly or majority-owned by the state, as well as those with a significant degree of state influence, defined as ownership, directly or indirectly, of more than 10% of the voting rights. “Commercial” is defined here as receiving a majority of income from sales and fees. For the purpose of this document, the OECD uses the same definitions as those provided in the ACI Guidelines.

As it is possible to observe in the figure below, the eight surveyed countries at the national level directly owned or had a significant degree of influence over 374 SOEs as of the end of 2020 (the number would be considerably higher if subsidiaries and other indirectly owned companies were also taken into account). The number of directly-owned national SOEs in each jurisdiction ranges from 13 in Costa Rica to 105 in Colombia.

Figure 1.1. Directly owned national SOEs

Note1: This graph includes – with the exceptions mentioned in the notes below – commercially-oriented companies where the national government owns, directly or indirectly, more than 10% of the voting rights.

Note2: The numbers for Brazil and Costa Rica include only majority-owned national SOEs, excluding therefore companies where the state has less than 50% of voting shares.

Note3: The number for Chile includes only companies controlled by the national government, excluding any minority shareholdings.

Note4: The figure for Colombia includes any commercial company with state ownership as an SOE, including those with less than 10% minority ownership.

Source: Questionnaire responses by surveyed jurisdictions.

In all countries, including those with an SOE ownership model that is decentralised, the OECD team asked that one government institution be designated to respond to the questionnaire on behalf of the state. The ownership models vary considerably among surveyed jurisdictions:

- In Panama and Peru, the ownership model is centralised, i.e., one government institution or holding company carries out the state ownership function for all or nearly all SOEs. In the case of Peru, the ownership entity (FONAFE) exercises the ownership rights for all national SOEs with the sole exception of Petroperú, which is a major oil and gas SOE.
- In Chile and Colombia, one government institution or holding company exercises ownership of a majority of their SOEs, but other government ministries have ownership responsibilities for some SOEs. The Colombian government has indicated its intention to move towards a more centralised model.
- In Costa Rica, a specialised unit serves an ownership co-ordination function, acting in an advisory capacity to the Presidency on technical and operational issues, in addition to being responsible for performance monitoring. The creation of this specialised unit was linked to Costa Rica's accession process to become a member of the OECD.
- In Brazil, the ownership model is dual (two government institutions share the state ownership function, dividing roles).

-
- In Argentina and Mexico, a large number of government ministries exercise ownership rights over SOEs in the absence of a coordinating agency. In Argentina, the Presidency has recently become more active in coordinating national SOEs. In the specific case of Mexico, some of the answers were based on overall rules and practices related to national SOEs but, in relation to some other questions, the responses referred only to rules and practices applicable to Pemex, which is the largest SOE in the country.

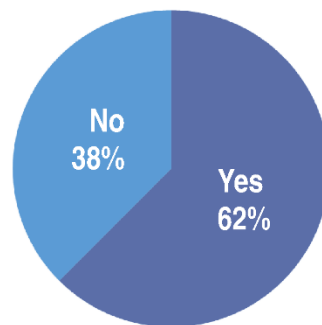
Questions in the survey were designed to be as objective as possible, garnering consistent responses and thus allowing for a comparison among Latin American jurisdictions. However, when answering each question (answers can be found in the Annex of this report), participants were invited to provide further details and examples. Some of these details on rules, practices and examples are included in this report. In any case, due to the nature of this stock-taking report, the OECD team was not in a position to verify all answers provided by the surveyed jurisdictions.

2. Integrity in state ownership

The ACI Guidelines recommend that “high standards of conduct should be applied to the state, setting an example for conduct in SOEs and exhibiting integrity to the public as the ultimate owner”. One possible way of ensuring application of high standards would be for the ownership entity to be accountable to the relevant representative bodies, most commonly the national legislature.

As shown in the figure below, a majority of surveyed countries make their ownership entities accountable – directly or indirectly – to the national legislature (e.g., Congress). In the case of Chile, the ownership entity (SEP) presents annually a report to Parliament with information on SOEs’ financial performance and SEP’s own performance in exercising ownership on behalf of the state. In Peru, the ownership entity (FONAFE) also reports annually to the national legislature on the performance of national SOEs supervised by FONAFE. In Colombia, even though the ownership entity (a directorate within the Ministry of Finance) does not report directly to Congress, the ownership entity publishes annually a report on SOEs’ performance and the Ministry of Finance must answer any related inquiry made by the national legislature.

Figure 2.1. Accountability to the national legislature



Source: Questionnaire responses by surveyed jurisdictions.

The ACI Guidelines (III.4) also recommend that the “state should clearly set and consistently communicate high expectations regarding anti-corruption and integrity”. Expectations could be communicated through laws, regulations and policies pertaining to SOEs on high risk areas, for instance, conflicts of interest management, due diligence in procurement of goods and services, nepotism, accepting gifts, charitable donations and sponsorships.

All surveyed jurisdictions have reported that they communicate high expectations regarding anti-corruption and integrity. However, the format and explicitness of their expectations vary: in some jurisdictions, a law was used to achieve that objective (Brazil, Costa Rica, Mexico, Panama and Peru) – for example, within an anti-corruption statute or a law applicable to all SOEs. In others (Chile and Colombia), expectations around anti-corruption and integrity are mostly communicated through regulation. There is no clear hierarchy between the use of laws and regulations in the ACI Guidelines, and a regulation could, of course, be highly effective if the controls facilitating its implementation are equally effective. What was beyond the scope of the current survey was an evaluation of whether the high expectations set by the state are clear and cover a comprehensive

set of high-risk integrity areas, and, therefore, surveyed ownership entities are invited to evaluate if that is the case in their respective countries.

Despite having certain regulations or expectations on anti-corruption in the SOE sector, experience in Latin America – and other regions – has shown that SOEs are still vulnerable to exploitation by executives, board members, public officials or political leadership for personal or political gain. Operation Car Wash in Brazil is the best known example but it is far from being the only one¹. Exposure to corruption is higher in most SOEs than in government ministries because of sheer volume of cash and contracts managed by certain SOEs².

There is no silver bullet against the abovementioned risk, but, to mitigate the risk of exploitation of SOEs, the ACI Guidelines set a minimum standard for “laws criminalising bribery of public officials [to] apply equally to the representatives of SOE governance bodies, management and employees”. Such policies are adopted in all surveyed jurisdictions but in Panama, which is the only country not signatory to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“Anti-Bribery Convention”). The ACI Guidelines set out an expectation that signatories to the Anti-Bribery Convention – including Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru – work to comply fully with its requirements. In Mexico, there is an exception for the application of the criminal statute on corruption (“General Law of Administrative Responsibilities”): members of the boards of Pemex and its subsidiaries are criminally liable according to the provisions in the statute that regulates Pemex’s business (“Law of Petroleos Mexicanos”). It was beyond the scope of this survey to evaluate the differences between the specific provisions in the criminal statute on corruption and the ones in the Law of Petroleos Mexicanos, but consideration should be given to whether the latter is less stringent than the former.

Before even considering the governance of SOEs and the liability of their leadership for corruption in SOEs, however, the individuals exercising ownership on behalf of the state (typically officials of the ownership entities) must themselves be accountable for their conduct and be subject to anti-corruption and integrity mechanisms. These mechanisms would address conflicts of interest, mitigate the risks of insider trading, and facilitate officials reporting about irregular practices. The ACI Guidelines are not exhaustive but six policies are suggested in the instrument as follows:

- *Restrictions to hold shares in an SOE or in privately-owned companies in the same sectors of SOEs’ operations (e.g., competitors or suppliers)*: such a policy has been implemented in all surveyed jurisdictions but in Chile and Colombia. Specifically in the case of Chile, SEP’s public officials may hold shares in an SOE or in privately-owned companies, but they need to report it to SEP’s Executive Director or, in his or her case, to the President of the Republic.
- *Restrictions on becoming involved in the corporate governance of private sector enterprises (e.g., to work in or provide services)*: in all surveyed countries with the exception of Panama, related restrictions apply.
- *Confidential channels for public officials to report suspected instances of corruption or rule-breaking, involving SOEs, to responsible authorities that have*

¹ For information on Brazilian government’s responses to practices uncovered by Operation Car Wash (2014-2021), please see the [recent OECD review of the SOE sector in Brazil](#)

² OECD’s “Foreign Bribery Report: an analysis of the crime of bribery of foreign public officials” (2014) showed that SOE officials had been promised, offered or given bribes more often than any other category of public official over a 15 year period (1999-2014).

the mandate and capacity to conduct investigations free from undue influence (e.g., the specialised anti-corruption agencies and integrity institutions, law enforcement bodies, the Supreme Audit Institution): in all surveyed countries but in Panama, there is a reporting channel (e.g., “whistle-blower channel”) for ownership entity representatives. In Chile, there is even the obligation of public officials to report irregular financial operations that come to their notice.

- Having a whistle-blowing channel is useful, but it will be effective only if *public officials perceive themselves as protected, in law and in practice, against all types of unjustified treatments when reporting suspected instances of corruption or irregular practice*: only half of the surveyed countries (Argentina, Brazil, Mexico and Peru), however, answered that their governments would provide mentioned protection to whistle-blowers.
- *Ownership entity’s officials should be subject to conflicts of interest rules*: in all surveyed countries but in Panama, ownership officials are required to declare their assets, which would be a form to manage potential conflicts of interest. In Peru, besides a declaration of assets, public officials must also annually present a sworn declaration about participation on boards, services provided such as consultancies, and the activities of family members.
- *Establish controls on handling sensitive information to mitigate risks of insider trading*: all surveyed countries – with the exception of Panama – reported that there are measures to mitigate the risks of insider trading.

In order for the ownership entities to be effective in their role of promoting integrity, the ACI Guidelines recommend that, when appropriate and permitted by the legal system, the ownership entity should engage in a professional dialogue with authorities responsible for the prevention of corruption or other irregular practices (for example, with the state Supreme Audit Institution). A close professional engagement facilitates the flow of information, the swift implementation by the ownership entity of suggestions or orders by other relevant authorities as well as action in the case of suspected wrongdoing.

Among the surveyed jurisdictions, only Colombia reported that the national ownership entity (a directorate within the Ministry of Finance) is not periodically aware of the reviews and initiatives of the authorities responsible for the prevention of corruption and other irregularities, such as the Superintendence of Finance and Public Services. In the case of Chile, there is an organisation called Anticorruption Alliance, which is composed of 32 public and private institutions, that serves as a forum for exchange of information and best practices on fighting corruption (in that forum, the ownership entity and public authorities in charge of the fight against corruption have a dialogue on SOE-related challenges).

To further limit the likelihood that individuals in positions of power unduly influence an SOE’s operations, the ACI Guidelines (i) encourage the state to set clear SOE objectives that go untouched unless there is a fundamental change in mission, and; (ii) to provide SOEs with channels to seek advice or report when government representatives give instructions that appear irregular. These provisions target the all too common practice whereby powerful figures give irregular instructions that benefit their personal or political interests rather than those of the company or citizens as the ultimate shareholder. In this regard, due consideration should be given where SOEs combine economic activities and public policy objectives: a clear loss-making business decision might not necessarily be evidence of irregularity but, instead, be justified by non-financial goals. As such,

the ACI Guidelines moreover encourage SOEs to disclose costs related to the implementation of public policy objectives.

All surveyed governments have reported that they set SOEs' financial and non-financial objectives in a transparent manner. For example, in Costa Rica, *non-financial objectives* are set every three years as part of the National Development and Public Investment Plan and the *financial objectives* are disclosed in SOEs' annual financial reports. Nevertheless, only three jurisdictions (Chile, Mexico and Panama) mentioned that their national SOEs disclose the costs related to the implementation of public policy objectives. The failure to evaluate, quantify and/or disclose such costs could be problematic because it is the disparity between the relevance of public policy goals and their effective costs that could serve as a red flag for inefficiency or irregularity to be followed-up by ownership entities, other public bodies and civil society.

Still related to the objectives set by the state for the companies it owns, the ACI Guidelines recommend state entities to maintain records of exchanges of information and guidance with SOEs. A goal of this policy is to formalise and professionalise the interactions between state representatives and SOEs, with the additional benefits of deterring undue influence of the state in SOEs' operations, enhancing accountability of corporate leadership to the objectives set by the state as an owner and managing risks of insider information, among others. In all surveyed jurisdictions except Mexico, state entities maintain records of communication for any or all exchanges with SOEs. In Argentina, Brazil, Colombia and Peru, there is a digital system for that purpose and, in addition to digital systems, the Colombian ownership entity records quarterly meetings it holds with SOEs. Recording the exchange of information does not necessarily mean that it will become public but, at least, the records would allow for easier future enforcement proceedings. The records may also be subject to Access to Information Requirements, enabling stakeholders to request the release of this information.

3. Exercise of state ownership

The ACI Guidelines recognise that the mere existence of an optimal legal and regulatory framework for anti-corruption and integrity is not alone sufficient to hold SOEs to high standards of performance and integrity. The ownership entity’s role is critical in this regard, and the ACI Guidelines’ encourage state owners to embody “active and informed ownership” with regards to anti-corruption and integrity. This means striking a balance between holding SOEs to high standards while also refraining from unduly intervening in their operations. Some policies suggested by the ACI Guidelines for ownership entities are discussed below.

One prime responsibility of the ownership entity is to set up reporting systems that allow the ownership entity to (i) monitor SOEs’ financial and non-financial performance, (ii) assess their compliance with applicable corporate governance standards, and (iii) assess their alignment with rules and guidance with regards to integrity and anti-corruption. The reporting system could take many forms, including an automated platform or one that demands greater efforts of the ownership entity’s employees, but the most important aspect is that the system allows the state to regularly follow SOEs’ performance and corruption-risk management and, therefore, enhance the state’s capacity to take the necessary measures if any red flags arise.

As it is possible to observe in the figure below, all surveyed jurisdictions except one (Brazil) have established reporting systems to monitor SOEs’ financial and non-financial performance. The majority of the countries have a system to assess their compliance with applicable corporate governance standards (exceptions are Mexico and Panama). Finally, only a minority of surveyed countries (Argentina, Chile and Peru) reported to have systems to assess SOEs’ alignment with rules and guidance with regards to integrity and anti-corruption.

Figure 3.1. Jurisdictions with reporting systems



Source: Questionnaire responses by surveyed jurisdictions.

In relation to the format of the reporting systems, there are two interesting examples. First, Brazil’s ownership entity publishes annually an index classifying national SOEs according to their compliance with corporate governance statutory rules and some best practices. The index, therefore, is not only an instrument for the state’s internal use, but it is also a tool for other

stakeholders to follow how SOEs compare with respect to their corporate governance practices. Second, the Chilean ownership entity (SEP) monitors SOEs through a system that requires relatively little resources from SEP itself: companies assess their own compliance with non-financial objectives, corporate governance standards and high standards of integrity through a scorecard tool and their answers are reviewed by an external auditor.

State ownership entities are encouraged by the ACI Guidelines to engage in discussions about corruption-risk mitigation efforts with SOE boards. Most often, ownership entities table anti-corruption and integrity as a subject during meetings (regular or ad-hoc) with SOE boards. Some ownership entities provide training programmes and/or organise workshops among board members and top management of SOEs. Half of the surveyed jurisdictions provide such learning opportunities to SOEs' senior leadership (Argentina, Chile, Mexico and Peru). In Chile, the ownership entity organises seminars and training programmes on a regular basis with the assistance of professional training bodies and other public institutions (for example, the Supreme Audit Institution), which once included the offer of a diploma in corporate governance for board members. In a similar way, in Peru the ownership entity is planning to organise a course on corporate governance and risk management in cooperation with an educational institution. While Costa Rica did not report the establishment of training for board members specifically on anti-corruption issues, it does provide corporate governance training that includes some relevant topics such as best practice approaches to addressing conflicts of interest.

The ACI Guidelines also recommend that the state should develop capacity in the areas of risk management and internal corporate control in order to best monitor SOEs and engage in discussions about corruption-risk mitigation efforts with SOE boards. All surveyed jurisdictions have at least one public entity employing individuals with particular skill sets for monitoring and assessing integrity and corruption in SOEs (in most case, the Supreme Audit Institution or the Comptroller's Office). In Peru, the ownership entity itself employs individuals with the mentioned skill sets and, as a matter of fact, Peru's FONAFE is currently developing an anti-corruption corporate guideline for the SOEs it supervises.

When exercising ownership rights on behalf of the state, public officials might encounter ethical and public integrity dilemmas that are difficult to solve just by oneself, which is one reason why the ACI Guidelines recommend the establishment of a mechanism whereby officials can find timely advice and freely discuss public integrity concerns. This could take the form, for example, of a special committee or a designated Ethics officer. Six out of the eight surveyed jurisdictions have such a mechanism in place (the two exceptions are Colombia and Panama). For example, in Argentina the national public body responsible for investigating corruption ("Oficina Anticorrupción", which is linked to the Presidency) also advises public officials on matters related to anti-corruption and integrity.

The ACI Guidelines address the risk of SOEs being used as vehicles for financing political activities or for making political campaign contributions. All surveyed jurisdictions expressly prohibit SOEs from financing political activities or making political campaign contributions. In addition to that prohibition, some surveyed jurisdictions – such as Peru – also prohibit SOEs' employees and public officials from participating in politics, in order to avoid the use of SOEs' and the state's resources for political goals (those individuals need to request a leave of absence if they want to take part in a political campaign). Nevertheless, as some criminal investigations in Latin America have shown since 2014, the embezzlement of SOEs' funds often does not have the only goal to enrich companies' senior executives or state officials but it is also the source of illegal political campaign contributions.

4. Board autonomy and integrity

The risk of corruption increases both if the state acts too passively as an enterprise owner and if it intervenes in the management of SOEs. The previous sections of this report focused on how the state could lead by example in its own conduct and hold SOEs to high standards of performance and integrity, and this last section covers measures that are relevant to limit the interference of the state in the operations of SOEs. If state representatives are able to interfere in day-to-day business decisions whether directly or indirectly, there is not only an increased risk of corruption but also of inefficiency and a lack of accountability among corporate leaders.

One way to ensure that SOEs are overseen by effective boards of directors that are empowered to oversee company management and to act autonomously from the state as a whole is to incorporate SOEs according to general company law. This does, in most jurisdictions, allow the boards to have considerable autonomy from controlling shareholders to make business decisions. Enacting a statute for each SOE – with differing provisions related to corporate governance – may increase the risk of intervention by the state in SOEs’ operations.

In all surveyed jurisdictions except Chile and Costa Rica, a majority of SOEs are incorporated according to general company law (a joint-stock company or “Sociedad Anónima” in Spanish). In Chile, most SOEs are statutory corporations, but all of them are subject to the same disclosure obligations as listed companies. In Mexico, while most SOEs are corporations, Pemex – which is the most relevant national SOE – is a statutory corporation.

From a legal point of view, there are three requirements that can enhance SOEs’ autonomy from the state:

- *To establish that board members have a legal obligation to act in the best interest of the SOE, cognisant of the objectives of all shareholders.* In practice, it means that the board should pursue the objectives transparently and regularly set by the state as the controlling shareholder, but that it should also fully respect the rights of minority shareholders (if there are any) and look after the long-term sustainability of the SOE. In all surveyed jurisdictions with the exception of Panama, all board members must act in the best interest of the SOE.
 - *To forbid any state intervention in, or veto, SOEs’ management decisions.* Each company law defines differently which would be the exclusive rights of shareholders, and which decisions would be typically taken by the board of directors. Most often, however, shareholders meetings – and, therefore, the controlling shareholders – would not intervene in management decisions such as which investment projects should be pursued or the replacement of a C-level executive. Half of the surveyed jurisdictions reported that the state can intervene in, or veto, SOEs’ management decisions (Argentina, Chile, Mexico and Panama). For example, in Argentina the state may call a shareholders meeting, which would be able to override any decision taken by the board of directors. In Chile, all SOEs are required to request approval by the state to issue debt securities.
 - *To establish that the board of directors has the sole authority to appoint and dismiss senior executives, including the CEO.* One of the more consequential management decisions is to choose who will be nominated as a CEO. Likewise, having the
-

power to appoint and dismiss senior executives is often a precondition for being able to supervise management. This is the reason why the SOE Guidelines recommend that “They [SOE boards] should have the power to appoint and remove the CEO”. In only half of surveyed jurisdictions (Argentina, Chile, Mexico and Peru), SOEs’ boards have the sole authority to appoint and dismiss senior executives, including the CEO. In Brazil and Colombia, for example, in relation to some SOEs, authority lies with the president of the republic (in Brazil, this is the case for two financial SOEs). In Costa Rica, some SOEs are subject to a special governance structure in which the President appoints a full-time chair, which according to the OECD’s accession review assessment may act functionally as a CEO. However, formally these companies also have a general manager who reports to the board led by the full-time chair.

The existence of legal protections to board autonomy mentioned above, however, may not be sufficient if board members lack the character, incentives and skills necessary to autonomously carry out their function with integrity. That is why the ACI Guidelines recommend that “board members should be selected on the basis of personal integrity and professional qualifications, using a clear, consistent and predetermined set of criteria for the board as a whole, for individual board positions and for the chair”. Only half of the surveyed countries self-reported that they have a selection process of board members aligned with the ACI Guidelines’ recommendation (Chile, Colombia, Costa Rica and Peru).

In Costa Rica, a presidential decree establishes the procedure and criteria for selecting candidates to SOEs’ boards of directors. There is a website where citizens can present themselves as candidates and, after the period for applications is closed, the SOEs coordination unit evaluates the candidates according to objective criteria, including experience, academic degrees and integrity. Finally, the unit presents a short list of candidates to the Council of Ministers, which will then select the candidates who will be nominated.

One particular criterion for selecting board members emphasised by the ACI Guidelines is that “politicians who are in a position to influence materially the operating conditions of SOEs should not serve on their boards”. One of the main rationales behind this recommendation is that politicians might find it difficult to act in the best interest of the SOE – and not merely of the state – when acting as a board member. However, in jurisdictions where one of the major integrity risks is the use of SOEs to finance political activities, another important rationale is that the presence of politicians on SOEs’ boards might make the management of such risk more difficult. In any case, in addition to the prohibition of politicians serving on SOEs’ boards, the ACI Guidelines recommend that “a pre-determined ‘cooling-off’ period should as a general rule be applied to former politicians”, in order to avoid a constant “revolving-door” between positions of political leadership and SOEs’ boards.

In half of the surveyed jurisdictions, politicians cannot serve on SOEs’ boards (Brazil, Chile, Costa Rica and Mexico). In the case of Chile, the absence of politicians from SOE boards is a direct consequence of its accession process to become an OECD member. Likewise, while in Colombia it is still possible for politically affiliated government officials (notably vice-ministers) to serve on SOE boards, the country made a commitment as part of its accession to the OECD to remove all ministers from SOE boards. In Brazil, the 2016 SOE statute (Law 13,303) bars the nomination of politicians to SOE boards, which has been – according to a [recent OECD review of the SOE sector in Brazil](#) – one of the most important recent advancements in the country.

Among the four countries where politicians cannot serve on SOEs’ boards, only in Brazil and Chile a “cooling-off” period applies to former politicians in some circumstances. In Brazil, former political party leaders and anyone who has taken part in a political campaign cannot serve as an

SOE board member for 36 months. In Chile, candidates for mayor, councillor and Member of Parliament where some SOE operates have a cooling-off period of 6 months (the cooling-off period is for some SOEs, but not all of them). The definition of who would be considered a politician, however, varies widely. One interesting regulatory solution was found by Costa Rica, where individuals who are classified as “politically exposed persons” in their anti-money laundering regulation cannot serve as SOEs’ board members.

Having a well-structured and transparent process for selecting board members is relevant but its effectiveness in implementation should be evaluated in each case. Likewise, its success will partially depend on the level and structure of the remuneration for directors because these factors will influence the quality of the pool of candidates for board positions. In four surveyed jurisdictions (Brazil, Chile, Costa Rica and Peru), members of the boards of the five biggest SOEs by revenue receive individual remuneration – including all types of benefits – that is below 70% of the average remuneration in privately owned companies in the same sector. Only in Colombia the individual remuneration of directors of the five largest SOEs is similar to those paid by privately owned companies.

It is difficult to find an index or a proxy to evaluate whether SOEs’ boards are effectively diverse and competent (as the ACI Guidelines recommend they should be), but the three following characteristics of directors might be considered by ownership entities when assessing the overall backgrounds of appointed directors:

- *Experience as director or senior executive in the private sector.* Professionals that come from privately owned companies might bring with them the best practices of the private sector, including on risk management and anticorruption controls. In Chile, almost all SOEs’ directors have experience in the private sector, while the proportion in Colombia is approximately 30% and in Peru 53% (in other surveyed jurisdictions, there was not structured information available).
- *More than one year of professional experience abroad.* International experience might be relevant not only for SOEs with businesses that cross borders, but also to help state-owned companies to catch up with risk management techniques and corporate governance best practices that are widespread in other countries. In Chile, there is not any SOE director with more than one year of professional experience abroad, while in Peru 18% have more than one year of experience outside the country. While other countries did not have quantified information to report on this topic, it is worth noting that in at least one case, in Costa Rica, SOE board members must be citizens of the country, which may unduly constrain the opportunity to benefit from foreign experience.
- *Gender balance.* Business scholarship has highlighted how the desire for conformity in a group (for ex., in a board of directors) may lead to irrational decision-making outcomes. “Groupthink” – as such a phenomenon has been labelled – tends to be even more extreme when individuals have similar backgrounds and that is why more diversity on boards has been advocated in recent times (for ex., more gender balance and favouring diverse academic backgrounds among directors). Five out of the eight surveyed jurisdictions have information on the proportion of female directors in SOEs, as it is possible to observe in the table below.

Table 4.1. Female board members in SOEs

	Proportion of female directors
Brazil	15%
Chile	More than 40%
Colombia	23%
Costa Rica	47% (supported by legal requirement for gender parity)
Mexico	2019 constitutional reform created the principle of gender parity, but rules for SOEs still need to be revised for the parity to be compulsory on boards
Panama	Mandatory 30% women participation by law
Peru	14%

Source: Questionnaire responses by surveyed jurisdictions.

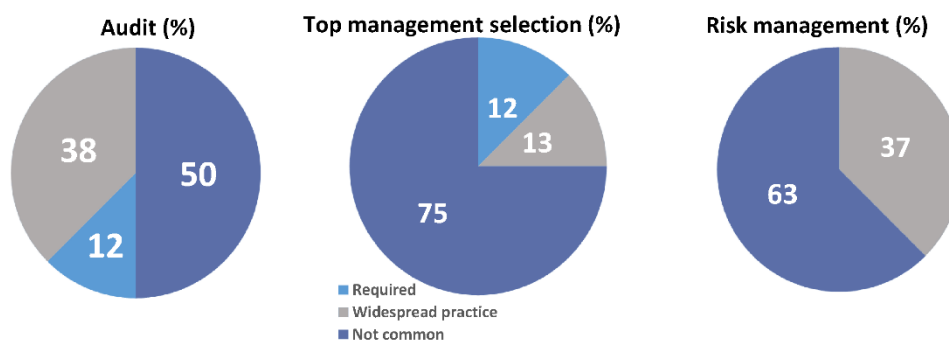
A number of other corporate governance rules and practices can enhance SOEs' boards' capacity to autonomously carry out their function with integrity:

- *The nomination of different individuals to fill the positions of chair of the board and of CEO.* The main goal is to avoid the CEO capturing the decision-making process of the board of directors and, therefore, diminishing its capacity to supervise management's activities. Among surveyed jurisdictions, mentioned separation of roles is required in Brazil, Chile, Mexico and Peru; it is a widespread practice in Panama; and it is not common in Argentina, Colombia and Costa Rica.
- *To have an appropriate number of independent members – non-state and non-executive – on each board.* Among surveyed countries, only in Brazil and Peru are SOE boards required to have independent members. In Brazilian SOEs, 25% of members must be independent (or at least one if a cumulative voting system is requested by minority shareholders) and, in Peruvian SOEs, at least one member of the board should be independent. In half of the surveyed jurisdictions (Chile, Colombia, Costa Rica and Panama), SOEs' boards are not required to have a certain number of independent members but it is a widespread practice.
- *To limit the term of any continuous appointment or the permitted number of reappointments to the board.* The main goal of such a policy is to enhance the effectiveness and independence of directors both for psychological and practical reasons. Individuals tend to be less critical of their own previous decisions than they are when similar decisions were taken by others. A slow turnover in any team, for that reason, might make it less adaptable to changes in circumstances. Likewise, directors may have the incentive to be less protective of an SOE's autonomy if they count on staying for a long period of time in the same company and, therefore, they depend on reappointments supported by the government's political leadership. Among surveyed jurisdictions, only Brazil, Mexico and Peru have limits on the term of any continuous appointment (eight years in Brazil and nine years in Peru).
- *To carry out an annual, well-structured evaluation to appraise the board's performance and efficiency.* This should allow the board to rethink some of its practices and, in extreme cases, propose a change in its composition. In half of the surveyed jurisdictions (Brazil, Chile, Costa Rica and Peru), SOEs' boards are required to carry out an annual evaluation of their performances. In Peru, in addition to a self-evaluation of the board as a whole, there are individual self-

evaluations by each director and an evaluation of each board member performed by the chairperson of the board.

- *To require SOE boards and executive management to make declarations to the relevant bodies regarding their investments, activities, employment, and benefits from which a potential conflict of interest could arise.* This would allow a specialised body to evaluate whether an SOE’s senior leadership is free of any significant conflict of interests and, therefore, capable to act in the best interest of the company. All surveyed countries with the exception of Colombia and Panama have such a requirement. The body which receives the declaration, however, varies. For example, it is the supreme audit institution in Chile, the office of the comptroller general in Brazil and Costa Rica, and the ownership entity in Peru.
- *To establish board committees specialised in audit, selection of top management and risk management.* Some of the most consequential decisions of an SOE board are related to audit, succession and risk management but, given their complexities, regular meetings of the board might not allow enough time for directors to reflect on all relevant aspects before reaching a decision. A solution adopted by many privately and state-owned companies – and recommended by the SOE Guidelines – has been to establish committees composed solely (or mostly) of directors, which have the objective to advise the board of directors on specific topics. In the graph below, it is possible to see that audit committees are common or required in five out of the eight surveyed jurisdictions (62%), but board committees specialised in selecting top management and risk management are uncommon in most surveyed jurisdictions.

Figure 4.1. Board committees



Source: Questionnaire responses by surveyed jurisdictions.

More specifically related to integrity and corruption prevention at the SOE level, the ACI Guidelines recommend SOEs to require high standards of conduct through clear and accessible codes of conduct, ethics or similar policies. These should address in particular, “the procurement of goods and services as well as, *inter alia*, board and senior/top management remuneration, conflicts of interest, hospitality and entertainment, political contributions, charitable donations and sponsorships, gifts, favouritism, nepotism or cronyism, and facilitation payments, solicitation and extortion”. Among surveyed countries, only Colombia and Panama lack requirements for SOEs to

develop internal codes of ethics, conduct or similar policies. For example, in Brazil, the SOE statute (Law 13,303 of 2016) requires the adoption of a code of ethics and establishes its minimum scope, as follows: principles and values; guidelines on preventing conflicts of interest and corruption; governance on how the code will be updated and enforced; sanctions in case of violation of the provisions in the code; and plans for periodic training on how to apply the provisions in the code.

Among other channels for oversight and reporting, the ACI Guidelines specifically recommend SOEs to establish “clear rules and procedures for employees or other reporting persons to report concerns to the board about real or encouraged illegal or irregular practices in or concerning SOEs.” Five surveyed jurisdictions reported that SOEs are required or that it is a widespread practice to have internal channels to report suspected wrongdoing (e.g. a whistle-blower reporting hotline). In Peru, the regulation that requires the establishment of a whistle-blower channel for issues related to the code of ethics specifically provides that the board of directors should be updated every six months about the reporting activity through that channel.

With respect to whistle-blowing channels, a surveyed government expressed concerns with an apparent proliferation of bad faith “whistleblowers” in its country. While this is of course an unwanted practice, jurisdictions should be cautious not to overreact and discourage the use of whistle-blowing channels. In some circumstances, reporting individuals have only thin evidence of what they see as an irregular conduct because they do not have the means to further substantiate their allegations (e.g., they do not have access to all relevant information or time to investigate). Likewise, it might be difficult to establish with some degree of certainty whether reporting persons have good or bad intentions. Except where there is clear evidence of bad faith, it would therefore be advisable for responsible authorities or units within SOEs to treat reports of misconduct assuming good faith. If sufficient resources are invested in the investigation of alleged wrongdoings and confidentiality is assured during the enquiry, unfair damage to anyone’s reputation should be minimal or non-existent.

5. Conclusion

As mentioned in the introduction, the main goal of this report is to guide Latin American jurisdictions toward identifying concrete rules and practices that they could adopt in order to further align themselves with the ACI Guidelines. The work to develop this report did not include detailed analysis of the existing frameworks in each jurisdiction, nor an evaluation of their effectiveness. In that sense, it is not possible to rank countries or conclude whether they can credibly associate themselves with the ACI Guidelines. There are, in any case, at least four possible uses for this report:

1. If a country is one of the few that has not yet adopted a specific rule or practice in line with ACI Guidelines recommendations (the Annex is the easiest reference for this), it might be a signal of low-hanging fruit for others to collect. Surveyed jurisdictions – despite their differences – share similar cultures, legal traditions and levels of development. If most surveyed countries were able and willing to embrace a policy, it would likely be possible for others to do the same.
2. If most surveyed countries did not adopt a policy that is deemed positive by the ACI Guidelines or the SOE Guidelines, there are likely two possible explanations: (i) policies or practices in the areas concerned may be sub-standard, but there may be challenges – for example, administrative or political obstacles – to explain why they have not adopted a policy suggested by an OECD legal instrument; (ii) jurisdictions in the region have developed alternative policies that they consider to be more efficient or effective than what the OECD recommends. In both cases, discussion among the SOE Network’s participants and further OECD research would be useful to help countries in Latin America to improve integrity and prevent corruption in their national SOEs.
3. This report might also be a useful catalogue of which countries have already implemented recommendations from the ACI Guidelines (the Annex is the easiest reference for this), and how some of them have done it. If an ownership entity is planning to carry out anti-corruption and integrity reforms, an interesting first step would be to consider examples presented throughout this report and directly contact the ownership entities from countries that have already accomplished similar reforms. Likewise, a rich source of examples on how OECD countries have implemented recommendations of the ACI Guidelines can be found in the recently published [OECD Implementation Guide](#).
4. Despite the already recognised limitations of using Yes or No questions, this survey can serve as part of a wider self-evaluation by individual countries on how aligned they are with the ACI Guidelines. A self-evaluation that concludes with a negative assessment could justify efforts by the government to implement reforms sooner rather than later. The OECD, in some circumstances, could assist individual countries with targeted reforms or if they are committed to a reform agenda. The OECD also offers the possibility, subject to availability of funding, to carry out a more comprehensive review of a jurisdiction against the ACI Guidelines.

In relation to item 2 of the paragraph above, the recommendations listed below from the ACI Guidelines and SOE Guidelines are those that half or more of the surveyed countries reported that they have not implemented:

Integrity in state ownership

1. When SOEs combine economic activities and public policy objectives, disclose the costs related to the implementation of public policy objectives (Recommendation II.B of the ACI Guidelines).

Exercise of state ownership

2. To adopt a reporting system to regularly assess SOEs' alignment with the state's expectations concerning SOEs' respect for high standards of integrity (Recommendation III.B of the ACI Guidelines).
3. To provide training programmes and/or organise workshops with the aim of promoting good practices and raising awareness on integrity issues among board members and top management of SOEs (Recommendation IV.B of the ACI Guidelines).

Board autonomy and integrity

4. The state should not intervene in, or veto, SOEs' management decisions (Recommendation III of the ACI Guidelines).
5. To encourage the establishment of specialised board committees where appropriate, including in the area of risk management (Recommendation IV.B of the ACI Guidelines).
6. To provide whistle-blower protection, in law and in practice, against all types of unjustified treatments of those who report suspected instances of corruption or irregular practice (see Recommendation IV.B of the ACI Guidelines).
7. There should be a transparent process to select board members on the basis of personal integrity and professional qualifications, using a clear and predetermined set of criteria (Recommendation IV.C of the ACI Guidelines).
8. Politicians who are in a position to influence materially the operating conditions of SOEs should not serve on their boards (Recommendation IV.C of the ACI Guidelines).
9. To limit the term of any continuous appointment or the permitted number of reappointments to SOEs' boards (Recommendation IV.C of the ACI Guidelines).
10. To establish a remuneration policy for SOE boards that can attract and motivate qualified professionals (Recommendation II.F of the SOE Guidelines).
11. The board should have the power to appoint and remove the CEO (Recommendation VII.B of the SOE Guidelines).

In the virtual meeting of the Latin American Network on Corporate Governance of State-Owned Enterprises in March 2021, participants were asked to rank the recommendations highlighted in the paragraph above with regards to their potential impact in their respective countries. Recommendations indicated in items 1, 4, 7 and 10 of the paragraph above were ranked as the ones

with the highest potential impact by SOE Network participants. This ranking will guide OECD's follow-up work in Latin America going forward.

As mentioned throughout this report, most surveyed countries have been making efforts to strengthen the effectiveness of their SOEs' boards and/or to make the supervision of their SOEs more effective. With respect to the autonomy of the boards, an important measure in different jurisdictions has been the adoption of new restrictions for the appointment of politicians to SOEs' boards. In relation to the ownership models, a greater centralisation has been the trend, which should aid the state to be an "active and informed owner". As this report has also highlighted, however, further developments are still possible in some areas.

Annexe A. Questionnaire responses

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
1) Please highlight the below option that best describes your country's model for state ownership, feeling free to add clarifications if needed.	Decentralised	Dual model	Centralised model with exceptions	Centralised model with exceptions	Co-ordinating agency	Decentralised	Centralised model	Centralised model
2) Please specify which government institution, agency or unit you represent, in accordance with the selected model above. It will hereafter be referred to as the "ownership entity":	Sindicatura General de la Nación (SIGEN)	Secretariat for Coordination and Governance of State-Owned Enterprises / Ministry of Economy	Sistema de Empresas – SEP	Directorate for State Owned-Enterprises / Ministry of Finance	Presidential Advisory Unit on State Ownership	Ministry of Finance	Ministry of Economy and Finance	FONAFE
3) In total, how many SOEs are currently owned by the state at the national level?	48	46	29	105	13	82	16	35
4) Is the ownership entity held accountable to the national legislature or relevant elected bodies of the state (e.g., reporting to Congress on SOE performance)?	No	No	Yes	No	Yes	Yes	Yes	Yes
5) Has the government established and publicly disclosed specific expectations concerning SOEs' respect for high standards of integrity (for ex., through laws, regulations and policies pertaining to SOEs on conflict of interests management, due diligence in procurement of goods and services, nepotism, accepting gifts, charitable donations and sponsorships)?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
6) Do laws criminalising bribery of public officials apply to SOEs' directors, top management and employees?	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
7) Please indicate which anti-corruption and integrity mechanisms are applicable and/or available to those exercising ownership on behalf of the state (typically officials of the ownership entities or ministries):	Yes	Yes	No	No	Yes	Yes	Yes	Yes
• Restrictions to hold shares in an SOE or in privately-owned companies in the same sectors of SOEs' operations (e.g., competitors or suppliers):								
• Restrictions to work in or provide services to private sector companies:	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
• Confidential channels for officials of the ownership entity to report suspected instances of corruption or rule-breaking, involving SOEs, to responsible authorities that have the mandate and capacity to conduct investigations free from undue influence (e.g., the specialised anti-corruption agencies and integrity institutions, law enforcement bodies, the Supreme Audit Institution):	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
• Whistleblower protection, in law and in practice, against all types of unjustified treatments of those who report suspected instances of corruption or irregular practice:	Yes	Yes	No	No	No	Yes	No	Yes
• Requirements for representatives of the ownership entity to declare assets:	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
• Controls on handling sensitive information to mitigate risks of insider trading:	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
8) Is there professional dialogue between the ownership entity and authorities responsible for the prevention of corruption or other irregular practices (for ex., with the state supreme audit institution)?	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
9) Are SOEs' objectives (financial and non-financial) set in a transparent manner?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10) Does the ownership entity maintain records of communication for any/all exchanges with SOEs?	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
11) Do other state entities (not fulfilling the ownership role) maintain records of communication for any/all exchanges with SOEs?	Yes	No	Yes	Yes	Yes	No	Yes	Yes
12) When SOEs combine economic activities and public policy objectives, do they disclose the costs related to the implementation of public policy objectives?	No	No	Yes	No	No	Yes	Yes	No
13) Please indicate which monitoring and assessment mechanisms are adopted to those exercising ownership on behalf of the state:								
• Reporting system to regularly assess SOE performance against established <i>financial objectives</i> :	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
• Reporting system to regularly assess SOE performance against established <i>non-financial objectives</i> :	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
• Reporting system to regularly assess SOE compliance with applicable <i>corporate governance standards</i> :	Yes	Yes	Yes	Yes	Yes	No	No	Yes
• Reporting system to regularly assess SOE alignment with the state's expectations concerning SOEs' respect for <i>high standards of integrity</i> :	Yes	No	Yes	No	No	No	No	Yes

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
14) Does the ownership entity regularly provide training programmes and/or organise workshops with the aim of promoting good practices and raising awareness on integrity issues among board members and top management of SOEs?	Yes	No	Yes	No	No	Yes	No	Yes
15) Does the government employ individuals with particular skillsets for monitoring and assessing integrity and corruption in SOEs?								
A. The ownership entity has the capacity to engage in discussions about corruption-risk mitigation efforts with SOE boards and verify the accuracy and reliability of integrity-related information disclosed by SOEs.	B	B	B	B	B	B	B	A
B. The ownership entity relies on other public entities on integrity and corruption-risk mitigation efforts.								
C. No public entity has capacity on monitoring and assessing integrity and corruption in SOEs.								
16) Is there a mechanism (for example, a special committee or commission, designated Ethics office or officer) where representatives of the ownership entity can find timely advice and solutions to anti-corruption and integrity-related issues?	Yes	Yes	Yes	No	Yes	Yes	No	Yes
17) Does the state prohibit SOEs from financing political activities or making political campaign contributions?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
18) Is a majority of SOEs in your country incorporated according to general company law (a joint-stock company or "Sociedad Anónima" in Spanish)?	Yes	Yes	No	Yes	No	Yes	Yes	Yes
19) Do all board members have a legal obligation to act in the best interest of the SOE, cognisant of the objectives of the shareholders?	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
20) Can the state intervene in, or veto, SOEs' management decisions?	Yes	No	Yes	No	No	Yes	Yes	No
21) How does the state nominate SOEs' board members (e.g., direct ministerial decision, external HR support)?	Direct ministerial decision	Ministerial decision in most cases, and presidential decision in two major financial SOEs	As a general rule, SEP's council decision	Ministry of Finance's decision	Presidential Advisory Unit creates a shortlist, and the Council of Ministers decides	Specific statutes and articles of association establish different rules	Specific statutes establish different rules	FONAFE, Ministry of Finance and HR firms
22) Is there a transparent process to select board members on the basis of personal integrity and professional qualifications, using a clear and predetermined set of criteria?	No	No	Yes	Yes	Yes	No	No	Yes
23) Is there a minimum and/or a maximum size for SOE boards?	No	Yes	Yes	No	Yes	No	No	Yes
24) Is it common to nominate different individuals to fill the positions of chair of the board and of CEO in SOEs? A. Yes, it is required B. Not required but it is a widespread practice C. Not common practice	C	A	A	C	C	A	B	A
25) Can politicians serve on SOEs' boards?	Yes	No	No	Yes	No	No	Yes	Yes
26) Is it common to nominate a certain number of independent (that is, non-state and non-executive) directors in SOEs? A. Yes, it is required B. Not required but it is a widespread practice C. Not common practice	C	A	B	B	B	C	B	A
27) In relation to the composition of the board of directors in SOEs, please inform the average proportion of directors with the following characteristics or backgrounds: <ul style="list-style-type: none"> • Experience as director or senior executive in the private sector: • More than one year of professional experience abroad: • Female directors: 	See Table 4.1 and the preceding paragraph							
28) Does the board have the sole authority to appoint and dismiss senior executives, including the CEO?	Yes	No	Yes	No	No	Yes	No	Yes

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
29) Is it common for SOEs' boards to carry out an annual evaluation on its performance and efficiency?								
A. Yes, it is required	C	A	A	C	A	C	B	A
B. Not required but it is a widespread practice								
C. Not common practice								
30) In the case of the five biggest SOEs by revenues, inform whether members of the board receive an individual remuneration – including all types of benefits – that is:								
A. Above 130% of the average remuneration in privately owned companies in the same sector in your country	N/A	C	C	B	C	N/A	N/A	C
B. Between 70 and 130% of the average remuneration in privately owned companies in the same sector in your country								
C. Below 70% of the average remuneration in privately owned companies in the same sector in your country								
31) Is it common for SOEs to have a board audit committee?								
A. Yes, it is required	C	A	A	A	C	C	B	A
B. Not required but it is a widespread practice								
C. Not common practice								
32) Is it common for SOEs to have a board committee responsible for reviewing the appointment of top management?								
A. Yes, it is required	C	A	C	B	C	C	C	C
B. Not required but it is a widespread practice								
C. Not common practice								
33) Is it common for SOEs to have a board committee responsible for risk management?								
A. Yes, it is required	C	A	A	C	C	C	C	A
B. Not required but it is a widespread practice								
C. Not common practice								

	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
34) Do all board members and top management have to make regular declarations to the relevant bodies regarding their investments, activities, employment, and benefits from which a potential conflict of interest could arise?	Yes	Yes	Yes	No	Yes	Yes	No	Yes
35) Are there limits on the term of any continuous appointment or the permitted number of reappointments to SOEs' boards?	No	Yes	No	No	No	Yes	No	Yes
36) Are SOEs required to develop internal codes of ethics, conduct or similar policies?	Yes	Yes	Yes	No	Yes	Yes	No	Yes
37) Is it common for SOEs to establish a reporting channel to report suspected wrongdoing (e.g. whistleblower reporting hotline)?	C	A	A	B	C	A	C	A
A. Yes, it is required								
B. Not required but it is a widespread practice								
C. Not common practice								

Source: Questionnaire responses by surveyed jurisdictions.

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