



CORPORATE GOVERNANCE PRACTICES IN BRICS COUNTRIES

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About NFCG

In 2003, the Ministry of Corporate Affairs (MCA) led a unique PPP model to set up the National Foundation for Corporate Governance in partnership with the Confederation of Indian Industry, the Institute of Company Secretaries of India, and the Institute of Chartered Accountants of India. Subsequently, the Institute of Cost Accountants of India, National Stock Exchange and the Indian Institute of Corporate Affairs also joined with an objective to promote good Corporate Governance practices both at the level of individual corporates and Industry as a whole.

NFCG endeavours to create a business environment that promotes voluntary adoption of good corporate governance practices.

Vision

Be the Key Facilitator and Reference Point for highest standards of Corporate Governance in India

Mission

- To foster a culture of good Corporate Governance
- To create a framework of best practices, structure, processes and Ethics
- To reduce the existing gap between Corporate Governance framework & actual compliance by corporates
- To facilitate effective participation of different stakeholders
- To catalyse capacity building in emerging areas of Corporate Governance

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List of Abbreviations

AGSA	Auditor-General of South Africa
BM & F	Brazilian Mercantile and Futures Exchange
BM & FBOVESPA	São Paulo Stock Exchange and the Brazilian Mercantile and Futures Exchange
BODs	Board of Directors
BPCL	Bharat Petroleum Corporation Limited
BRICS	Brazil, Russia, India, China, South Africa
BSE	Bombay Stock Exchange
CARE	Credit Analysis and Research
CBR	Central Bank of Russia
CCP	Chinese Communist Party
CEO	Chief Executive Officer
CG	Corporate Governance
CIPC	Companies and Intellectual Property Commission
CNNC	China National Nuclear Corporation
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CPA	Certified Public Accountant
CRISIL	Credit Rating Information Services of India Limited
CSRC	China Securities Regulatory Commission
CVC	Central Vigilance Commission
EU	European Union
FFMS	Federal Financial Markets Service
FORTS	Futures and Options on Russian Trading System
FRC	Financial Reporting Council
FSB	Financial Services Board
FSCA	Financial Services Consumer Protection Act
FSFM	Federal Service for Financial Markets
FSRA	Financial Sector Regulation Act
FTSE	Financial Times Stock Exchange
GCGI	Global Corporate Governance Index
GDP	Gross Domestic Product

GIC	General Insurance Corporation of India Limited
ICRA	Investment Information and Credit Rating Agency
IGC	Corporate Governance Index
IMF	International Monetary Fund
IT	Information Technology
HDFC	Housing Development Finance Corporation Limited
IGBC	Brazilian Institute of Corporate Governance
ITC Ltd.	Imperial Tobacco Company of India Limited
JSE	Johannesburg Stock Exchange
L&T	Larsen and Toubro
MCA	Ministry of Corporate Affairs
MICE & RTE	Moscow Interbank Currency Exchange and the Russian Trading System
NSE	National Stock Exchange
OECD	Organisation for Economic Co-operation and Development
RUB	Russian Ruble
SAIL	Steel Authority of India Limited
SASAC	State-Owned Assets Oversight and Administration Commission
SEBI	Securities and Exchange Board of India
SOEs	State Owned Enterprises
SSE	Shanghai Stock Exchange
SZSE	Shenzhen Stock Exchange
TCS	Tata Consultancy Services
USA	United States of America
UN	United Nations
USD	United States Dollar
UK	United Kingdom

Chapter I

CORPORATE GOVERNANCE: AN OVERVIEW

Introduction to Corporate Governance

Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. It involves the balance of power among a company's management, board of directors, shareholders, and other stakeholders. Corporate governance helps to ensure that a company is run in an ethical and transparent manner, with a focus on creating long-term value for shareholders while also taking into account the interests of other stakeholders. Key elements of corporate governance include board structure and composition, executive compensation, internal controls, and shareholder rights and participation.

In India, corporate governance refers to a system of internal controls, policies, and procedures that together serve as the framework for how a company conducts its business and interacts with its various stakeholders. These stakeholders include customers, management, employees, as well as industry and government bodies. The foundation of such policies ought to be such that they respect the ideals of transparency, integrity, ethics, and honesty in their operations. When engaging in any kind of economic activity, it is imperative to act in accordance with the principles of good corporate governance because this is what makes an organisation tick. It is a time that the Indian corporate sector should absolutely be proud of. On the Forbes list of the 2,000 most highly rated companies in the world, there are approximately 12 Indian companies featured. The companies Infosys, TCS, and Tata Motors finished in the respective 31st, 35th, and 70th places. Tata Steel, L&T, Grasim, GIC, Mahindra & Mahindra, Asian Paints, SAIL, and ITC are just some of the other companies that have made it onto this coveted list. Other companies that have made the cut include Tata Steel, L&T, and ITC. Only HDFC, a company that operates in the banking and financial industry, managed to earn a spot on this list of successful businesses.

1.2 Corporate Governance in Emerging Markets

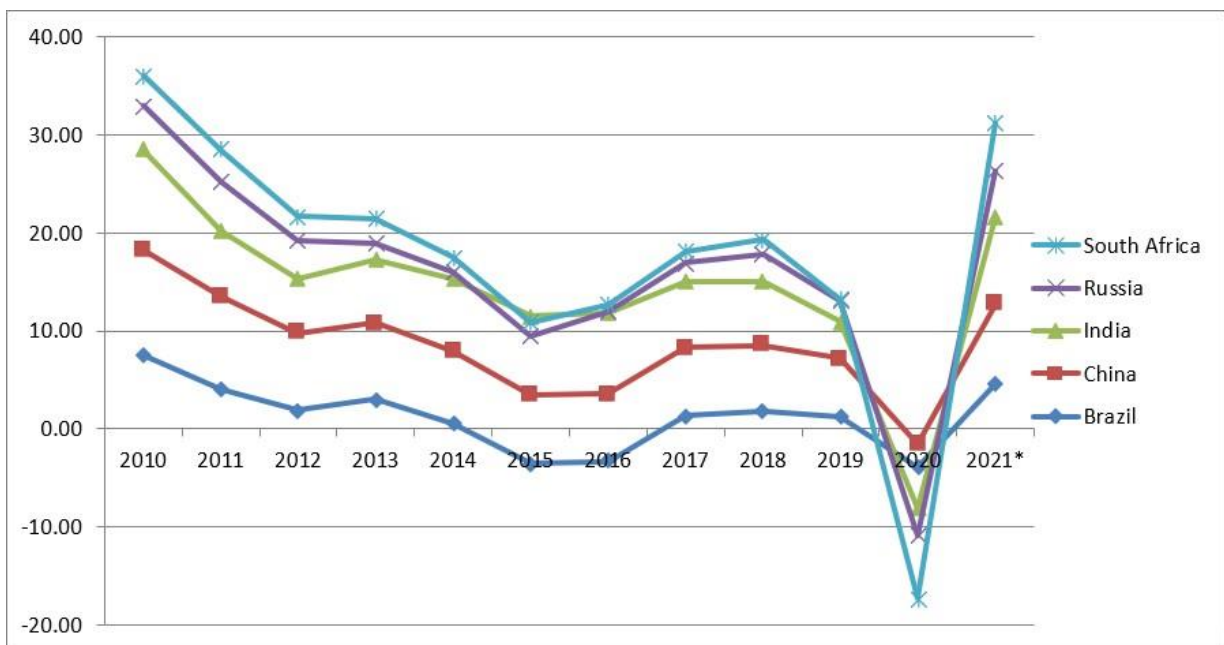
"Emerging markets" is a term that refers to an economy that is experiencing great economic growth and exhibits some of the features of a developed economy, but not all of them. This type of economy is known as a "emerging market." Countries that are now in the "developing" phase but will soon enter the "developed" phase are known as emerging markets. Emerging market economies are often characterized by the presence of a unified currency, stock market, and banking system; in addition, these countries are typically in the process of industrialization. Because of their rapid expansion,

emerging market economies are able to provide investors with higher potential profits.

An emerging economy is one that has a low to moderate income per capita, as described by Antoine W. Van Agtmoel of the International Finance Corporation and the World Bank. Emerging economies account for 80 percent of the world's population yet only make up roughly 20 percent of the world's economies.

These are developing countries that are gradually demonstrating certain traits of developed countries but have not entirely met the benchmarks. These countries are considered to be on the path to becoming developed countries. They were able to achieve this enviable status as a result of their participation in global markets and their gradual transition from economies based on natural resources to those of newly industrialised countries. The term "economies that cannot yet be recognised as developed" has since been substituted by the term "emerging market," which refers to nations whose economies are still in the process of development. The political, monetary, and social dangers posed by economies that are rapidly rising but volatile and are making progress towards becoming advanced are significant but also present enormous possibilities for economic growth.

Fig 1.1 Gross domestic product (GDP) growth rate in the BRICS countries 2000-2021



Characteristics of Emerging Markets

The following is an illustration of several traits that are typical in emerging markets:

- Volatility in the market: Volatility in the market can be caused by political instability, price

fluctuations in other countries, and/or supply-demand shocks that are the result of natural disasters. It places investors at risk of losing money because to changes in market performance as well as swings in currency rates.

- The possibility for growth and investment: Emerging markets typically draw the interest of international investors due to the high return on investment that these markets are able to offer. In order to make the shift from having an economy that is based on agricultural to having an economy that is developed, many countries need a significant injection of cash from outside sources since they do not have enough capital at home. These countries focus on exporting low-cost items to richer nations in order to take advantage of their competitive edge, which ultimately results in increased GDP growth, stock prices, and profits for investors.
- High rates of economic growth: The governments in emerging countries have a tendency to enact policies that support industrialization and rapid economic expansion. These kinds of policies result in reduced rates of unemployment, higher levels of disposable income per person, greater investment, and improved physical infrastructure. On the other hand, developed nations like the United States of America, Germany, and Japan have modest rates of economic growth since they industrialised their economies at an earlier stage.
- Income per capita: Due to their reliance on agricultural activities, emerging markets typically achieve a low- to middle-level income per capita in comparison to other countries. The income per person and the gross domestic product both rise together as the economy moves towards more industrialization and manufacturing. Reduced levels of average income can act as an incentive for increased rates of economic expansion.

Emerging Market Economies: BRICS

Emerging markets are countries that are displaying evidence of robust economic growth despite having lower per capita incomes and less established economies than industrialised ones. These countries are referred to as "emerging" markets. The countries that make up the BRICS bloc—Brazil, Russia, India, and China, as well as South Africa—are often regarded as some of the most significant rising markets. In recent years, many nations' economies have expanded significantly thanks to a variety of factors, including the continued rise of industrialization and urbanisation, as well as increased levels of foreign investment. Because of their enormous populations, the countries that make up the BRICS group may supply both a broad market for goods and services and a vast pool of potential workers. Some of the BRICS countries, like Russia and Brazil, have an abundance of natural resources, which can serve as a source of revenue and provide them an advantage in international markets. Despite the expansion of their economies, several of the BRICS nations continue to struggle

with significant income disparities, and a sizeable number of their populations continue to live below the poverty line. During the past several years, some of the BRICS nations, like Brazil and South Africa, have been plagued by political unrest. This has the potential to generate uncertainty among investors and make it more challenging for businesses to function normally. Because of their substantial reliance on exports, some of the BRICS countries, like China and Russia, are particularly susceptible to shifts in the demand for the commodities and services they provide on a global scale. The graphical representation as well as the general information regarding BRICS can be found in Table 1.1.

Table-1.1: Geographic Data for BRICS Countries

Country	Area of Territory (1000 km ²)	Capital City	Administrative Regions	National Currency	Population (million persons)
Brazil	8516	Brasilia	26 states and 1 federal districts	Real – R \$	210
Russia	17125	Moscow	46 provinces, 21 republics	Rubble - Rub	147
India	3287	New Delhi	29 states and 7 union territories	Rupee - INR	1338
China	9600	Beijing	23 provinces and 5 Autonomous regions	Renminbi -RMB	1398
South Africa	1221	Pretoria	9 provinces	Rand - ZAE	59

Source: Central Intelligence Unit and BRICS joint statistical publication -2020

Brazil, Russia, India, China, and South Africa are the biggest emerging markets in the world. In 2009, the leaders of Brazil, Russia, India, and China formed a summit to create “BRIC,” an association created in order to improve political relationships and trade between the largest emerging markets. South Africa joined the “BRIC” group in 2010, which was then re-named “BRICS.” Table-1.2 depicts the official liberalisation of BRICS countries. The process of official liberalisation of BRICS countries has commenced in 1991; Brazil (1991), Russia (1994), India (1992), China (1993) and South Africa (1996)

Table-1.2: Official Liberalization of BRICS Countries

Country	Year of Official Liberalization
Brazil	1991
Russia	1994
India	1992
China	1993
South Africa	1996*

Source: Bekaert and Harvey (2000 & 2003)

The session below details the country-wise basic information about their economic growth and the stock markets.

Brazil

The economy of Brazil expanded at a rate of 7.5% annually throughout the first few years of the 2010s, marking a period of fast expansion. The growth rate, on the other hand, slowed down significantly and turned negative in 2016 (-3.5%) because of political uncertainty and trade sanctions. Since 2015, Brazil's economy has been growing at a slower rate, which has led to stagnation in the country's income levels and the decrease of poverty, both of which witnessed significant growth between 2003 and 2014. The political unpredictability and decreased spending by the Brazilian government have both had a significant negative impact on the country's economy. Despite this, there is reason to be optimistic about the future of the country. The growth of the domestic economy was 0.6% in 2019, and it is anticipated that the growth would be sustained through the expansion of infrastructure and the investment of foreign capital, in addition to its reliance on agricultural commodities such as soybeans and coffee.

BM & FBOVESPA, Brazil Stock exchange

In the year 2008, the Brazilian Mercantile & Futures Exchange (BM&F) and the So Paulo Stock Exchange joined together to establish the BM&FBOVESPA2 S.A. Securities, Commodities and Futures Exchange. The year 2008 marked the year of this merger. Because of the merger of the two businesses, a new exchange has been established that is the second largest in the Americas, the largest in Latin America, and the third largest exchange in the world when considering market value. Trading in equities can be conducted on the cash market, the options market, and the forward market. Trading in indices, interest rates, foreign exchange, agricultural commodities, and energy commodities can be

conducted on the futures market, the options market, the forward market, and the swap market. In addition to this, BM&FBOVESPA acts as a facilitator for additional spot market transactions involving gold, the United States Dollar, and federal government securities. The Brazilian Stock Exchange (BM&FBOVESPA) employs cutting-edge technology to guarantee the efficacy and security of the services it delivers to investors. Because of the fully integrated business model that it employs, BM&FBOVESPA is not only able to provide a sophisticated trading environment, but also services in the areas of registration, clearing, settlement, risk management, and central depository. This is due to the fact that BM&FBOVESPA is the world's largest stock exchange by trading volume. It also performs the duty of operating as the central counterparty for all of the transactions that take place within its markets by way of its four clearinghouses, which are specialised clearinghouses for equities, derivatives, securities, and foreign exchange respectively.

Russia

From 1999 to 2008, Russia's gross domestic product expanded at an exponential rate, with the majority of this growth being attributable to an increase in the price of oil as well as an increase in the country's oil exports (before the Global Financial Crisis). Since 1991, the country has been in the midst of transitioning from a communist economic system to a capitalist one. As a consequence, the country's economy has been given a boost as a direct result of the implementation of economic reforms and a trade policy that places an emphasis on exports. However, since 2014, the price fluctuations of oil, which accounts for close to 52 percent of Russia's exports, along with the political tensions and trade sanctions that have been imposed by the United States of America, Canada, Japan, and the European Union have had a severe impact on Russia's economy. These factors have combined to make Russia's economy more unstable. The growth rate of the Russian economy in 2019 was 1.7%, and a higher growth rate is projected if geopolitical tensions with trading partners such as the United States, Canada, Japan, and the European Union reduce. In 2019, the growth rate of the Russian economy was 1.7%. MICEX and RTS, two of the most important exchanges in Russia, merged in December 2011 to form the MICEX-RTS3 Group, which operates as the stock and derivatives market in Russia. This market came into being as a result of the merger. The new exchange is working towards the objective of establishing a market that is competitive on an international scale by increasing the efficiency of the market infrastructure, increasing the product diversity, and increasing the liquidity. Investors, professional institutions, and their Russian and worldwide clients have access, through this exchange, to a wide array of options for trading shares, bonds, currencies, and derivatives. In addition to providing a broad range of trading and post-trading services, the exchange also provides a method that is open and honest for determining the values of Russian assets according to the fair market. In

addition to this, the exchange makes business transactions easier. MICEX-RTS makes technology easily available, provides sound clearance and guarantee services, and offers operational frameworks that can be customised. Any innovation, new technology, or service that is introduced to the market has as its overarching objective the introduction of reliability and safety into the market. On the MICEX-RTS Group market, the trading of securities is separated into three sections: the main market for equities and bonds (settled in RUB), the standard section for the most liquid securities (also settled in RUB), and the classical section for equities, bonds, and fund shares. Each of these sections is settled in RUB. The currency used for each of these parts is RUB (settled in USD). The futures and options trading system that the exchange uses is referred to as FORTS. It engages in futures trading as well as options trading on a total of 54 different equities, bond, index, currency, and interest rate products. The market data provided by MICEX-RTS is available on a global scale through all of the primary distribution channels provided by vendors.

India

India became a well-established emerging market not long after the year 1991 saw the liberalisation of trade along with the execution of a variety of other significant economic reforms. The economy of India has been growing at fairly rapid rates and in a somewhat regular manner. In spite of suffering slight swings as a result of political turmoil and economic reforms, it remained relatively stable at around 7.1% during the course of the preceding decade and averaged out to be around that number. The key element responsible for India's continuous economic growth over the long term is the expansion of India's industrial and service sectors, which has been driven by higher levels of exports and foreign investment. Not only is India's capital stock growing, but so too is the country's labour productivity. This is due in large part to advancements in information technology as well as efforts to make education more effective. Alongside China, India is currently one of the most important emerging marketplaces in the world. Brazil is the other significant emerging market right now.

China

Since the beginning of the country's experiment with economic and trade liberalisation in 1978, the Chinese economy has maintained an annual growth rate of approximately 10%. Spending by the Chinese government, growth in the country's manufacturing sector, and increased exports (especially of electronic goods) have all contributed to China's rapid economic boom (specifically electronic equipment). Despite all of this, the country has a consistently low income per person. Nevertheless, in spite of the fact that only 3.3% of the population of China lives below the poverty line, 30% of the population manages to get by on less than \$5.50 USD a day. However, because the Chinese

government is focusing on increasing GDP through expenditure, it is projected that disposable incomes would increase, which will lead to continued economic progress.

South Africa

As a direct consequence of the 2008 global financial crisis, South Africa's gross domestic product contracted by three percent in 2009, which led to the country's application to join the BRICS alliance being accepted the following year in 2010.

Following the global financial crisis, the government of South Africa passed a number of bills that were intended to raise the country's gross domestic product (GDP) by raising the amount of money spent by the government as well as the amount of money domestic consumers spent on goods and services. The pace of economic growth quickened between 2010 and 2012, then dropped between 2012 and 2016, and then quickened once more in 2017. This cycle repeated itself in 2017. The vast majority of South Africa's shipments are made up of numerous kinds of metals and minerals in their various forms. As a consequence of this, the quantity of goods that are shipped abroad is subject to the notoriously erratic behaviour of the pricing of commodities. The fluctuations in the volume of commodities exported can help to explain, at least in part, the erratic increase in GDP that has occurred over the course of the last several years. Despite the fact that South Africa's GDP per capita has been continuously increasing over the years, the country's unemployment rate has persisted in being persistently high (at 29% as of 2019). Both the growth potential of the economy and the investment potential have been limited by the high levels of unemployment and crime, both of which are difficulties that need to be addressed by legislative reforms in order to be overcome.

According to the International Monetary Fund⁴, emerging markets have made significant progress since the turn of the century in terms of upgrading their macroeconomic policies, which has assisted them in more than doubling their per capita incomes on average. This is one of the reasons why they have been able to achieve significant economic growth. As a result of this economic track record, leaders in emerging nations were able to undertake risky policies during the epidemic without losing market confidence. This was made possible by the fact that these nations have experienced rapid economic growth. Included in the economic relief measures that were put into action were increases in government spending, the provision of liquidity support to firms and banks, the release of bank capital buffers with the intention of supporting lending, and asset purchase programmes by central banks to stabilise domestic markets.

Brazilian Stock Market

The IBOVESPA Index is the major indicator that is utilised in order to fulfil the purpose of serving as a measurement for the overall performance of the Brazilian stock market. IBOVESPA is significant for two reasons: first, it accurately reflects the movement of the stocks that are most actively traded on BM & FBOVESPA, and second, it has a long history, having preserved the continuity of its historical series without undergoing any methodological shifts since its inception in 1968. Both of these aspects contribute to the index's significance. It is the value, stated in Brazilian currency, of a fictitious stock portfolio that was created in 1968 (with a starting value of 100 points) through an investment that never actually took place. The portfolio began with a value of 100 points. Since this date, no more investments have been made, with the exception of the reinvestment of the benefits that have been delivered to the beneficiaries (such as dividends, subscription rights and stocks bonuses). Because of this, the index is considered an indicator that evaluates the total return of the component stocks because it reflects not only the variation in stock prices but also the impact of the distribution of benefits. This is due to the fact that it takes into account both the distribution of benefits and the variation in stock prices. The index is constructed in this manner so that it can accurately reflect not just the movement in stock prices but also the influence of the manner in which benefits are distributed. The BM&FBOVESPA Index is quite dependable and utilises a methodology that is easy and uncomplicated for market participants to understand. It represents the average performance of the equities that are traded the most actively as well as the profile of the cash market activities that are carried out on BM&FBOVESPA in an accurate manner.

IBOVESPA's Representativeness

In terms of liquidity, the stocks that integrate IBOVESPA's theoretical portfolio represent more than 80% of the number of trades and the financial value registered on BM&FBOVESPA's cash market. This figure is significantly higher than the number of trades that are registered on BM&FBOVESPA's futures market (round lot). In terms of the overall value of the market, the issuing firms of the stocks that make up the theoretical portfolio that makes up the BM&FBOVESPA Index are responsible for around 70% of the total market capitalization of all of the companies that make up the BM&FBOVESPA index on average. The credibility of the IBOVESPA can be attributed to its straightforward calculation technique as well as the accessibility of its data to the general public of investors. IBOVESPA is the only performance indicator of Brazilian equities that has a liquid futures market, which indicates acknowledgement by the market of the index's favourable features. This recognition is shown by the fact that IBOVESPA is the only index that has a futures market (one of the biggest index futures markets in the world).

Russia's MICEX-RTS Group, Inc.

Russia's economy ranks ninth in terms of nominal value and sixth when measured in terms of purchasing power parity, making it the sixth largest economy in the world. Natural gas, oil, coal, and precious metals can be found in voluminous quantities in Russia. Since the fall of the Soviet Union, Russia has seen substantial changes, transitioning from a centrally planned economy to one that is more market-based and integrated globally. Other less globally competitive heavy industries that are still reliant on the Russian domestic market make up the majority of Russia's industrial sector. In 2011, Russia was the world's largest exporter of natural gas, the second largest exporter of oil, and the third largest exporter of steel and primary aluminium. After 10 years of sustained economic expansion, Russia fell into its first recession in late 2008 and early 2009, although the country has since returned to sustained economic expansion in late 2009 and 2010. Even though the recession was severe but only lasted a short time, the economy has not been hit as hard by the global financial crisis as much of Europe has been. This is partly due to the implementation of short-term macroeconomic measures that have assisted the economy in surviving the crisis. Since the year 2000, Russia's annual growth rate has been greater than 5% on average. In comparison to the other BRIC countries, Russia's overall debt level is the lowest. For instance, the ratio of national debt to gross domestic product in the world is over 50%, whereas in Russia, this ratio does not surpass 9.5%. The success of Russia's stock market can be attributed to four primary factors: the country's efforts to bring its infrastructure and business practises in line with international standards; the country's successful efforts to attract foreign investors; the country's successful efforts to develop a domestic investor base; and the country's successful efforts to privatise state-owned assets. The MICEX Index is a capital-weighted price index that is comprised of 30 stocks of the most important and quickly rising Russian issuers from the most important economic sectors of Russia that are represented on the MICEX-RTS. As of the 30th of September in 2011, under the scope of the integration of Russia's two major exchanges, FORTS began trading in a futures contract on the MICEX Index that was cash-settled. The experts from both exchanges worked together closely to develop and launch this contract as the first on-exchange instrument to be the product of such tight collaboration. The launch of derivatives on the main trouble index of the Russian stock market on the basis of the FORTS platform facilitates further qualitative development of the whole derivatives market range of instruments and helps investors build more effective strategies in the indices and spot segments of the derivatives market. This was made possible because the launch of the derivatives on the main trouble index of the Russian stock market was based on the FORTS platform.

There is a very broad spectrum of trading approaches that may be utilised when dealing with the MICEX Index futures contract. It involves hedging stock portfolios, speculative trading, arbitrage between index futures and a basket of shares or futures, and index arbitrage, among other financial manoeuvres. In accordance with the parameters outlined for the futures contracts based on the MICEX Index, the volume of the contract is equal to the value of the MICEX5 Index multiplied by one hundred roubles. 10% is the default setting for the size of the initial margin. The price at which the contract is settled is calculated by multiplying the average value of the MICEX Index during the period of time from 15:00 MSK to 16:00 MSK on the previous trading day by 100 roubles. This figure is used to establish the price at which the contract is settled. The months of March, June, September, and December are reserved for the settlement of contracts.

NSE & BSE, India

Both the Bombay Stock Exchange (BSE) and the National Stock Exchange are considered to be the most important stock exchanges in India (NSE). The Bombay Stock Exchange (BSE) was established in 1875, making it not only the first stock market in India but also the oldest stock exchange in all of Asia. It has its headquarters in Mumbai, and as of the year 2021, its market capitalization was somewhere over \$2.4 trillion. The Bombay Stock Exchange (BSE) is often regarded as the most important exchange for blue-chip corporations because it is home to many of India's most successful businesses. Established in 1992, India's National Stock Market (NSE) is currently the country's second largest stock exchange. It has its headquarters in Mumbai, and as of the year 2021, its market capitalization was somewhere over \$2.1 trillion. The New York Stock Exchange (NYSE) is widely regarded as the premier marketplace for trading index-based goods and derivatives.

Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE), China

China's Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE) are both abbreviated as "SSE" and "SZSE," respectively. China is one of the economies that is growing at the quickest rate and is the most populous developing country in the world. Over the course of the last few decades, the most important factor in China's economic growth has been the country's ongoing reform and open-door policy drive. The Chinese market has been expanding consistently, and both its institutional infrastructure and its investors are becoming more sophisticated all the time. The legislative structure, trading rules, and regulatory regime that govern China's capital market are all up to the standards that are generally recognised and acknowledged internationally. The People's Republic of China recognises Hong Kong as a Special Administrative Region. Free trade, low taxation, and minimal intrusion from the government are the defining characteristics of Hong Kong's economy. It has the People's Republic

of China as its most important trading partner and ranks as the tenth largest commercial economy in the world. A significant portion of Hong Kong's economy is based on the provision of services, and the city maintains particularly robust ties to both Mainland China and the rest of the Asia-Pacific region. The recent growth of offshore Renminbi business in Hong Kong ushers in a new stage in the promotion and internationalisation of the Chinese currency in offshore markets. This stage marks the beginning of a new stage in the promotion and internationalisation of the Chinese currency in offshore markets.

South African Stock Exchange located in Johannesburg

South Africa is the economic engine of Africa. It leads the continent in terms of industrial output and mineral production, and it is also responsible for producing a significant amount of the continent's electrical power.

The nation possesses an abundance of natural resources, as well as well-developed sectors of finance, law, communication, energy, and transportation, as well as a modern infrastructure that supports the efficient distribution of commodities throughout the southern African region. The legal system in South Africa is one of the most developed and advanced in the world. The laws that govern competition policy, copyright, patents, trademarks, and disputes all adhere to international standards and conventions. The legislation that governs commerce, labour, and marine concerns is particularly well developed. The nation's financial infrastructure is highly developed and extremely secure. Both the banking rules and the banking industry have long been regarded as being among the best in the world. Additionally, the banking industry consistently ranks in the top 10 worldwide. South Africa is not only a significant emerging economy in and of itself, but it is also the gateway to emerging economies throughout Africa. The nation plays an important part in the provision of the continent with energy, humanitarian aid, transportation, communication, and investment opportunities. The country's well-developed road and rail networks provide the platform and infrastructure for ground transit into the interior of Africa.

The Johannesburg Stock Exchange is the only securities exchange in South Africa. As such, it acts as a connecting point for buyers and sellers in the markets for equity, equity derivatives, currency derivatives, commodities derivatives, bonds, and interest rate derivatives. In the context of an emerging market, the Johannesburg Stock Exchange provides investors with a trading environment comparable to that of the first world, complete with technology of the highest calibre and world-class surveillance and settlement of securities. The market capitalization of the Johannesburg Stock

Exchange places it in the top 20 largest stock exchanges in the world. This measures the size of an exchange's equity trading community. Please visit the following website for further information: The purpose of the FTSE/JSE Top 40 Index is to provide investors with a comprehensive and complementary measure of the performance of the major capital and industry segments of the South African market. The index is comprised of the forty South African companies that have the highest ranking when their full market capitalization value is considered.

Need for the study

The current study makes an effort to do a comparative analysis of the primary corporate governance regulations that are in place in five of the world's fastest-growing economies: Brazil, Russia, India, China, and South Africa. The study would evaluate and detail the similarities and features of the corporate governance codes in the nations that were referred to. Despite the fact that the countries that make up the BRICS bloc come from a wide variety of cultural traditions and have a variety of approaches to business, political ideologies, ownership structures, and legal origins, the corporate governance frameworks that are in place in each of these nations are focused on the protection and maintenance of the interests of stakeholders and the confidence of investors in general. In addition to this, the study will attempt to analyse the roles of regulators, stock exchanges, compliance with regard to listed entities, stakeholder rights, and the numerous committees created by the respective governments or regulators, board and board level committees, etc. The research would also include the preparation of a case study on a single company based in each nation, as well as the identification of the most effective business procedures already in use in those nations. The following subjects are going to be discussed: a literature review on corporate governance practises in the BRICS countries; the policy and regulatory aspects of corporate governance practises in the countries that have been chosen; and the trends of corporate governance practises with reference to state-owned enterprises.

Study Objectives

The main objective of the study is to:

- study the codes of corporate governance (CG) practices adopted by the BRICS countries (Brazil, Russia, India, China and South Africa)
- study and analyse the role of institutions (OECD, UN/ World Bank) in promoting good Corporate Governance code in BRICS countries
- study the emerging trends in Corporate Governance and draw inferences for the BRICS countries

Methodology

Since then, the idea has spread all across the world; nevertheless, only a small number of studies have been carried out, and there are still numerous holes in our knowledge of certain crucial areas. For instance, what are the primary driving forces that led to the establishment of the CG coding system? How well have companies in various nations used CG codes into their operations? What kind of effects has the implementation of CG regulations had on the governance of companies and the capital markets? Which kinds of institutions are accountable for the distribution of CG codes? In what ways have the CG codes been put into practise and how have they been enforced in various countries? It is necessary to investigate secondary sources in order to acquire pertinent data on the many governance factors. In order to draw meaningful inferences and conclusions from the data, we will perform an analysis using the appropriate analytical techniques and tools. The research will also include a discussion of pertinent case studies in relation to the most effective business practises of CG in BRICS countries. For the purpose of analysing a vast quantity of data, numerous analytical approaches have been developed, including the utilisation of statistical tools for the purpose of generalising the findings and the application of content analysis approaches as an alternative to analysis. Because it is based on a review of documents as well as the existing literature, this research can be classified as documental.

Chaptarisation

The current investigation is comprised of a total of four chapters. The first chapter provides an overview of corporate governance norms, discusses the development of emerging markets, and outlines the study's objectives and methods. In Chapter 2, we examines published reports / surveys f the published works of illustrious academics. The BRICS nations and various corporate governance practises were discussed in Chapter 3. The chapter is broken up into two distinct parts called sessions. The first session will discuss the corporate governance practises of the BRICS countries, as well as the corporate governance principles of the OECD, Worldbank, and IMF. The second session will focus on the CG practises that vary from nation to country and will analyse case studies that showcase the best practises. The topic of comparative examination of different CG practises in BRICS countries is covered in Chapter 4. The findings and thoughts gleaned from the research are presented in Chapter 5.

Chapter II

REVIEW OF LITERATURE

Introduction

State-owned enterprises (SOEs) were defined by the Organization for Economic Cooperation and Development (OECD) in 2015 as "any commercial body recognised by national legislation as an enterprise, and in which the state exerts control." This is a general description of what exactly is meant by the term "state-owned firms." These corporations are responsible for somewhere in the other countries up to five percent of the overall gross domestic product (GDP) of the typical OECD countries and anything from ten to forty percent of the GDP of the most significant emerging nations. According to Bruton, Peng, Ahlstrom, Stan, and Xu (2015), state-owned firms are accountable for somewhere in the other countries is of 10% of the entire world GDP.

State-owned companies (SOEs) are the dominant force in a variety of different industries and disciplines of business, such as public utilities, telecommunications, finance, the oil and gas industry, and the extractive sector. However, because to the global financial crisis that took place in 2008, almost all industrialised nations as well as emerging nations have seen a reduction in the number of SOEs that are active within their economies (Som, 2013). The global financial crisis that started in 2008 had a detrimental influence not just on state-owned firms (SOEs), but also on the private sector, which was a significant component in the evolution of economic growth. (Corrigan, 2014). Twelve years later, just as the SOEs were beginning to recover from the effects of the COVID-19 virus, which had caused chaos in the global market, the virus broke out. This occurred just as the SOEs were beginning to recover from the impacts of the COVID-19 virus. For example, the public procurement of COVID-19 personal protection equipment in South Africa was riddled with instances of unscrupulous behaviour, which hampered the administration of that country. Because of this, the nation faced a great deal of difficulty (PPE). The authors Silvestre, Gomes, and Gomes (2018) believe that there hasn't been a lot of research done on BRICS SOEs in this area and that there needs to be an investigation into how SOEs are controlled. Silvestre, Gomes, and Gomes (2018) also believe that an investigation into how SOEs are controlled is necessary. In addition to this, they note that there hasn't been a significant amount of research carried out on BRICS SOEs in this particular field.

It is now plainly obvious that the state will continue to function as the dominant holder of a variety of productive assets in a number of countries for many years to come for reasons that are both political and economic in nature. This reality has become crystal clear. This is the case despite the fact that other nations have been forced to reconsider the role of SOEs as a result of movements in the market as a result of the global financial crisis that occurred in 2008 and the challenges presented by COVID-19. In spite of these occurrences, the problems presented by COVID-19 have encouraged other nations to reconsider the function of SOEs. This is the case despite the fact that, in a number of economies, the state will continue to be the main holder of a wide variety of productive assets for the foreseeable future. This is the case because this is the case. The temporary control that the government exercises over companies that are active in the private sector has also contributed to an increase in the challenges associated with the administration of corporations, which has contributed to an overall increase in those challenges. More than ever before, governments are concerned about preserving a level playing field and ensuring that public funds are used in an effective manner. This worry is even more prevalent than it was in the past. This concern is held by an even greater number of people than it was in the past. As a direct result of this, the establishment of a corporate governance structure is absolutely necessary in order to improve the effectiveness of SOEs and guarantee that the funds contributed by taxpayers are utilised in an accountable fashion (Som, 2013). There is a potential that political and social ramifications, as opposed to monetary gain, are the key economic motives for state-owned firms (SOEs) to continue down the path that they are now on. This is something that can be considered a possibility. According to this point of view, there is a need for a stable and circumspect equilibrium, one in which the socio-political and economic interests of SOEs are balanced through the utilisation of suitable governance frameworks. To be more exact, this equilibrium needs to be established. It is important to note that the term "balance" should not be used in place of the word "harmony."

The governance structures and business operations of SOEs have an impact on the lives of citizens as a result of the fact that SOEs are responsible for the delivery of essential public services to citizens, such as the provision of public utilities (OECD, 2015). On the other side, political activity in state-owned enterprises (SOEs), as opposed to professional business executives, could lead to instances of bias and conflicts of interest (Corrigan, 2014; Silvestre et al., 2018).

According to Huifang (2016), the BRICS nations have banded together to form an economic bloc. This not only demonstrates their political and economic ties, but it also demonstrates how the existing

system of global economic governance has failed to meet the interests of these nations. BRICS stands for the Group of Developing Countries in South Asia and Central and Eastern Europe. Not only does the fact that the BRICS countries have banded together to form an economic bloc indicate the close economic and political relationships that exist between them, but it also reveals how the existing framework of the global economic system works (Atale, 2012; Beeson & Zeng, 2018). The practises of governance that are utilised by BRICS SOEs are investigated throughout this article. As a consequence of this, it draws attention to a number of significant topics that ought to be explored. Because of this, the key concern that arises is how the governments of the BRICS countries currently oversee their state-owned enterprises (SOEs). In order to provide a response to the question posed by the research, the author made use of a methodology known as subjective cross-analysis, which is predicated on the examination of both observations and documents. There is some truth to the assertion that the qualitative design has some bearing on this.

The authors came to the conclusion that these businesses have issues with governance despite the fact that they are the primary factors in the formal sector of the economy and significantly contribute to the expansion of the economy by acting as the primary suppliers of a wide variety of social services and goods that ensure the general public's quality of life. This conclusion was reached despite the fact that these businesses are the primary factors in the formal sector of the economy. They are finally made powerless and open the door for the potential of bribery as well as, more significantly, the abuse of public position for the purpose of obtaining private advantage (Kyunga, Young-Hee, & Yang, 2018; Silvestre et al. 2018).

Following that will be an analysis of the corporate governance practises utilised by state-owned enterprises (SOEs) located within the BRICS nations. In light of this, a dispassionate discussion on

The current state of governance of state-owned enterprises (SOEs) in each of the BRICS nations is discussed in relation to the relevant topics. According to Kanyane and Sausi, there is not one universally preferable model of corporate governance to any of the others (2015). This post is an attempt to resurrect the discourse about the governance of state-owned enterprises (SOEs) in the BRICS countries and significantly improve it so that SOEs are more resistant to corruption and moral conundrums. Specifically, the goal of this post is to improve the governance of SOEs in a way that allows for greater transparency and accountability.

Explanations Based on Theory and Conceptualization

In the sections that follow, the theoretical and conceptual frameworks that underpin the BRICS SOE governance discourse will be given.

According to Subramanian, poor corporate governance at SOEs is the result of a variety of issues, some of which are tied to providing for the interests of the general public, while others are related to providing support for political goals. Some of these issues are related to providing for the interests of the general public, while others are related to providing support for political goals (2015). (Chakrabarti, 2017). In addition, the government is responsible for a variety of tasks that are incompatible with one another, particularly in regard to the ownership of SOEs and their oversight. In addition, when governments own the majority share of the corporations in which they invest, state-owned enterprises (SOEs) may feel less pressure from both public and private investors. This is most likely the case because state-owned enterprises (SOEs) almost exclusively rely on the government for new financing (soft budget constraints). Because of this, state-owned companies (SOEs) may not have the incentive to enhance the processes of their corporate governance in order to boost the value of their businesses.

According to the findings of the research that Sambo and Kanyane (2020) conducted, ethics and accountability are both necessary components of a functioning government. According to Subramanian (2015), the government, in its capacity as an investor in SOEs, is obligated to provide examples of good corporate governance practises. On the other hand, state-owned businesses (SOEs), often known as public corporations, have not provided any evidence of robust corporate governance structures. According to Kanyane and Sausi (2015), governance is a framework and procedure that is used by institutions at all levels to identify the attendees in judgement and implementation stages as well as those who will be held liable and accountable for the results of decisions that are put into action. In other words, governance helps institutions determine who is responsible for the outcomes of decisions that are put into action. In a nutshell, governance is the process that organisations use to figure out who will be responsible and accountable for the results of decisions that are carried out.

According to Corrigan (2014), state-owned businesses (SOEs) can be understood in a manner that suggests they are potentially powerful tools that governments might deploy for the purpose of development. As a direct result of this, the management style utilised by SOEs has a significant bearing on the outcomes of the overall climate of a country with regard to commerce and the control of corporations. In addition, Corrigan (2014) argues that even if SOEs do represent "public interest" due to the fact that they are backed by public funding, they are still ordinary businesses just like any

other firm, despite the fact that they are subsidised by public funds. This is the case even if SOEs do represent "public interest" due to the fact that they are backed by public funding. On the other hand, as a result of their status as quasi-monopolies, they exercise a great amount of power, which makes them attractive sources of patronage. This is due to the fact that they are valuable sources of patronage.

There should be collaborations and networks developed between the many nongovernmental organisations and government entities in this country (Kyunga et al., 2018). When it comes to the management of state-owned enterprises (SOEs), it is absolutely necessary for all parties involved, including shareholders, boards, executives, and employees, to conduct themselves with the utmost integrity, honesty, and transparency. This is an urgent requirement (Kanyane & Sausi, 2015).

The state-owned enterprises (SOEs) that are now operating in nations that are in the process of transitioning away from systems of extensive government participation, law, or control over markets are likely to be the largest domestic corporations that are currently operating in those nations. They are frequently responsible for monitoring and administering a nation's underlying infrastructure. It is absolutely necessary for state-owned businesses (SOEs), in order to guarantee their continuous performance throughout the course of a longer period of time, to comply with a corporate governance framework. This is because, in comparison to their counterparts in the private sector, state-owned enterprises (SOEs) have a far higher risk of going bankrupt due to legal violations.

This is because these organisations are managed by professional administrators, but they are owned by shareholders from the outside (Chakrabarti, 2017; Subramanian, 2015). In a manner that is analogous to this, Som (2013, page 2) asserts that the distinctive governance problems that are specific to SOEs include the "principal-agent problem, lack of sufficient oversight, political meddling, weak and disorganised boards, and a muddled combination of commercial and social goals that SOEs must achieve." In other words, these are the problems that are unique to SOEs. As a result, issues of corporate governance in SOEs are the primary focus of concern in the majority of countries.

Governmental Financial Management

More and more people are coming to the realisation that there is more to public financial management than simply addressing technical accounting concerns. According to Tkachenko, it also involves the management of the government as a whole's taxation, expenses, and debt, all of which have an effect on how resources are allotted as well as how revenue is dispersed (2020). It is being more accepted that public financial management encompasses more than just technical accounting difficulties. This is

despite the fact that the term "public financial management" has multiple definitions.

Tkachenko (2020) continues by adding that the system of public financial management is a system that consists of a range of role players, interactions that are sophisticated, and processes that change and are interconnected with one another. Therefore, competent public financial management systems are required in order to "maximise the efficient use of resources, [provide] the highest level of openness and responsibility in government finances, [and] [ensure] long-term economic success" (Tkachenko, 2020, p. 78). Since state-owned enterprises (SOEs) are either entirely or largely controlled by the state, it is reasonable to expect them to conform with the legal and regulatory frameworks that govern the way in which the governments of their respective countries handle the administration of public monies. According to Sambo, the objective of financial management is to increase the efficiency with which a corporation manages, allocates, and regulates its financial resources (2017). According to the author who was mentioned earlier, who maintains their position that public finance is the foundation of any government because it is only through the use of public financial resources that governments are able to provide services to the people who are a part of that government, the author maintains their position that public finance is the foundation of any government.

People are becoming more and more aware that there is more to public financial management than merely addressing technical accounting difficulties, and this is a trend that is expected to continue. According to Tkachenko, it also entails the management of the government's overall income tax, expenses, and debt, all of which have an effect on how resources are allotted as well as how revenue is distributed. Managing the government's overall income tax, expenses, and debt can have an effect on how resources are allotted and how revenue is distributed (2020). It is becoming increasingly understood that there is more to public financial management than simply having to deal with technical accounting challenges. Despite the fact that the term "public financial management" can refer to a variety of things, this is nonetheless the case.

These terms have a strong connection to the idea of accountability, particularly accountability in relation to concerns pertaining to finances. Raffer uses the phrases "external accountability" and "internal accountability" interchangeably when he is talking about the subject of finances (2004). The former refers to the obligations that institutions have towards external stakeholders such as customers and government agencies, whereas the latter refers to the obligations that internal stakeholders such as employees have towards one another. In other words, the former refers to the obligations that institutions have towards external stakeholders. As an illustration, customers have obligations

towards the institutions they do business with, whereas government entities have obligations towards their constituents. For instance, it is anticipated of customers that they will pay their bills in a timely fashion. It is of the utmost necessity that all parties participating in SOEs are accountable, both in a broad sense and economically. This is of the biggest importance both to the public and to the government. This is the case for both public and private companies and organisations.

Limits on spending are a significant issue that have an immediate need to be discussed in this dialogue, regardless of whether or not they are voluntarily imposed on individuals. These spending caps could be set on a voluntary or involuntary basis. According to Maskin and Xu (2001), one of the factors that contributes to the development of soft budget constraints is the capacity of government organisations to negotiate alterations to their budgets after the fact. This is one of the variables that leads to the creation of soft budget limits. The following are some examples of other factors that contribute to the establishment of soft budget restrictions: [There must be other citations for this] The authors who were just referenced continue their discussion on the subject of whether or not looser restrictions should be placed on the amount of money the government can spend in the political realm. When it is believed that the political cost of doing so would be too high for a variety of reasons, such as when it could have a negative effect on employment or when it could cause social unrest, this refers to the scenario in which the government steps in to save businesses. Other examples of this scenario include when it could have a negative effect on employment or when it could cause social unrest. It is possible for this to take place in predicaments in which it is felt that the political cost of acting in this manner would be too high. According to Maskin and Xu (2001), flexible budget restrictions have a direct impact on the efficiency of state institutions because they affect the expectations of the managers of those institutions. This in turn has a direct impact on the level of efficiency achieved by the state institutions. In turn, this has an effect on the efficiency of the institutions that are run by the state. Reports indicate that managers at failing state-owned enterprises (SOEs) believed that the government would offer financial assistance or bail out the SOEs in order to prevent widespread insolvency. This idea stemmed from the expectation that the government would take measures to forestall widespread bankruptcy (Chakrabarti, 2017). The dependence syndrome and inefficiency are both hallmarks of bad governance, and government bailouts for SOEs generally lead to these problems. This is because weak governance leads to dependency, which in turn leads to inefficiency. According to Davis and Keiding (2002), lax governance practises are to blame for the possibility of state-owned enterprises (SOEs) being compelled to cease their activities as a result of falling profits and stringent financial constraints. These two factors have contributed to the possibility of SOEs being forced to shut down their operations.

Governance Structure of the BRICS

There is no legislation that governs state-owned enterprises (SOEs) directly in any of the BRICS countries, nor are there any rules or regulations that are applicable to firms that operate at the BRICS level. Instead, state-owned companies (SOEs) are administered in accordance with the norms and laws that are applicable in each of the countries that make up the BRICS. In Brazil, for instance, the selection of directors for SOEs is governed by Law 13303/2016, which went into effect in 2016. This law was passed in 2016. The functioning of state-owned companies (SOEs) is controlled and monitored by a wide range of corporate statutes and other pieces of pertinent legislation in the countries of India, China, and South Africa.

Each of the nations that are part of the BRICS group has its own board of directors at the governing level (BODs). When it comes to the appointment and removal of board members for state-owned businesses (SOEs) in Brazil, for instance, the final decision-maker is the president of Brazil, who also serves as the nation's chief executive officer. The involvement of the President of Brazil in the recruitment and firing of everyone in a position of authority, which serves to cement control over SOEs, raises some interesting questions about the rationale of this involvement. This centralised system is fraught with a wide variety of difficulties in terms of administration, and the political establishment has the potential to take advantage of these difficulties. Therefore, it makes perfect sense that Thomas (2012) warns that the board, not the administration, should have the ability to appoint and fire the CEO, and that the board should also have full responsibility and responsibility for the operations of the SOE free from political influence.

Inadequate are the systems of state-owned enterprise governance that are in place in Russia, in comparison to those that are in place in the other BRICS states. One of the many issues with governance that the SOEs face as a direct result of this is corruption. There are a wide variety of governance issues. According to Azahaf and Schaad-Tischler (2012), Russia exhibits worrisome inadequacies in the capabilities of its steering. Because of the pervasiveness of political patronage and clientelism, as well as the exclusion of independent professionals and other stakeholders, as well as the frequent occurrence of conflicts, problems that occur in the transmission of policies make it almost difficult in today's Russia to create policies with an eye towards the future in the sense that they would lead to a government that is viable for the long term.

As a consequence of this, in order for Russia to successfully reinforce the administration of the SOEs against the possibility of misuse and corruption, it is required for Russia to construct legislative tools

that are uniquely applicable to the SOE system. This is the only way for Russia to achieve this goal. State-owned enterprises (SOEs) in both India and China are subject to oversight from regulatory commissions like India's Central Vigilance Commission (CVC) and China's Securities Regulatory Commission (CSRC). These commissions were established in order to increase each nation's government's level of accountability. This is an admirable and productive strategy for improving the administration of SOEs and making certain that they are operating to the best of their abilities in order to realise their full potential.

State-owned companies (SOEs) are frequently active in party politics in nations such as China and South Africa. It is extremely necessary to make a clear distinction between political parties and the boards of directors of SOEs in order to assure the success of these firms without running the risk of them getting politicised or bogged down in party politics. This is the only way to guarantee success. Because of this, in order to prevent tasks and obligations from competing with one another, there needs to be a general or overarching piece of legislation for SOEs that outlines their role in the process of social development as well as the administration of the society.

SOEs in the BRICS nations

They demonstrate that Brazil and Russia, like many other countries, have institutional and legal flaws that contribute to their propensity for corrupt and potentially abusive governance. These deficiencies are due to the fact that both nations' judicial systems are very comparable to one another. However, the three nations that make up BRICS—India, China, and South Africa—are not an exception and all face issues related to governance in one form or another. As a result, the next section analyses each BRICS member in its own right and does so in a separate context. According to Thomas (2012), there is little evidence to back claims that the management of SOEs in South Africa has improved over time, despite the development of legislative measures in the country. This is despite the fact that South Africa has been a legislative powerhouse in recent years. According to Azahaf and Schraad's argument, Tischler's "overcoming these difficulties instead requires solid governance and a future-focused approach in each of the BRICS countries" (2012). The economies of Brazil, Russia, India, China, and South Africa make up what is known as the BRICS grouping.

Brazil

According to Fontes-Filho and Alves (2018), the political system in Brazil consistently imposes revisions on the objectives and priorities of SOEs. [Citation needed] [Citation needed] The leadership of these organisations is now susceptible to disruptions and shifting demand from the general public as

a direct result of these alterations. According to Limoeiro and Schneider, the president of Brazil is directly responsible for selecting and removing the leaders of all state-owned firms in the country. In contrast to this, the system in South Africa is such that state-owned firms are administered by the shareholder minister of the relevant sector, the cabinet, and the board, with the president playing a negligible or nonexistent role in the process (2017).

In their article that was published in 2017, Limoeiro and Schneider investigate Brazilian state-owned companies (SOEs) that are polluted with corruption, which presents itself as payments in construction and procurement contracts (Kyunga et al., 2018). State-owned enterprises (SOEs) in Brazil are required to have audit committees as part of their governance structures. The duties of these committees include monitoring management activities, ensuring that rules and regulations are followed, and making recommendations regarding the annual reports of SOEs (Fontes-Filho & Alves, 2018).

Law 13303/2016, which was just passed in Brazil, is a fresh new law that outlines the legal framework and standards for the nomination of directors in SOEs, including the appointment of independent directors. This law was created as a result of recent changes that were made throughout the nation's legislative system. The passage of this new regulation also demonstrates, as stated by Fontes-Filho and Alves (2018), that Brazil's corporate governance control mechanisms continue to be fragilely constructed. This was revealed by the fact that the legislation was just passed. This was discovered in the course of their investigation on the effects that the new regulation will have. Fontes-Filho and Alves (2018) claim that boards of directors for state-owned companies (SOEs) are not independent.

The absence of a requirement that board members have a minimum level of professional experience; the designation of politicians to administrative and oversight bodies; the necessity to publish the Annual Governance Statement highlighting the goals for financial and operational data as well as public policy; the necessity to publish the Annual Governance Statement highlighting the goals for risk and compliance departments; and the presence of a statutory audit committee are all examples of problems with the state system.

Russia

According to Augustynowicz (2014), there aren't many notable works in either English or Russian literature that analyse the state-owned enterprise (SOE) sector in Russia as well as the challenges of state corporate governance. This is true whether you look at Russian literature or English literature. This is something that may be said about literature published in either language. According to the

author who was referenced in the preceding paragraph, "there is no unifying definition of SOEs in Russia, neither in official publications nor in the scholarly literature." This is as a result of the fact that there are SOEs that are completely under the authority of the state (Augustynowicz, 2014, p. 136). It is estimated that 35.7% of economically active people in Russia are employed by state-owned businesses (SOEs), which gives these companies enormous economic importance (Augustynowicz, 2014).

According to a report published in 2004 by the Organization for Economic Co-operation and Development (OECD), the government of Russia has been making steps to expand state control over the boards of its SOEs. Regulations were adopted that categorised state-owned enterprises (SOEs) based on the number of ministries that engaged in their decision-making process as well as the value that they provided to the state. The relevance of the SOEs served as the rationale behind these rules. The legal framework that is used as the foundation for corporate governance has seen some significant modifications in recent years. These developments have helped to ensure that corporations are run in an ethical and responsible manner. The majority of SOEs have also instituted committees at the board level, which is one of these reforms. It is anticipated that these committees, such as audit committees, will contribute towards the improvement of internal controls.

Additionally, the implementation of the Code of Corporate Conduct, which was authorised with the intention of recommending guidelines for the control of board activities, led to improvements in the standards of corporate governance of SOEs. These improvements were brought about as a result of the implementation of the Code of Corporate Conduct. This was one of the motivations behind the establishment of the Code of Corporate Conduct in the company. In addition, the Russian Institute of Directors complimented the progress made in a variety of corporate governance parameters, such as increased percentages of independent directors serving on boards and improved disclosures (OECD, 2004).

On the other hand, the governance of Russian state-owned businesses (SOEs) does face considerable obstacles, such as the absence of transparent objectives for the SOEs themselves, as well as instances of conflicting interests and instances of corruption among SOEs.

Members of the board

One more issue is that there are no requirements in place for board members, and these are the ones that are regarded appropriate. According to a report that was published by the Audit Chamber in 2004, the Federal Service for Financial Markets did not exercise the appropriate level of oversight over SOE disclosures, as requested by the Audit Chamber, and SOEs did not comply with the Code of Corporate

Conduct in relation to voting on dividends. The report was based on the findings of an investigation that was conducted by the Audit Chamber. In the report, consideration was given to both of these matters. (OECD, 2004). In addition, it was found out that elected politicians do not comply with established procedures and do not follow instructions when making choices on dividends due on government shares. This was revealed after it was determined that elected politicians do not comply with established protocols. During the process of determining the rewards, this was discovered to be the case. In addition, Thomas (2012, page 452) asserts that there is a lack of transparency in the selection of government representatives for boards in Russia, as well as the fact that board members are frequently inactive and reassigned. This is in addition to the fact that board members are frequently reassigned. The fact that board members are rotated out on a fairly regular basis lends credence to this line of reasoning.

India

Public Sector Undertakings (PSUs) and Public Enterprises (PEs) are both terms that refer to the same thing: businesses that are owned and operated by the government of India (Subramanian, 2015). (Khwandwalla, 1984). According to Scrimgeour and Duppati (2014), state-owned companies (SOEs) form the backbone of the Indian economy and are responsible for around 25 percent of the country's gross domestic product (GDP) (Chakrabarti, 2017). The Companies Act of 2013, clause 49 of the Listing Agreement, and the guidelines of the Department of Public Enterprises are just a few examples of the complex legal and institutional structure that oversees private equity firms in India. Other examples include the Securities and Exchange Board of India and the Reserve Bank of India. In addition to these instances, there is also the Securities and Exchange Board of India (Som, 2013).

In contrast to Russia, India made a deliberate attempt in 1991 to transfer some firms from the control of the government into the hands of the private sector. At the same time, Russia did not make such an effort. The government of India adopted new industrial and economic policies, which led to the opening of markets that had been previously controlled by private enterprises (PEs), thereby encouraging an environment in which healthy competition can thrive. These policies were effective in creating an environment conducive to economic growth. Due to the strategic nature of certain economic sectors or the diversity of goals that are not always value-adding, it is likely that the government will be left with little alternative but to divest itself of inefficient state businesses. On the other hand, the government continues to exercise direct jurisdiction over the overwhelming majority of enterprises. The vast majority of these businesses are directed by public servants who have spent their whole lives working for the government and are governed by the respective ministries that constitute their parent organisations (Bhasa, 2015; Subramanian, 2015).

Alterations were also made to corporate governance in order to make sure that the performance of private equity firms and the firms that are equivalent to them in the private sector is comparable (Scrimgeour & Duppati, 2014). According to Som (2013), the government of India has taken steps to improve the performance of its public enterprises (PEs) by acquiring ownership or control of shares in significant industries such as manufacturing, mining, oil and gas, and infrastructure. These steps were taken in order to improve the efficiency of India's public enterprises. Increasingly responsible corporate governance is one of these countermeasures. The aforementioned author continues on to say that the reforms have focused on, among other things, the sale of government stock and the creation of a mechanism for tracking performance in order to ensure accountability and strengthen the boards of SOEs. These reforms were carried out in an effort to strengthen the boards of SOEs. These changes have been prioritised with the goal of enhancing the effectiveness of the boards that govern SOEs. 2007 was the year that saw the initial publication of the guidelines for the corporate governance of SOEs; nevertheless, it wasn't until 2010 that their mandatory adoption became a requirement. In a similar vein, Chakrabarti (2017) observes that several emerging nations, such as India, have pursued a strategy of progressive SOE disinvestment, in accordance with the recommendations of the World Bank and the International Monetary Fund.

Indian state-owned enterprises (SOEs) are required to account to a number of different organisations, including the Parliament, the Comptroller and Auditor General, the Central Vigilance Commission (CVC), which is in charge of preventing fraud and corruption in SOEs, and the Public Enterprises Selection Board (PESB), which is in charge of overseeing the board member selection process, including tenders and advertising. Other organisations that require SOEs to account include the Central Vigilance Commission (CVC), which (Scrimgeour & Duppati, 2014). Every one of these principles has its own distinct set of objectives, as well as a variety of opposing interests. According to Khwandwalla (1984), senior bureaucrats in the ministry to which the PE is attached, as well as political bosses and employees of other regulatory organisations such as the planning commission, the bureau of public enterprises, or the public investment board, frequently have demands that are in conflict with one another. In addition, senior bureaucrats in the ministry to which the PE is attached also have demands that are in conflict with one another. The presence of several masters or principals, which makes the governance of SOEs more difficult, is a source of dissatisfaction for private equity managers. This is because the presence of multiple masters or principals makes the governance of SOEs more difficult.

China

According to Wang, China's state-owned companies (SOEs) operate under "two governance frameworks," one for legal governance and the other for political control. One of these frameworks is for political control, and the other is for legal governance (2014, p. 637) The company's legal governance structure, which was established in accordance with the Company Law of the People's Republic of China and consists of a management team, shareholders, a board of directors, and a supervisory board, is a symbol of the fusion of Chinese corporate governance and Western standards of corporate law. The legal governance structure of the company was established in accordance with the Company Law of the People's Republic of China. The regulatory framework for legal governance was established in a manner that was compliant with the Company Law of the People's Republic of China. Politics in China, and more especially the Chinese Communist Party (CCP), have a considerable role in both the process of making decisions at state-owned businesses (SOEs) as well as the employment of people to fill such positions (Wang & Han, 2020).

It is now plainly obvious that the party's role within the SOEs has been strengthened and institutionalised as a result of the most recent round of reforms to SOEs. This was accomplished as a direct result of the reforms that were implemented. In the realm of corporate governance, it is patently obvious that the party-state has constructed not one but two "supremes." This is clear when one considers that in SOEs, the board of directors (BOD) and the CCP are both anticipated to function as decision-making bodies. In such a scenario, the proportion of private ownership in state firms that were established by mixing ownership is basically useless as long as the CCP remains in charge of the company and the Board of Directors is not granted the genuine authority to independently govern the business. To put it another way, the proportion of private ownership in SOEs with a mixed ownership structure is meaningless (Wang & Han, 2020).

Over the course of the past three decades, the Chinese economy has made significant strides towards becoming more developed. Even though it has been corporatizing its SOEs in an effort to transition to a market economy, China is still having a substantial impact on the economy of the rest of the world. Even after the corporatized SOEs have been placed on the public market, China keeps control over the majority of the shares in those companies. This is because China owns most of the shares. The advancements in governance in China have led to a number of distinct types of state ownership, which were not possible before the institutional shifts that have taken place in the country. As a consequence of this, the various forms of government ownership each

have an effect that is distinct from the others on the ownership structure of the company as well as the shareholder controls (Tenga, Fuller, & Li, 2018).

Between the years 1998 and 2010, the number of employees working for China's state-owned enterprises (SOEs) decreased from 65,000 to 20,000, as stated by Wang (2014). In addition to this, the proportion of state-owned enterprises (SOEs) in China's entire industry has decreased from roughly 40 percent to somewhere around 5 percent during the past decade. However, the number of state-owned companies (SOEs) has increased in industries like as banking, telecommunications, energy, and natural resources. These industries are considered strategic because they demand a considerable amount of capital, are located upstream, or both. According to Xiao (1998), in the year 1993 China did not have any standard regulations in place for the many types of businesses. These rules did not take into consideration the various forms of ownership that were prevalent throughout the relevant time period. Tan and Wang outline a range of regulations and procedures that have been implemented in China to promote effective corporate governance in listed enterprises, including listed SOEs, in their essay that was published in 2007. The article was written in 2007. In order to encourage effective corporate governance among listed companies in China, certain laws and rules have been put into place there (Wei, 2003). The Company Law from 1994, the Securities Law from 1999, and the regulations created by the CSRC are a few examples of the type of legislation that falls under this category.

In addition, the China Securities Regulatory Commission (CSRC) has given its approval for the adoption of a code of corporate governance with listed companies. You may use this code to establish whether or not these companies have efficient corporate governance frameworks by looking at how well they manage their businesses. However, Even though China has a number of helpful laws and regulations that are aimed to strengthen strong corporate governance, effective corporate governance still only exists in principle in the country (Wang, 2014). Problems involving principals and agents, competing interests of the state in its roles as shareholder and regulatory, and a lack of a corporate culture that requires a sense of accountability and responsibility from directors, managers, and shareholders are some of the reasons why China has difficulty establishing a healthy environment for corporate governance. In addition, one of the reasons why China has difficulty establishing a healthy environment for corporate governance is because it has difficulty establishing a healthy environment for financial markets (Tan & Wang, 2007). Insufficient state autonomy and capacity, as stated by Silvestre et al. (2018), was the

reason why governance changes in some Chinese SOEs were unsuccessful.

Tan and Wang (2007) state that the “Anglo-American” business model is nonexistent in China. This is in accordance with their findings. For instance, Tan and Wang (2007) say that the appointment of directors for SOEs is an essential component of effective corporate governance. [Citation needed] The listed SOEs do not, however, give any information regarding their internal director nomination processes, if they do have any. Tan and Wang (2007) claim that officials in China employ state-owned enterprises (SOEs) to further their own political and social agendas, rather than to improve the efficiency and effectiveness of the corporations themselves. One choice that illustrates this principle is the one made to prevent loss-making listed SOEs from declaring bankruptcy out of the fear that doing so would make unemployment problems even more severe and would disrupt social stability. This is because of lax limitations placed on budgets, which make state-owned enterprises (SOEs) increasingly reliant on the government.

According to Wang (2014), who differentiates between the two types of governance, political and legal governance coexist in the operation and management of Chinese state-owned enterprises (SOEs). [Citation needed] The first aspect, governance that is bound by state legislation, is discussed, whereas the second aspect, decision-making procedures and personnel selection at CCP-controlled SOEs, is discussed. A great number of the times, the political governance rules that aren't written down and aren't legally binding that function in the background prevail over the written laws (Wang, 2014).

South Africa

According to Corrigan (2014), the South African government has provided evidence that demonstrates its commitment to utilising SOEs as development agents for a significant amount of time (Tsheola, Ledwaba, & Nembambula, 2013). In addition, the nation's state-owned enterprises (SOEs) should, in theory, run their businesses in accordance with the best practises for corporate governance, commercial law, and public sector financial law. On the other hand, more than 700 state-owned businesses (SOEs) in South Africa have been unsuccessful on multiple occasions, suggesting that this is not always the case (Corrigan, 2014). Despite the fact that state-owned enterprises (SOEs) in South Africa are the driving forces behind the formal sector of the economy and are in charge of providing the majority of public goods and services, including electricity, to guarantee the quality of life for all citizens, the various legal and regulatory frameworks that SOEs are required to adhere to are still disjointed. This is as a result of the fact that state-owned

enterprises (SOEs) in South Africa are the driving forces behind the formal sector of the economy and are accountable for delivering the vast majority of social goods and services (Kanyane & Sausi, 2015). The failure of state-owned enterprises (SOEs) to fulfil their mandated responsibility of contributing to the expansion of the state's socioeconomic base is a direct consequence of the aforementioned. There are contradictions, for example, between the Public Finance Management Act of 1999 and the Companies Act of 2008 (Act 71 of 2008), which is the law that governs all South African SOEs. All SOEs in South Africa are required to comply with the Companies Act (29 of 1999). As a consequence of this, it is of the utmost need to have a singular, all-encompassing SOE law that takes into consideration the dynamics of their organisation (Kanyane & Sausi, 2015).

Businesses that are run by the state and get consistent financial aid from the government grow dependent on the assistance, which can lead to inefficiencies if the state-controlled businesses continue to receive it. Both ESKOM and South African Airways are prime examples of weak governance since they constantly petition the government for financial assistance and, as a result, suffer from the syndrome of state dependency. The South African Broadcasting Corporation (SABC) and the Passenger Rail Agency of South Africa are two more examples of state-owned enterprises (SOEs) that have inadequate governance, which has made them susceptible to corruption. Both of these SOEs are examples of the problem of state-owned enterprises in South Africa (PRASA).

Conclusion

Throughout the course of the conversations that have taken place up to this point, significant concerns regarding the administration of SOEs in the BRICS states have been brought up. Comparisons between the BRICS nations' state-owned enterprises (SOEs) are difficult to make because their governance structures are distinct from one another. Having said that, each and every SOE has a mandate for development, which must be backed by an adequate governance framework. A framework was developed as a result of the conversation that took place beforehand. Despite the fact that state-owned enterprises (SOEs) are the primary drivers of the formal sector of the economy, they frequently struggle to perform at their best because of the governance failures, corruption, and socioeconomic vulnerabilities that they face in each of their respective BRICS countries. The current state of governance of state-owned enterprises (SOEs) in the BRICS countries is inadequate, particularly in Brazil and Russia. As a result, it is necessary to establish comprehensive legislative and institutional frameworks that clearly specify how SOEs

should operate in order to be successful and efficient. It should come as no surprise that a governance structure that is intended to assist SOEs should be all-encompassing, legal, institutional, accountable financially, open, and free from meddling and party politics. In addition, SOEs should operate in an environment that is malleable and gives them the opportunity to carry out the developmental mission that has been given to them.

SOEs in the BRICS, which act as the primary engines of the sector in emerging nations, should be given the opportunity to prosper in both of these markets so that this goal may be achieved on both the regional and global levels. BRICS, a developing global force, may be able to weather trade wars, COVID-19 difficulties, and other global economic setbacks through the SOEs, particularly if their governance systems are depoliticized. This is particularly the case if BRICS countries depoliticize their SOEs. BRICS should hold bilateral discussions to establish flexible governance and enabling environment within the bounds of BRICS summitry procedures and diplomatic practices. This would, for example, enable BRICS members to prosper as rising economies. BRICS summitry procedures and diplomatic practices would serve as the boundaries. If each BRICS nation wishes to successfully manage the developing economies as a global force, it must first handle its own SOE governance challenges. This will ensure that SOEs operate as effectively and competitively as possible in the local, regional, and worldwide market.

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Chapter III

BRICS AND CORPORATE GOVERNANCE

Introduction

The concept of corporate governance refers to the existence of a system of rules by which a company is controlled with the intention of securing and defending the rights of all stakeholders as well as maximising the advantages to which they are entitled. It is necessary for all parties involved in any organisation, including administration, shareholders, financiers, employees, society, and government, to be involved in this process. The CG also exercises control over the mechanism in order to protect the organisation and ensure its accountability to various stakeholders. The relationships between the many stakeholders are another focus of CG's work, given that the success of any corporation is dependent on those ties. A corporation is regarded to be following excellent Corporate Governance principles when it operates its business in an ethical manner, earns the confidence of the market, effectively allocates its capital, and contributes to the growth and development of the nation. The CG serves as a regulatory and monitoring tool for the company's overall performance. It makes further efforts to preserve the integrity of the relationship between the resource managers and the providers of money. It is possible to interpret corporate governance not as a collection of rules but rather as a way of life. However, the most important part of good corporate governance is evaluating and monitoring the performance of management and ensuring that management is responsible to the shareholders. Despite the fact that laws, rules, and corporate codes are all available as components of governance, Corporate Governance possesses much more than the same and should be followed as a method for self-regulation. To increase the value of the company's shares for the shareholders is the goal of good corporate governance.

Role of OECD in promoting CG

The Organization for Economic Co-operation and Development, or OECD for short, is an international organisation for businesses that was founded in 1961. It is comprised of members from 35 different nations. It focuses on pushing policies that will improve the economic and social well-being of people all around the world and is actively working to do so. It creates a convention to facilitate the exchange of knowledge and ideas regarding the resolution of issues that are shared by multiple governments. Using the fundamentals of corporate governance practises, this group aims to lead corporations toward accomplishing their goal of increasing shareholder value. This is

the organization's primary objective. The OECD has compiled the best practises of Corporate Governance, in which the emphasis was placed on the rights of shareholders, the role of stakeholders, disclosures and transparency inside a company, and the role of the board of directors and its obligations. To ensure that shareholders have secure rights of ownership and transfer of their equity, that they receive sufficient information to be able to vote at a general meeting to elect and dissolve board members, and to justice the connotation of planned takeover, the OECD encourages all countries to amend legislation where necessary to ensure that shareholders have secure rights of ownership and transfer of their equity. The Organization for Economic Co-operation and Development, or OECD for short, is one of the most prominent non-political organisations in the world. They have conducted research on the practises that result in the governance of a corporation in order to maximise long-term shareholder value. The OECD enjoyed a great deal of notoriety in relation to the Cadbury report and the code of best practises for corporate governance. The OECD's principles take into account the following components:

- Shareholders Equitable
- Appropriate Behavior of Shareholders
- Appearance of Stakeholders in Corporate Governance
- Revelation and Clarity
- Responsibility of Board of Directors

The members of the OECD made early efforts to reach consensus on a variety of governance issues. In 2004, the OECD issued a new version of the guideline governing Corporate Governance. The new fundamentals of the OECD, which were agreed upon by member countries in April 2004, follow the global economy vis-à-vis. The tremendous importance of having good corporate governance in order to achieve responsibility and domination in a recessionary environment.

Emergence of BRICS

The term "BRIC" was coined for the very first time in 2001 by Jim O'Neill, who had previously served as the chairman of the board of Goldman Sachs, an American multinational investment banking corporation. He gave a presentation on the growth possibilities for the economies of India, Brazil, China, and Russia, which, when combined, represented a significant portion of the world's construction and society. The acronym BRICS refers to a grouping that is made up of the five most powerful countries in the world. The names of these nations are China, Brazil, Russia, South Africa, and India respectively. This organisation was referred to as "BRIC" before South Africa became a member in the year 2010. August of 2010 marked the beginning of South Africa's efforts to become a member of the BRIC

consortium. South Africa was accepted as a new member of the countries that make up the nation. After South Africa became a member of the organisation, it was given the designation BRICS. The economies of these nations are extremely robust, and they are expanding at a rapid rate. These five nations are also all members of the G-20 group of nations. The leaders of these countries get together once a year for a meeting known as the BRICS Summit, during which they discuss a variety of topics and topics of concern to their respective countries. On June 16, 2009, Russia played home to the first BRIC summit, which was presided over by Russia's current president. The heads of state from each of the BRIC countries—India, Brazil, China, and Russia—will be present during the inaugural BRIC meeting. There was only one country missing at the first BRIC summit, and that was South Africa. At the time, South Africa was not a member of BRICS, thus it was not invited.

The second meeting of the BRICS nations took place on April 15, 2010, in Brasilia, Brazil, and was presided over by Luiz Inacio Lula da Silva. The BRICS summit that took place in 2011 was attended by all five members. The month of April 2011 marks South Africa's induction into the BRICS Nation. As a result, the President of South Africa, Jacob Zuma, travelled to China in 2011 to participate in the third BRICS conference. The BRICS nations are all considered to be developing nations. The fourth BRICS summit was held in India in 2012, and these meetings were hosted by Dr. Manmohan Singh, who is the current Prime Minister of India. At the BRICS organization's fourth meeting, all of the member nations are present. The fifth BRICS summit was held in South Africa in Durban in 2013, and it was hosted by President Zuma of South Africa. The sixth summit of the BRICS countries was held in Brazil in 2014. Both the fifth and sixth summits were attended by the president of each member that makes up the BRICS group. Russia played host to the seventh BRICS summit, which took place in 2015, and Vladimir Putin, the current president of Russia, served as the meeting's host. India hosted the eighth BRICS summit in 2016, while China played host to the ninth BRICS summit in 2017. South Africa played host in 2018 to the tenth meeting of the BRICS nations. In 2019, the eleventh summit was held in Brazil, followed by the twelfth summit in Russia in 2020, the thirteenth summit in India in 2021, and the fourteenth summit in China in 2022.

Many investors are under the impression that these markets are rather stable and have the potential to someday displace the G7 as the leading superpowers in the globe. The BRICS system is to foster peace, security, economic growth, and cooperative endeavours. In addition to this, it seeks to make a major contribution to the advancement of humanity and to the creation of a world that is more just and just. One of the goals of internationalisation of the securities markets is the listing and trading of securities across international borders in many exchanges located in multiple countries (Kubler, 2002). Table 3.1 provides information regarding the various financial regulatory authorities that have been established in

BRICS countries, along with the dates on which these bodies came into existence. These authorities are responsible for regulating the markets.

Table-3.1: Financial Regulatory Authorities of BRICS Countries

Country	Segment	Regulatory Authority	Year of Establishment
Brazil	Money Markets	Brazilian Central Bank (BCB)	1964
	Capital Markets	Brazilian Securities and Exchange Commission (CVM), Brazil	1976
	Insurance	Superintendence of Private Insurance (SUSEP)	1966
	Pension Funds	The national superintendence of complementary social security (PERVIC)	2009
	All Financial Sectors	The national superintendence of complementary social security (PERVIC)	1964
Russia	Capital Markets	The Federal Service for Financial Markets (FFMC)	2004
	All segments of Financial Markets	Central Bank of Russia (CBR)#	1860
	Insurance	Federal Insurance Supervisory Authority	1992
	India	Money Markets	Reserve Bank of India (RBI)
India	Capital Markets	Securities and Exchange Board of India (SEBI)	1988
	Insurance	Insurance Regulatory and Development Authority of India (IRDAI)	1999
	Pension Funds	Pension Fund Regulatory Development Authority (PFRDA)	2003
	Commodity Futures Markets	Forward Market Commission (FMC)	1953*
	China	Capital Markets	China Securities Regulatory Commission (CSRC)
China	Money Markets	China Banking Regulatory Commission (CBRC)	2003
		Peoples Bank of China (PBOC, the Central Bank)	1948
	Insurance	China Insurance Regulatory Commission (CIRC)	1998
South Africa	Capital Markets	Financial Services Board (FSB)	1990
	Credit Industry	National Credit Regulator	2005
	Money Markets	South African Reserve Bank	1921

Source: Different ministries of BRICS countries; *FMC has merged with SEBI with effect from 28th September 2015. **September 2013 (FFMC abolished, and Bank of Russia took all financial markets change). # act as a mega financial regulator from September 1, 2013.

With the exception of Russia, each of the BRICS countries adhere to several regulatory frameworks. Prior to 2013, Russia adhered to a number of different regulatory systems; however, beginning of that

year, the Central Bank of Russia has been performing the duties of a giant financial regulator. The nature of the regulatory framework in each of the BRICS nations is outlined in Table-3.1. Single regulatory system helps achieve economies of scale, accountability and transparency, reduced overlaps and duplication, but at the same time, it causes less innovation, lacks regulatory competition and specialization. Single regulatory system helps achieve economies of scale, accountability and transparency, reduced overlaps and duplication. On the other side, numerous regulatory systems conduct effective regulation through regulatory competition, generate innovations in the financial system, and avoid the expense of adjustment and organizational adjustment.

Table-3.2 contains information regarding the stock exchanges, key indices, number of members in each index, and the year in which the index was first formed for each of the BRICS countries. IBOVESPA, MICEX, NIFTY, SHCOMP, and JSE are the most important stock exchanges in the world according to the sensitive indexes, and they are also the market leaders.

Table-3.2: Major Stock Indices for BRICS Countries

Country Name	Exchange	Description	Index Name	No. of Companies	Year of Index Formation
Brazil	BM & F BOVESPA	Is one of the most common indexes in Brazil, it is constructed by the most traded companies on the Sao Paulo stock Exchange (Bloomberg 2019a).	IBOVESPA	64	1988
Russia	MICEX-RTS/MOSCOW Stock Exchange	The index uses well recognized and financially sound companies from the Indian stock market (Bloomberg 2019b).	MICEX	50	1997
India	National Stock Exchange of India Ltd.	The index uses well recognized and financially sound companies from the Indian stock market (Bloomberg)	NIFTY	50	1996
China	Shanghai Stock Exchange	Is an index that best represents the Shanghai security market, it consists of all A-shares and B-shares listed on the Shanghai stock exchange	SHCOMP	1274	1990

Country Name	Exchange	Description	IndexName	No. of Companies	Year of Index Formation
South Africa	Johannesburg Stock Exchange	Business that make up for the top 99% of the pre-free float market capitalization of all listed companies on South African Stock Exchange	JSE allshares	170	1995

(Source: Bloomberg and <https://www.diva-portal.org/smash/get/diva2:1335736/FULLTEXT01.pdf>)

Chart 3.1 shows the number of listed companies in BRICS for the past six years. In the case of Brazil, India, Russia and South Africa there is not much change in the listed enterprises for the past six year while in the case of China the around 1000 companies have been added to the listing. China and India top the number of listed companies in stock market.

Chart 3.1: Number of Listed Companies in BRICS

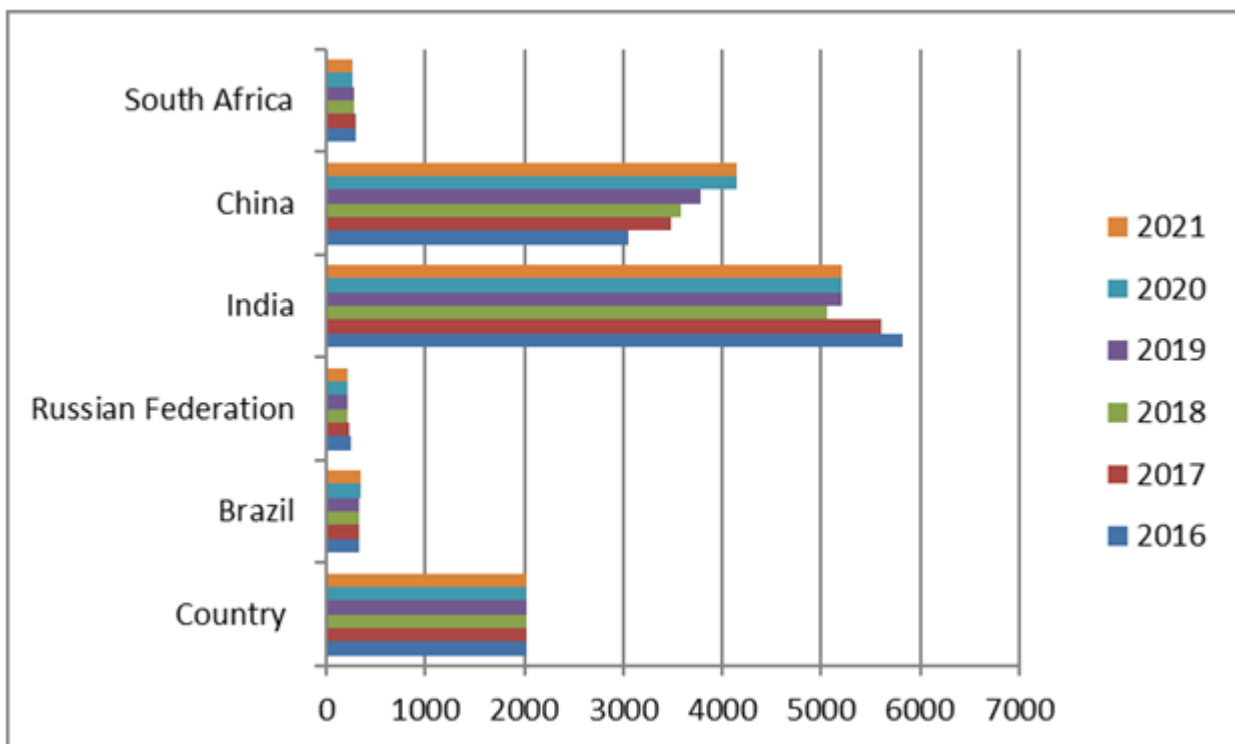


Table-3.3 presents market capitalization as a percentage to GDP for each of the BRICS countries. China contributes 10%, India contributes 3%, and Brazil, Russia, and South Africa each contribute 1% to the whole value of the world market. Together, the BRICS countries contribute around 15% of the total value of the world market. Over the course of 15 years, this contribution from

BRICS countries has climbed to 15%, while at the same time, it has decreased to 36% for the USA. This suggests that investment is moving from developed markets to emerging and developing markets such as those found in the BRICS countries.

Table-3.3: Market capitalization of listed domestic companies (% of GDP)

Country Name	Country Code	2016	2017	2018	2019		2020
Brazil	BRA	42.24307	46.26661	47.82732	63.38429		68.23151
Russian Federation	RUS	48.72007	39.60266	34.76172	46.74933		46.64675
India	IND	76.09809	96.39883	84.4384	80.76575		97.2927
China	CHN		65.17011	70.76342	45.5197	59.63264	83.16133
South Africa	ZAF		293.9935	322.711	214.1054	271.8802	311.4536

(Source: Compiled from database Statista)

Country-wise Analysis of CG Practices

Brazil

Introduction to CG in Brazil

The structure—consisting of rules, practises, and procedures—that decides how a company is controlled and managed is referred to as "corporate governance" in Brazil. This is the meaning of the term "corporate governance." The process of corporate governance in Brazil is governed by legislative and regulatory frameworks, as well as the best practises developed by organisations like the Brazilian Institute of Corporate Governance. Additionally, the Brazilian Institute of Corporate Governance is responsible for developing these best practises. In addition, the procedure is governed by the best practises currently available. In recent years, the government has been taking steps to enhance its governance through a variety of different initiatives. One example of these enhancements is the launch of the Novo Mercado listing segment of the Sao Paulo Stock Exchange. This segment of the exchange lists companies according to stricter governance standards than the other segments of the exchange, and companies that want to be listed there must meet these standards. On the other hand, there are still issues that need to be resolved in the field of corporate governance in Brazil. One example of this is the lack of transparency and accountability that exists in certain organisations.

CG Policy in Brazil

There is a wide variety of legislative and regulatory frameworks in this country, all of which may be found in Brazil, and these frameworks control corporate governance there. The Brazilian Corporation Law and the regulations issued by the Securities and Exchange Commission (CVM) are both regarded

as the primary pieces of legislation that control corporate governance in Brazil. This is because both of these pieces of legislation were issued by the Securities and Exchange Commission (CVM). The Brazilian Corporation Law outlines not only the rights and obligations of shareholders but also the responsibilities of the board of directors and the duties of the company's executives. All of this information can be found in the law. In addition to this, it outlines the requirements for the production and dissemination of financial statements, as well as the organisation of meetings with shareholders. The CVM regulations include requirements for the disclosure of financial statements as well as information regarding the management and operations of the company, and they specify criteria for the disclosure of information by publicly-traded firms. If it is determined that a company has violated these rules, the California Department of Agriculture (CVM) may conduct an investigation and levy fines against the company. In addition to these legal and regulatory frameworks, there are also best practises for corporate governance that have been established by organisations like the Brazilian Institute of Corporate Governance. These best practises may be found in the corporate governance literature. The Sao Paulo Stock Exchange's Novo Mercado listing section is one example of a programme that tries to strengthen corporate governance by imposing higher standards for businesses who wish to be listed on the exchange. This initiative is only one example of several that are now underway. The Global Corporate Governance Index is another initiative that is working towards the goal of improving corporate governance (GCGI). In the area of corporate governance, Brazil still has a number of problems, the most significant of which are the complication of the legal and regulatory frameworks, as well as a lack of transparency and accountability in some of the firms. Despite these problems, Brazil is making progress.

In Brazil, the primary regulating agency responsible for overseeing corporate governance is the Securities and Exchange Commission (Cesa de Valores e Mercados) (CVM). The Canadian Securities Exchange (CVM) is an independent government organisation that is tasked with supervising both the actions of publicly traded firms and the activities of the securities market. This responsibility falls under the CVM's jurisdiction. In the area of corporate governance, the CVM is in charge of implementing the various laws and regulations that are related with it. The Brazilian Corporation Law and the regulations pertaining to CVM are both included in these laws and regulations. The responsibilities of the CVM include the following: reviewing and approving the issuance of securities by publicly-traded companies; monitoring compliance with laws and regulations related to corporate governance, including financial reporting and disclosure requirements; investigating and penalising companies that violate laws and regulations related to corporate governance; and fostering openness in the financial markets while also protecting the interests of investors. In addition to these responsibilities, the CVM is tasked with the following duties:

In addition, the CVM maintains close working relationships with a number of other government agencies, such as the Central Bank of Brazil, the Brazilian Securities and Exchange Commission, and the Public Prosecutor's Office, in order to ensure that laws and regulations pertaining to corporate governance are adhered to. These agencies include the Central Bank of Brazil, the Brazilian Securities and Exchange Commission, and the Public Prosecutor's Office. In addition, there are private organisations in Brazil, such as the Brazilian Institute of Corporate Governance (IBGC), which are tasked with the responsibility of educating professionals and raising knowledge of the most effective procedures associated with corporate governance.

Public Companies in Brazil

Companies in Brazil that have issued securities and have those securities traded on a securities exchange, such as the Sao Paulo Stock Exchange, are considered to be listed companies in the country. Other corporations in Brazil that have issued securities and have those securities traded on a securities exchange include: (B3). In order to keep their listing status, companies need to demonstrate that they are in compliance with the laws and regulations governing corporate governance, financial reporting, and disclosure that are imposed by the stock exchange on which they are traded. This is in addition to the requirements imposed by the stock exchange itself. The Sao Paulo Stock Exchange, also known as B3, is Brazil's most important and largest stock exchange. There are a number of different listing segments available on the Sao Paulo Stock Exchange, and each of these segments has a unique set of conditions that must be met by companies before they may list their securities on the exchange. The following items are included in these sections: Novo Mercado is the market segment with the most stringent requirements for corporate governance, transparency, and shareholder rights. To participate in this market, organisations must adhere to the highest governance standards.

- Level 2: Although the qualifications for this section are not quite as stringent as those for the Novo Mercado, they nonetheless place an emphasis on strong governance practises.
- Level 1 is the most fundamental part of the listing process, and it has the fewest requirements compared to the other two levels.

In addition to being required to comply with the rules and regulations of the CVM, the B3, and the IBGC, companies that are listed on these segments are also required to provide information that is both timely and accurate to both the market and the stakeholders. This information can be either financial or non-financial in nature. Although there are other stock exchanges in Brazil, such as the Brazilian Mercantile and Futures Exchange (BM&FBOVESPA) and the Rio de Janeiro Stock Exchange (BVRJ),

the Sao Paulo Stock Exchange (B3) is the largest and most prominent of the country's stock exchanges.

The Codes of Corporate Governance

In the nation of Brazil, the development of a Corporate Governance Code is the responsibility of the Brazilian Institute of Corporate Governance, also known as the IBGC. The purpose of this code is to serve as a benchmark for effective administration procedures throughout the nation. Honesty, responsibility, and transparency are the core ideals that underpin the execution of the code, which is carried out solely on a voluntary basis. In it, standards are laid down for a variety of issues, including the composition and functioning of the board of directors, the responsibilities of the chief executive officer, the rights of shareholders, and the transmission of information. A certification programme is also available through the IBGC for companies that have made the decision to adhere to the code. In addition to the IBGC code, the Sao Paulo Stock Exchange (B3) has special governance rules and regulations in place for firms that are listed on its Novo Mercado and Level 2 divisions. These rules and regulations concern corporate governance. Companies who want to be listed on these segments are required to conform with the higher governance criteria that apply to them because, as was mentioned earlier, these segments have stricter standards. Despite this, the IBGC code must be followed by all businesses that are listed on the Sao Paulo Stock Exchange (B3). In addition, the CVM has enacted laws pertaining to corporate governance that are applicable to publicly traded companies. These regulations stipulate certain requirements for the disclosure of financial information, as well as safeguards for investors. If it is determined that a company has violated these rules, the California Department of Agriculture (CVM) may conduct an investigation and levy fines against the company. In conclusion, Brazil is home to a number of various corporate governance codes, some of which include the IBGC code, the listing section rules of the B3, and the CVM regulations. Among these codes, the CVM regulations are among the most prominent. These corporate governance laws are all working towards the same end goal, which is to promote good governance practises across the country.

IBG Code of Corporate Governance

The code that was developed by the Brazilian Institute of Corporate Governance (IBGC) is a set of principles and standards for excellent corporate governance practises in Brazil.

- The adoption of the code, which is entirely voluntary, is meant to provide a standard for businesses all around the nation. According to the Brazilian Institute of Corporate Governance (IBGC), the board of directors in Brazil should be made of a combination of executive and non-

executive directors.

- According to the recommendations of the code, the majority of the board of directors should be comprised of independent directors. These are individuals who are not linked with the firm or the shareholders who control it. This is done to ensure that the board of directors is able to make choices that are in the best interests of all shareholders, as opposed to just the shareholders who control the company.
- Another one of the code's recommendations is that the board should have a varied composition, meaning that it should include people from a variety of walks of life, skill sets, and points of view. This is done so that the board will be able to make choices that are properly informed and take into account a number of different points of view.
- Another recommendation made by the code is that the board should have an equal number of men and women serving on it in order to encourage gender diversity.

In addition, the Sao Paulo Stock Exchange (B3) has special governance rules and regulations for firms that are listed on its Novo Mercado and Level 2 divisions. These rules and regulations outline standards that are analogous to those for the composition of the board of directors. Those that want to be listed on Novo Mercado need to have at least a majority of their board members be independent, while companies that want to be listed on Level 2 need to have at least one-third of their board members be independent. The Corporate Governance Code of IBGC and the Listing segment rules of B3 both recommend that the board of directors in Brazil should be composed of a mixture of executive and non-executive directors, with a majority of independent directors, a diverse composition of individuals with different backgrounds, skills, and perspectives, and a balanced representation of men and women. In addition, the board should have a majority of independent directors. The IBGC code addresses a number of important aspects of corporate governance, including the following:

- **Composition and operation of the board of directors:** The code provides guidelines for the composition and operation of the board of directors, including the roles and responsibilities of the board, the rights and obligations of directors, and the process for appointing and removing directors. In addition, the code describes the rights and obligations of directors.
 - **The Role of the CEO:** The code offers direction for the role that the CEO plays inside the firm. This includes the CEO's responsibilities, the procedure for appointing and removing the CEO, and the relationship that exists between the CEO and the board of directors.
 - **Disclosure of information:** The code requires companies to disclose accurate and timely information to shareholders and other stakeholders, including information about the company's financial statements, information about the company's management and operations, and

information about the company's supply chain.

- Shareholder rights: The code establishes the rights of shareholders, including the right to participate in shareholders' meetings, the right to vote on important matters, and the right to receive financial information.
- Disclosure of information: The code sets out the rights of shareholders.

In addition, the IBGC offers a certification scheme for businesses that decide to follow the code. Companies that have received certification from the IBGC are regarded as having strong governance standards, and the market as well as investors acknowledges them as having these practises. The IBGC code is a voluntary code, which means that businesses are not required by law to comply with it. Despite this, it is widely acknowledged as a best practice, and it is considered to be a benchmark for good governance practices.

São Paulo Stock Exchange (B3) Governance Rules and Regulations

Companies that are listed on the Novo Mercado and Level 2 divisions of the So Paulo Stock Exchange (B3) are subject to several rules and regulations regarding corporate governance. Companies who seek to be listed on these segments are required to comply with the segment's governance standards if they want to do so since these standards are more stringent than those of the Level 1 basic listing segment. Companies who wish to list on the Novo Mercado section of the Brazilian stock market are required to satisfy stringent rules relating to corporate governance, transparency, and shareholder rights. This segment is considered to have the highest governance standard of any segment in Brazil. The following are some of the prerequisites:

- Independent directors: The majority of the board of directors must be comprised of independent directors, meaning that they are not associated with either the company itself or the shareholders who control it. Companies that wish to be listed on the Novo Mercado must have at least two thirds of their board of directors comprised of independent directors. Additionally, the board should have an equal number of male and female members. The B3 has established several requirements that must be met by the independent directors, including the fact that they cannot be the dominant shareholders of the corporation and that they cannot have any type of business tie with the organisation. Companies that are listed on the Level 2 sector are required to have at least one third of their board of directors comprised of independent directors. Additionally, the board should have an equal number of male and female directors.
- Board Size: The B3 requires that the board of directors should have a minimum of 5 members, with a maximum of 20 members, and that the board should have a mix of executive and non-

executive directors, with the non-executive directors representing at least 1/3 of the board. This requirement is in addition to the requirement that the board should have a mix of executive and non-executive directors.

- Meetings of shareholders: Companies are required to convene shareholders' meetings on an annual basis, and shareholders must be given the opportunity to vote on significant issues such as the election of directors and the acceptance of financial accounts.
- Disclosure of information: Companies are required by law to provide shareholders and other stakeholders with information that is both accurate and timely. This information must include financial statements, information about the management and operations of the company, as well as information about the performance of the company.

Although the requirements for the Level 2 section are somewhat laxer than those for the Novo Mercado, the primary emphasis is still placed on sound corporate governance procedures. There is also a Corporate Governance Index (IGC) that can be found on the B3, which evaluates the degree of corporate governance of the companies that are listed on Level 2 and Novo Mercado. Companies that do higher on the Governance Practices Index, which is based on a collection of governance indicators and measures, are thought to have more responsible governance procedures. By listing on these segments, companies commit to complying with the governance rules and regulations of the B3 and to providing timely and accurate financial and non-financial information to the market and the stakeholders. In addition, companies that list on these segments agree to comply with the governance rules and regulations of the B3. Every single company that is publicly traded on has made the commitment to adhere to certain governance rules and regulations. These rules and regulations are designed to encourage responsible governance practices, transparency, and accountability within the company's management.

Role of Boards in Brazilian Listed Companies

The board of directors of a corporation is responsible for providing the company with strategic direction, supervising the operation of the company, and representing the interests of the company's shareholders in Brazil. In addition to this, the board of directors is in charge of appointing and removing the company's officers, as well as developing and enforcing the company's policies and procedures, as well as monitoring their compliance. In most organisations, there is a balance of executive directors and non-executive directors on the board of directors. The chief executive officer (CEO) and other senior executives of the company are typically included among the executive directors

of the company. On the other hand, the non-executive directors are independent of the management of the company and are typically not involved in the day-to-day operations of the business.

The board of directors is responsible for making decisions regarding significant issues, such as the appointment of officers, the approval of financial statements, and the issuance of new securities. These choices can have a significant impact on the company. In addition to this, it is their duty to make certain that the business is conducting its operations in accordance with all applicable rules and regulations and that it is meeting its commitments to its shareholders and other stakeholders.

In Brazil, the board of directors is responsible for a number of responsibilities, one of which is to ensure that the company adheres to appropriate standards of corporate governance. The Corporate Governance Code was produced by the Brazilian Institute of Corporate Governance (IBGC), which acts as a benchmark for corporate governance practices in the country. It is the responsibility of the board of directors to ensure that the company is in accordance with this code. The board of directors of a company in Brazil plays an important part in the governance of the company. This board is responsible for providing the company with strategic direction, supervising management, representing shareholders, and ensuring compliance with applicable laws, regulations, and best practices for corporate governance.

Board Level Committees

Listed businesses in Brazil are often required to meet the requirements of various board level committees, which are designed to provide assistance to the board of directors in carrying out its duties. Independent directors and/or non-executive directors make up the membership of these committees, which are often set up to give oversight in particular aspects of a company's operations and are established for that purpose.

The following are examples of some of the board committees that are typical in Brazilian listed companies:

- The Audit Committee is in charge of monitoring the firm's financial reporting and accounting procedures, as well as the company's internal controls and risk management systems. This committee is also accountable for ensuring that the company complies with all applicable regulations. In addition to this, the audit committee is responsible for going over the company's financial accounts and reports, as well as maintaining communication with the company's external auditors.

- **Compensation Committee:** This committee is responsible for overseeing the executive compensation programmes of the company, including the design and administration of plans, as well as the determination of salaries, bonuses, and other benefits. Other responsibilities of this committee include determining salaries, bonuses, and other benefits.
- **The Nominating and Corporate Governance Committee** is in charge of supervising the nomination and governance process for the company. This includes the selection and evaluation of potential directors, as well as the creation of governance policies and processes.
- **Risk Management Committee:** This committee's job is to identify, evaluate, and oversee the management of the risks that the firm is exposed to.

In addition to assisting the board in reaching decisions that are well-informed, the purpose of these committees is to exercise oversight and provide independent judgement on certain issues. The committees are typically made up of independent directors or other non-executive directors, and they are tasked with adhering to a variety of specific laws and regulations. There is no law that requires businesses to form these committees, but many businesses do so anyway because doing so is seen as a best practice for corporate governance and is frequently required by the stock exchange and the authorities.

Board of Directors Attendance and Meeting

The laws and regulations of Brazil's Securities and Exchange Commission (CVM) and the rules and regulations set by the Sao Paulo Stock Exchange (B3) for companies listed on its Novo Mercado and Level 2 segments govern the laws and regulations that govern the attendance and meetings of the board of directors of listed companies in Brazil. These laws and regulations govern the attendance and meetings of the board of directors of listed companies in Brazil. In order to comply with CVM laws, the boards of directors of listed companies are required to have meetings at predetermined intervals and at a minimum frequency of four times per calendar year. The meetings should be held in person or through the use of communication equipment that enables all members to participate at the same time, whichever is most convenient. The gatherings are required to have a set agenda, and minutes must be taken that detail all of the motions that are passed.

In addition, the rules for the B3's Listing segment demand that the board of directors of firms that are listed on the Novo Mercado and Level 2 sectors meet at least four times each year, and that these meetings take place at consistent intervals. The meetings should be held in person or through the use of communication equipment that enables all members to participate at the same time, whichever is most convenient. The gatherings are required to have a set agenda, and minutes must be taken that detail

all of the motions that are passed. In addition to the importance of the board members' presence at these meetings, attendance at these meetings is an indicator of the board's dedication to the firm and to the obligations that come with being on the board. The CVM and the B3 regulations do not define a precise attendance requirement for board members; however, it is regarded good governance practice for the members to attend either all of the meetings or at least the majority of the sessions. The code of the Brazilian Institute of Corporate Governance (IBGC) recommends that the attendance of board members at the meetings should be consistent and regular, and that a director who misses three consecutive meetings without a justifiable reason should be replaced. In addition, the code states that a director should be removed from their position if they miss more than one meeting without a justifiable reason.

Best Companies with CG Practices

There are several companies in Brazil that are considered to have strong corporate governance (CG) practices. These companies are typically recognized for their transparency, accountability, and integrity in the management of the company. The Brazilian Institute of Corporate Governance (IBGC) publishes an annual list of the "Best Companies in Corporate Governance" which recognizes companies that have adopted the IBGC Corporate Governance Code and have been certified by the IBGC as having good governance practices. The São Paulo Stock Exchange (B3) also publishes an annual list of the companies listed on the Novo Mercado and Level 2 segments that have the highest Corporate Governance Index (IGC) scores. These companies are considered to have the best governance practices among companies listed on these segments. Another recognition of companies with good governance practices is the "Governance Leaders" ranking, published by Exame magazine and Fundação Instituto de Administração (FIA) - this ranking is based on a survey of institutional investors and analysts, and it's considered a benchmark for companies with good governance practices. Some of the companies that have been recognized as having strong corporate governance practices are:

- Itau Unibanco Holding S.A.
- Banco Bradesco S.A.
- Vale S.A.
- Petroleo Brasileiro S.A. (Petrobras)
- Banco do Brasil S.A.

Case Study of CG Practices Vale S.A.

Vale S.A. is a Brazilian multinational corporation engaged in metals and mining and one of the

largest logistics operators in Brazil. Vale is the largest producer of ironore and nickel in the world. The financial details of the company for the past three years are depicted in Table-3.4

Table-3.4: Financial Performance of Vale S.A

Particulars (R\$ million)	2021-22	2020-2021	2019-20
Net operating income	293,525	206,098	148,640
Net profit	121,343	24,903	(8,697)
Total Assets	499,128	478,130	369,671
Equity	197,058	180,986	157,149
Total Liabilities	302,070	297,144	212,522
Adjusted EBITA	168,056	87,340	42,307

(Source: Compiled from annual reports of the company)

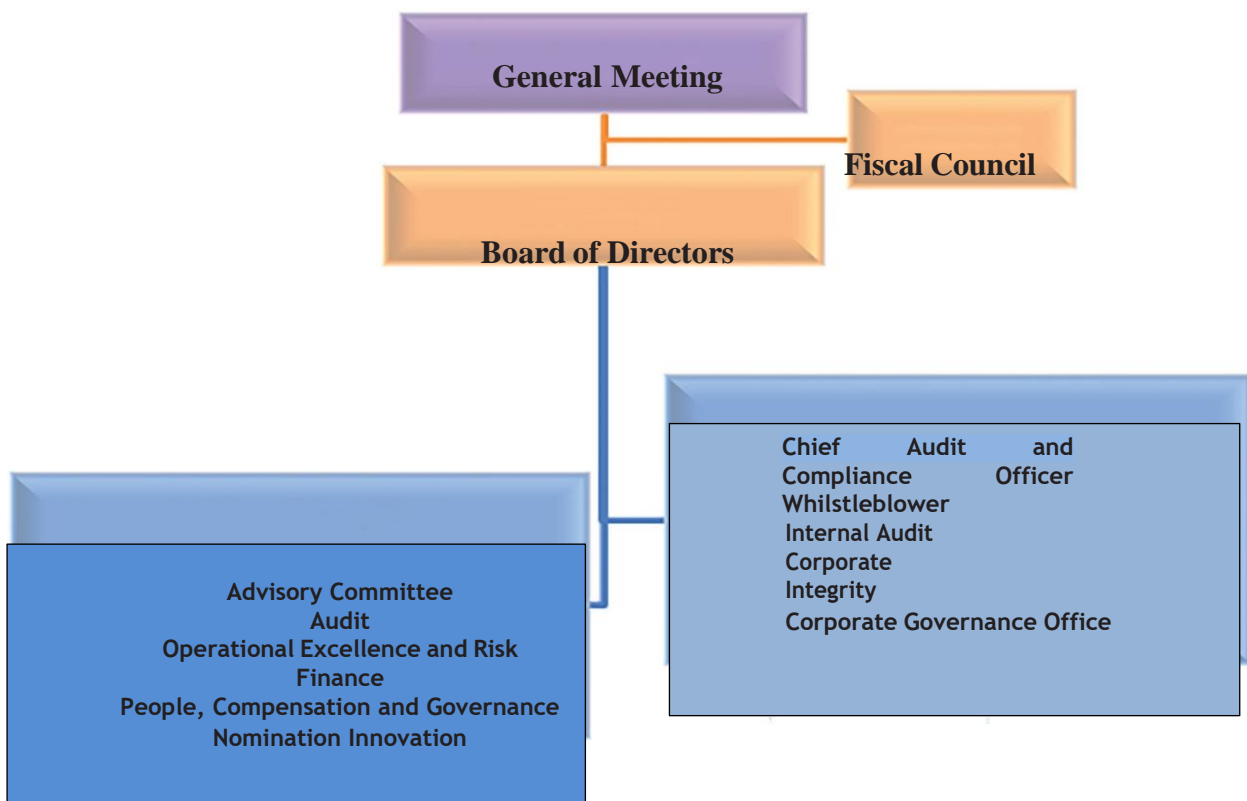
Board of Directors

The laws and regulations of Brazil's Securities and Exchange Commission (CVM) and the rules and regulations set by the Sao Paulo Stock Exchange (B3) for companies listed on its Novo Mercado and Level 2 segments govern the laws and regulations that govern the attendance and meetings of the board of directors of listed companies in Brazil. In addition, these laws and regulations govern the attendance and meetings of the board of directors of publicly traded companies in Brazil. In order to comply with CVM requirements, the boards of directors of publicly traded businesses are required to have meetings at predetermined intervals and at a minimum frequency of four times every calendar year. The meetings should either be held in person or through the use of communication equipment that enables all of the members to take part at the same time. It is required that an agenda be created for the meetings, and that minutes be taken that include a record of any resolutions that are passed.

The rules that govern the B3's Listing segment demand, in addition, that the boards of directors of firms that are listed on the Novo Mercado and Level 2 segments meet at least four times each year, and that these meetings take place at consistent intervals. The meetings should either be held in person or through the use of communication equipment that enables all of the members to take part at the same time. It is required that an agenda be created for the meetings, and that minutes be taken that include a record of any resolutions that are passed. The frequency with which board members attend these meetings is another factor that should not be overlooked. Regular attendance at board meetings is an indication of the board's dedication to the firm and to the obligations that come with

being on the board. Although the CVM and the B3 regulations do not provide a precise attendance requirement for board members, it is considered good governance practice for the members to attend all meetings or at least the majority of them. The code of the Brazilian Institute of Corporate Governance (IBGC) recommends that the attendance of board members at the meetings should be consistent and regular, and that a director who misses three consecutive meetings without a justifiable reason should be replaced. In addition, the code stipulates that the attendance of board members at the meetings should be consistent and regular.

Chart-3.2: Organization Chart of Vale S.A



Board Profile

The bylaws stipulate that there must be at least 11 and no more than 13 members on the Board of Directors. These individuals serve for a continuous term of two years, and reelection is permitted. During the year 2021, the board of directors of the firm consisted of 13 people, including 8 independent directors and 5 directors who were not independent. There are around five directors who have been on the board for less than one year, while the other members have been on the board for approximately four years. The average age of a member of the board is 61 years old. The board members have a wealth of experience and a diversified range of talents that cover a variety of domains, including administrative, functional, and sectorial expertise. Additionally, the members have a strong orientation and grasp of Sustainability & ESG, Finance & Portfolio with value orientation and

accountability for, performance Digital Transformation in the B2B/Transformation market, as well as Commercial and Trading.

Table-3.5: Details of the Board Members of Vale S.A

Name of the Board Member	Designation
José Luciano Duarte Penido	Independent member and Chairman
Fernando Jorge Buso Gomes	Non-independent member and Vice-Chairman
Daniel André Stieler	Non-independent
Eduardo de Oliveira Rodrigues Filho	Non-independent
Ken Yasuhara	Non-independent
Lucio Azevedo	Member of the Board of Directors
Manuel Lino Silva de Sousa Oliveira	Independent member
Marcelo Gasparino da Silva	Independent member
Mauro Gentile Rodrigues da Cunha	Independent member
Murilo Cesar Lemos dos Santos Passos	Independent Member
Rachel de Oliveira Maia	Independent member
Roberto da Cunha Castello Branco	Independent member
Roger Allan Downey	Independent member

Table-3.6: Board Composition and Average Age of Vale S.A

<p>13 members</p> <p>8 independent members 5 non-independent members</p>	<p>Vale SA's board comprises of 13 members 8 independent and 5 non independent directors</p> <ul style="list-style-type: none"> ▪ 5 serving for a period of less than one year ▪ 7 serving for a period between one to three years ▪ 2 serving for more than 4 years. <p>Vale SA's board structure average age is 61 years:</p> <ul style="list-style-type: none"> ▪ 23% Directors being above 71 years ▪ 31% Directors aged between 61-70 years. ▪ 15% Directors aged between 51-60 years. ▪ 31% Directors aged between 41-50 years.
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Board Committees

The Board Committees advise the Board of Directors, including proposing improvements related to their areas of operation. In order to give greater efficiency and quality to the decisions, the Board ensures the Company's activities are conducted in accordance with laws, ethics and internal controls. The company consists of the following committees:

- Audit Committee
- People, Compensation & Governance Committee
- Operational Excellence & Risk Committee
- Finance Committee
- Sustainability Committee
- Nomination Committee
- Innovation Committee

The details of the selected few committees along with the roles and responsibilities, number of meetings held, meetings attended, etc are detailed in the following session.

Audit Committee

The Committee is an advisory committee to Vale’s Board of Directors, with the objective of supervising the integrity and quality of financial reports, adherence to legal, statutory, and regulatory standards, the adequacy of processes related to risk management, and the activities of auditors both internal and independent. In the normal course of events, the Committee gets together every other month under accordance with the yearly calendar that has been authorised. However, in extraordinary circumstances, the Committee can get together whenever it sees fit so long as they give notice five working days in advance. The minutes of each and every Committee meeting are written down, and those minutes are then given to the Board of Directors after being reviewed, approved, and signed by the Committee members who were present at the meeting. The members of the committee, along with their attendance at meetings and the responsibilities they have been assigned, are presented in Table 3.7. In the year 2021, the Audit committee held 33 meetings, and all of its members were present at each one, making their attendance rate a perfect 100 percent.

Table-3.7: Audit Committee and Members Responsibilities of Vale S.A

Members of Audit committee	Meetings Held	Meetings Attended	Responsibility of Audit Committee
Manuel Lino Silva de Sousa Oliveira (Coordinator)	33	33	<ul style="list-style-type: none"> • Review disclosures and monitor the quality and integrity of the quarterly and annual financial statements • Suggest and analyse accounting policies and practices
Murilo Cesar Lemos dos Santos Passos	33	33	
Rachel de Oliveira Maia	33	33	
Luciana Pires Dias (external expert)	33	33	

Sergio Ricardo Romani (external expert)	33	33	<ul style="list-style-type: none"> Approve committee's budget proposal, or its amendments, for resolution by Vale's Board of Directors
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People, Compensation and Governance Committee

The mission of the Committee is to advise the Board of Directors of Vale, including proposing improvements related to its area of operation, in order to provide greater efficiency and quality to the decisions of this collegiate and ensure that the activities of the Company are conducted in accordance with the laws, ethics, and internal controls. In addition, the Committee is tasked with ensuring that the Company complies with all applicable laws and regulations. At a minimum of three (three) business days in advance, the Committee gets together. The People, Compensation, and Governance committee held 19 sessions throughout the course of the year and had an attendance rate of 94.7 percent across the board for all of the meetings combined. The information is presented in Table-3.8.

Table-3.8: People, Compensation and Governance and Members Responsibilities of Vale S.A

Members	Meetings Held	Meetings Attended	Responsibility
Mauro Rodrigues da Cunha (Coordinator)	19	19	<ul style="list-style-type: none"> Succession Plan at Board level Evaluation of Executive Board's Performance. Monitoring the variable compensation bonus The members of the Committee undertake to comply with the Bylaws, the Code of Conduct, the Policies on Transactions with Related Parties, etc
Eduardo de Oliveira Rodrigues Filho	19	18	
Fernando Jorge Buso Gomes	19	18	
José Luciano Duarte Penido	19	17	

Operational Excellence and Risk Committee

The committee monitors internal controls systems and practices, ensures compliance with all requirements. The Committee meets according to the approved annual calendar, and extraordinarily, upon notice at least 3 (three) business days in advance. Operational Excellence and Risk committee has conducted 17 meetings in the year and attendance of 100% for the meetings on the whole.

Table-3.9: Operational Excellence and Risk and Members Responsibilities of Vale S.A

Members	Meetings Held	Meetings Attended	Responsibility
Roger Allan Downey (Coordinator)	17	17	<ul style="list-style-type: none"> • Prepare and monitor business plans based on the Risk Matrix and the Integrated Global Risk Map. • Monitoring and implementation related to geotechnics, health and safety. • Analysis of the governance model and composition, attributions of the Independent Tailings Review Boards.
André Viana Madeira	17	17	
Eduardo de Oliveira Rodrigues Filho	17	17	

Finance Committee

The Committee's mission is to advise Vale's Board of Directors, including proposing improvements related to its area of operation, in order to provide greater efficiency and quality to the decisions of this board and ensure that the Company's activities are conducted in accordance with the laws, ethics and internal controls. The Committee meet ordinarily, according to the approved annual calendar, and extraordinarily, when necessary, upon notice 5 business days in advance. Finance committee has conducted 22 meetings in the year and we can see an overall attendance of 96.5% for the meetings on the whole.

Table-3.10: Finance Committee and Members Responsibilities of Vale S.A

Members	Meetings Held	Meetings Attended	Responsibility
Daniel André Stieler (Coordinator)	22	22	<ul style="list-style-type: none"> • Evaluate the structure and conditions of investment and divestment operations, including merger, spin-off , etc • Evaluate asset portfolio management opportunities and efficient capital allocation. • Prepare Vale's annual budget and investment plan; • Monitor financial risks and controls
Fernando Jorge Buso Gomes	22	21	
Murilo César Lemos dos Santos Passos	22	21	
Roberto da Cunha Castello Branco	22	21	

Nomination Committee

The mission of Vale’s Nomination Committee is to assist Vale’s Board of Directors, proposing improvements relating to the structure, size, and composition of this collegiate body, in addition to recommending the authority, profiles, and potential candidates for office as Director, for the Company to benefit from the plurality of arguments and of a decision-making process with quality and safety, in accordance with the laws, ethics, and best corporate governance practices. The Committee conducted 7 meetings and all the committee members attended all the 7 meetings.

Table-3.11: Nomination Committee and Members Responsibilities of Vale S.A

Members	Meetings Held	Meetings Attended	Responsibility of the Committee
José Luciano Duarte Penido (Coordinator)	7	7	<ul style="list-style-type: none"> • Recommendation to the Board of nominee members including CEO, COO, etc • Conducting the Board evaluation and self-appraisals
Daniel André Stieler	7	7	
Marcelo Gasparino da Silva	7	7	
Manuel Lino Silva de Sousa Oliveira.	7	7	

Conclusion

Vale S.A., a Brazilian multinational business operating in the metals and mining industry, has a variety of corporate governance standards in place to ensure the responsible management of the company. These practises ensure that the company is governed in an ethical manner. To provide oversight and guidance to management, the company has a majority of independent members, a strong and transparent system of internal controls and risk management to ensure compliance with laws and regulations, an environment and sustainability protection framework focusing on reducing the environmental impact of the company’s operations, a commitment to transparency and community engagement, and so on. The best corporate governance practises at the company are worth noting, and they are as follows: the company has a majority of independent members; the company has a commitment to transparency and community engagement

Russia

Introduction to CG in Russia

The policy on corporate governance in Russia is being established with the purpose of protecting the interests of shareholders and other stakeholders in addition to promoting the efficient functioning of firms. This is being done in order to ensure that the policy will be successful. In recent years, the central government of Russia has put into action a number of pieces of laws and regulations with the

goal of improving the standard of corporate governance across the country. These include the Federal Law on Joint Stock Companies, which lays out the guidelines for the organisation and operation of joint stock companies, as well as the Corporate Governance Code, which offers recommendations for the supervision and oversight of companies. Both of these laws can be found on the list of applicable laws. Additionally, a number of other legislation and regulations that have been adopted into law have also been enacted. In recent years, there have been some worries regarding the degree of corporate governance in Russia, particularly with regard to the influence of shareholders who have extensive power over enterprises and are referred to as “oligarchs.” In this context, “oligarchs” refers to wealthy individuals who own a large percentage of an organisation and are known as “oligarchs.” Certain industry professionals are of the opinion that certain shareholders frequently use their power to further their own interests at the expense of that of other shareholders and other stakeholders. These professionals believe that this occurs at the expense of the interests of other shareholders. In spite of this, there has been some forward movement over the course of the past few years, with the Russian government passing legislation that is intended to improve openness and accountability in the corporate sector. These new rules include provisions for the addition of independent directors to the boards of corporations as well as provisions for the enhancement of the rights of minority shareholders. These are only two instances of the various efforts being made by the Russian government to ameliorate the situation.

There is room for additional growth in areas such as transparency, accountability, and the protection of minority shareholders in Russia’s governance policies, which are still considered to be in the process of developing despite their long history in the country. It is generally agreed that the rules and regulations are still in the process of being refined.

Regulator of Corporate Governance in Russia

In Russia, the major regulator of corporate governance is the Federal Service for Financial Markets, often known as the FSFM. This agency also goes by the acronym FSFM. The Financial Services and Financial Markets Association (also known as FSFM) is an executive body at the federal level that is in charge of keeping an eye on the securities market. This comprises the selling, purchasing, and giving away of securities, as well as the work done by professionals in the securities market. Also included in this category is the work done in the market for other assets.

The Financial Services and the Financial Markets Commission (also known as the FSFM) is responsible for implementing legislation that is related to corporate governance and providing

guidance on the procedures that are considered to be the most effective forms of corporate governance. It also has the authority to investigate corporations that violate corporate governance laws and to take action against them, including the imposition of fines and the suspension of trade if necessary. This authority was granted to it by the government.

In addition to the Central Bank of Russia (CBR), the Federal Service for Financial Markets (FSFM) is active in the regulation of corporate governance, particularly in the banking industry. The CBR has been given the responsibility to supervise and regulate the activities of banks and other financial institutions. As part of this jurisdiction, the CBR is responsible for ensuring that these institutions comply with the laws that govern corporate governance. Another way in which the Ministry of Economic Development contributes to the regulation of corporate governance is through the oversight it exercises over the formulation and execution of corporate governance rules and guidelines. This oversight is one of the ways in which it contributes to the regulation of corporate governance. In general, the government of Russia is making strenuous efforts to raise the level of corporate governance standards throughout the country and to fortify the regulatory framework in order to guarantee that businesses are managed in a manner that serves the interests of their shareholders and other stakeholders.

Russian enterprises that are publicly traded Companies in Russia are said to be “listed” in the country if their trading volume is made public on a stock market where it may be accessed by the general public. The Moscow Exchange (MOEX), which is Russia’s primary stock exchange and was created in 2011 when the Moscow Interbank Currency Exchange (MICEX) and the Russian Trading System (RTS) were both acquired by MOEX, and the St. Petersburg International Mercantile Exchange are the country’s other two primary stock exchanges. In 2011, the Moscow Interbank Currency Exchange (MICEX) and the Russian Trading System (RTS) merged to become the Moscow Exchange. This merger was the catalyst for the formation of the Moscow Exchange (SPIMEX). Not only is the Moscow Exchange the most important stock market in Russia, but it is also the most important stock exchange in all of Eastern Europe. It is home to a wide variety of firms, ranging from enormous state-owned organisations to private businesses of a small or medium scale. On the Moscow Exchange, publicly traded companies such as Gazprom, Sberbank, and Rosneft are examples of some of the most prosperous and well-known companies in their respective industries. It was established in 2008, and its principal focus is on the trading of oil and oil products, natural gas, coal, and electricity. Its headquarters are located in the city of St. Petersburg. The primary commodity exchange in Russia is the St. Petersburg International Mercantile Exchange, or SPIMEX.

In recent years, the government of Russia has been striving to enhance the corporate governance standards and regulations of the stock market. This has been done in an effort to both boost the amount of foreign investment that is brought into the nation as well as increase the level of transparency and accountability of companies that are listed on the stock market. It was one of the largest stock exchanges in the world and the largest one in Eastern Europe by the end of the year 2021, when the entire market capitalization of the Moscow Exchange (MOEX) was around \$726 billion. This made it one of the largest stock exchanges in the world. This is a reflection of the scale and significance of the Russian economy, as well as the existence of important and well-established firms operating in a variety of industries, including energy, banking, and mining. The Russian stock market is still a favourable site for investors who wish to diversify their holdings and acquire exposure to the potential growth of the Russian economy, despite the challenges and hazards that are present in the market.

Table-3.12: Top Five Companies as per Market Capitalization (as on 2021)

Name of the Company	in Billion \$
United Heavy Machinery	53.58
Evraz	1.6
Mechel PAO	1.2
Cian	0.23
Surgutneftegas	14.53
Magit	7.07

(Source : <https://companiesmarketcap.com/magnit/marketcap/>)

Corporate Governance Codes

The Corporate Governance Code in Russia is a collection of rules and best practises that enterprises in Russia are required to follow in order to ensure proper management and monitoring. Additionally, it is referred to as the “Code of Corporate Governance for Russian Companies.” [Citation needed] Since its initial implementation in the year 2002, the code has been subjected to a number of different amendments. These updates have been carried out in order to take into account advancements in both

local and international norms and standards of practise.

Several companies that are traded on the Moscow Exchange have chosen to adopt compliance with the Code as a best practice, and some of those companies have reported that they are in conformity with the Code. Although compliance with the Code is not required, several of these companies have chosen to adopt it as a best practice. The Corporate Governance Code tackles a wide range of concerns, some of which include the rights and obligations of shareholders, the responsibility of the board of directors, the management of conflicts of interest, and the protection of minority shareholders, amongst other things. In addition to this, it outlines norms for the conduct of meetings and processes for voting, as well as requirements for the disclosure of financial and other information.

In the context of corporate governance, the significance of responsibility, openness, and independent inspection is given a lot of weight by the Code. It encourages businesses to have effective internal controls, to disclose information to their shareholders, and to have a distinct separation of powers between the board of directors and the management of the company. The Code is widely recognized as the standard for the most efficient business practises in Russia, and it represents a significant step toward improving the level of corporate governance in the country. Additionally, the Code is an important step toward improving the quality of corporate governance in Russia. However, the application and observance of the Code varies from firm to company, and there is still room for greater improvement across a number of different fields.

Corporate Governance Standards in Russia

The phrase “its own code on corporate governance” is appropriate here because the Federal Service for Financial Markets (FSFM) is the primary regulator of corporate governance in Russia. Furthermore, the FSFM has issued its own code on corporate governance for companies listed on the Moscow Exchange (MOEX). This code is based on the Corporate Governance Code, but in addition to that, it adds additional criteria that are specific to firms that are listed on the MOEX. These standards are not applicable to organisations that are not listed on the MOEX. The FSFM Code on Corporate Governance outlines the key concepts and procedures that must be followed in order for enterprises that are listed on the MOEX to be subject to administration and oversight. The code places a strong focus on openness, responsibility, and protecting the interests of shareholders who own minority stakes in the company. It covers a wide range of topics related to corporate governance, including the rights and obligations of shareholders, the responsibility of the board of directors, the management of conflicts of interest, and the protection of minority shareholders, to name just a few of the topics covered. In addition to that, it outlines requirements for the disclosure of financial and other information, as well as

guidelines for the conduct of meetings and the processes involved in voting.

It is recommended that at least one third of the board of directors be comprised of independent directors. There ought to be at least one permanent committee on the board of directors, such as an audit committee, a committee for the management of conflicts of interest, and a nomination committee for applicants to serve on the board of directors. The organisation needs to have a written code of conduct. In addition, the company must have either a function for conducting internal audits or a designated internal auditor.

The FSFM is authorized to monitor and ensure that all parties are adhering to the Code's requirements. In addition, it has the authority to examine companies that violate the corporate governance requirements and to take legal action against those companies. If necessary, these procedures may include monetary fines and the cessation of commercial activity. The FSFM Code on Corporate Governance is widely acknowledged as a benchmark for companies that are listed on the MOEX in terms of the best practices that they employ in their operations, and it is generally regarded as a positive step toward the improvement of corporate governance in Russia. In addition, the FSFM Code on Corporate Governance is seen as a constructive move toward the improvement of corporate governance in Russia.

Role of Boards in Russia

When it comes to a company's activities in Russia, the board of directors is responsible for determining both the overall course of action and the level of control that will be implemented. It is the responsibility of the board of directors to monitor the daily operations of the company in addition to making significant strategic decisions, formulating corporate policy, and creating company objectives.

The Corporate Governance Code in Russia outlines the qualifications that should be present on boards of directors, in addition to their duties and the appropriate manner in which they should carry out their duties. It focuses a significant amount of stress on the requirement of the necessity of independent examination and makes the notion that the majority of board members should be independent directors. These are people who are not connected in any way with the management of the firm or the important shareholders it has. The Board of Directors must have at least two committees in order to comply with the requirements of the Code. These committees are the audit committee and the nominating committee. These committees are liable for monitoring financial reporting, managing risks, selecting board members, and evaluating board members. In addition, they are responsible for evaluating board members. In Russia, the function of the board of directors and the degree to which it is effective can vary significantly from one firm to the next. Concerns have been raised over the possibility that, in some

companies, the board of directors is controlled by significant shareholders and does not behave in a manner that is in the best interests of all shareholders. It is possible for the function of the board of directors as well as its level of effectiveness to shift depending on the firm. This is the reason that the Corporate Governance Code and the efforts of the regulator (the Federal Service for Financial Markets) to strengthen the norms and oversight of the board of directors are important steps towards enhancing the corporate governance in Russia.

Committees of the Board

In order to ensure that companies are being monitored objectively and that decisions are being made in an effective manner, Russia's Corporate Governance Code provides suggestions for the composition of boards of directors. One of these recommendations is for boards of directors to have a clearly defined membership structure. The recommendations of the Code state that the majority of the board members should be made up of independent directors. These are people who are not affiliated in any way with the management of the firm or the important shareholders who own the majority of the shares. The Board of Directors must have at least two committees in order to comply with the requirements of the Code. These committees are the audit committee and the nominating committee. These committees are liable for monitoring financial reporting, managing risks, selecting board members, and evaluating board members. In addition, they are responsible for evaluating board members.

In order to ensure that decisions are made quickly and effectively, the Code recommends that the board have a diverse group of members who come from a variety of different walks of life and have differing degrees of experience and skill sets. This involves having representation from a variety of genders, ages, and races, as well as a mix of different types of professionals, such as financial experts, legal experts, and industry experts. In addition, this entails having a diverse group of professionals. There is a lot of room for innovation when it comes to the make-up of boards of Russia's various companies. There are worries that, in some instances, the board may be dominated by majority investors and may not have appropriate independent monitoring. These concerns stem from the fact that there are some cases in which this may occur. In other circumstances, the board might have appropriate independent monitoring in addition to a wide collection of opinions. It is for this reason that the Corporate Governance Code and the efforts of the regulator (the Federal Service for Financial Markets) to improve the norms and oversight of the board of directors are important steps towards enhancing the corporate governance in Russia. According to the recommendations of the Corporate Governance Code, the board of directors should consist of at least five members, and the majority of those members should be independent directors. Independent directors are directors who are not affiliated with the company's management or its major shareholders. The FSFM Code on Corporate Governance for businesses listed on the Moscow Exchange (MOEX) stipulates that there must be

at least one third of the board of directors made up of independent directors. It is crucial to note that the size of the board does not necessarily have any bearing on how effective it is; rather, the makeup, independence, and role of board members are much more significant in ensuring excellent governance. It is possible to help ensure that the board is more effective in fulfilling its responsibilities and in making decisions that are in the best interest of the company and its shareholders by ensuring that it has the appropriate balance of skills, experience, and diversity and that the majority of its directors are independent.

Composition of Executive Verses Non-Executive Directors

The articles of association of a company, as well as the corporate governance guidelines established by the Federal Service for Financial Markets (FSFM) and the Corporate Governance Code, can all have an effect on the composition of executive and non-executive directors in a listed company in Russia. An executive director is a member of the board of directors who is also employed by the firm and is actively involved in the day-to-day management and operations of the business. Executive directors are also known as managing directors. A member of the board of directors who is not an employee of the company and who serves as an independent advisor to the board is known as a non-executive director. The Corporate Governance Code and the FSFM Code on Corporate Governance for listed companies on the Moscow Exchange (MOEX) both recommend that the majority of the board members should be independent directors, which are individuals who are not affiliated with the management or major shareholders of the company. The proportion of executive directors to non-executive directors may vary depending on the size of the firm, the sector in which it operates, and the particular needs of the board. To improve decision-making and governance by maintaining a healthy balance of executive and non-executive directors on the board. This can help to ensure that the board has the appropriate combination of experience, abilities, and independence. The contribution of non-executive directors to the preservation of shareholders' interests and the provision of an independent viewpoint, as well as to the mitigation of the danger of conflicts of interest, is one of the ways in which this risk can be reduced.

Board Level Committees

Corporate governance in publicly traded companies in Russia places a significant emphasis on board committees as an essential component. The Corporate Governance Code suggests that the board of directors establish at least two committees: an audit committee and a nomination committee. Both of these committees are responsible for selecting new b The composition of executive and non-executive directors in a listed company in Russia can be influenced by a variety of factors, including the articles of association of the company, the corporate governance guidelines established by the Federal Service

for Financial Markets (FSFM), and the Corporate Governance Code. Because of this, there is room for some manoeuvrability in the situation.

An executive director is a member of the board of directors who is also employed by the company and who is actively involved in the day-to-day management and operations of the business. Executive directors are also known as managing directors or operational directors. The roles of executive directors are sometimes referred to as managing directors. A non-executive director is a member of the board of directors who is not employed by the company and who acts as an independent advisor to the board. This type of director is not responsible for the day-to-day operations of the firm.

Both the Corporate Governance Code and the FSFM Code on Corporate Governance for listed companies on the Moscow Exchange (MOEX) recommend that the majority of the board members should be independent directors. Independent directors are individuals who are not affiliated with the management or major shareholders of the company they serve on the board of. It is possible for the ratio of executive directors to non-executive directors to change depending on the size of the company, the industry in which it operates, and the specific requirements of the board of directors.

To strengthen both decision-making and governance by ensuring that the board always contains an appropriate mix of both executive and non-executive directors. This can be helpful in ensuring that the board has the necessary combination of experienced members, members with the appropriate talents, and members who are independent. One of the ways in which this risk can be mitigated is through the contribution of non-executive directors to the protection of shareholders' interests, the provision of an independent viewpoint, and the mitigation of the danger of conflicts of interest. In addition, this risk can also be reduced through the mitigation of the danger of conflicts of interest.

Board Level Committees

Companies that are listed publicly in Russia place a large amount of importance on board committees as a key component of their corporate governance structures. The Corporate Governance Code recommends that the board of directors set up at least two committees, one of which should be an audit committee, and the other should be a nomination committee. The selection of new board members falls under the purview of each of these committees. The Federal Service for Financial Markets (FSFM) Code on Corporate Governance for companies listed on the Moscow Exchange (MOEX) requires that the board of directors should consist of at least one standing committee, such as an audit committee, a committee for the management of conflicts of interest, and a working group for the nomination of candidates for the board of directors. Other examples of standing committees include a committee for

the management of conflicts of interest and a committee for the nomination of candidates for the board of directors. A committee for the management of conflicts of interest and a committee for the nomination of candidates for the board of directors are two further examples of standing committees. Other examples of standing committees include:

The Audit Committee is responsible for overseeing the process of financial reporting, ensuring the accuracy and integrity of the company's financial statements, and monitoring the effectiveness of the company's internal controls and risk management systems. In addition, the Audit Committee is accountable for ensuring that the company is in compliance with all applicable laws and regulations. In addition, it is the responsibility of the Audit Committee to ensure that the company complies with all laws and regulations that are relevant to the business. In addition to this, it is the responsibility of the Audit Committee to assess the objectives, findings, and conclusions of both the internal and external audits. In addition, the Committee is accountable for recruiting the external auditor, deciding how much they should be paid, and supervising their performance.

It is the responsibility of the Nomination Committee to evaluate the effectiveness of the board members who are currently in place, to offer recommendations concerning the composition of the board of directors, and to offer proposals concerning the appropriate number of board members.

The Committee for the management of conflicts of interest is in charge of locating, evaluating, and managing any potential conflicts of interest that may exist between board members, management, and large shareholders. Additionally, the Committee is responsible for analyzing the credentials, abilities, and experience of the candidates for the board of directors. This is in addition to ensuring that the board has a balance of skills, experience, and diversity in its membership. The Federal Service for Financial Markets (FSFM) Code on Corporate Governance for companies listed on the Moscow Exchange (MOEX) requires that the board of directors should consist of at least one standing committee, such as an audit committee, a committee for the management of conflicts of interest, and a working group for the nomination of candidates for the board of directors. Other examples of standing committees include a committee for the management of conflicts of interest and a committee for the nomination of candidates for the board of directors.

Best Companies with CG Practices

There are a few businesses in Russia that have been singled out for the exemplary standards of corporate governance (CG) that they have upheld. These businesses have been praised for their openness, accountability, and dedication to safeguarding the legal rights of its shareholders. However, the degree of implementation and adherence to CG practices varies from company to company, and it is

possible for these factors to shift over the course of time. The following are some examples of Russian companies that have been acknowledged for the CG practices they have implemented:

- Gazprom Neft is a subsidiary of Gazprom, which is the largest natural gas producer in the world. This company produces oil and natural gas. Gazprom Neft is well-known for its rigorous corporate governance measures, which include transparency and accountability in its financial reporting as well as a dedication to safeguarding the interests of its shareholders.
- Sberbank: It is the largest bank in Russia and Eastern Europe, and it has been recognised for its strong CG practices and dedication to transparency and accountability in its financial reporting. In addition, the bank has been named one of the best places to work in Russia.
- Magnit is a retail firm that owns a chain of supermarkets and convenience stores, and it has been recognized for its commitment to defending the rights of its shareholders as well as for its successful management of conflicts of interest.
- VTB Bank is one of the largest state-owned banks in Russia. It has been recognized for its strong compliance practices, including its commitment to transparency and accountability in its financial reporting and its effective management of conflicts of interest. In addition, the bank has been commended for its strong CG practices.

It is important to note that the companies on this list are not all of the ones in Russia who have been acknowledged for their excellent CG practices. There are other businesses in Russia that have also received this recognition. In addition, it is essential to keep in mind that CG practices are subject to alteration throughout the course of time, and the degree to which businesses adhere to best practices can vary from one another. Before making any decisions on investments, it is strongly recommended to first complete additional research and speak with industry professionals.

Case Study of CG Practices in EVRAZ

EVRAZ is a UK incorporated multinational steel manufacturing and mining company part-owned by Russian oligarchs. It has operations mainly in Russia and other parts of the world including in the USA, Canada, and Kazakhstan. The company was founded as a small metal-trading business in 1992. On 2 June 2005 Evraz Group floated some 8.3 percent of its shares in the form of GDR in London. The following Table 3.13 details the financial statement of the company for the past three years. There is a tremendous increase in the revenues and also the profit of the company.

Table-3.13: Financial Statements of EVRAZ for last 3 years

Particulars (R\$ million)	2021-22	2020-2021	2019-20
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Earnings performance			
Revenue	13,224	9,222	11,117
Net profit	3,107	858	365
EPS (Basic)	2.08	0.58	0.23
Equity	2,234	4,683	5,666
Total Liabilities	7,620	920	1,928
Total Assets	9,854	8,710	9,847

Corporate Governance Practices

The Group's approach to corporate governance is based on the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in July 2018 and the Listing Rules of the UK Financial Conduct Authority. The Board and management of EVRAZ aim to pursue objectives in the best interests of the Group, its shareholders and other stakeholders, and particularly to create long-term value for shareholders. The EVRAZ Board is responsible for the following key aspects of governance and performance:

- Financial and operational performance
- Strategic direction
- Major acquisitions and disposals
- Overall risk management
- Capital expenditure and operational budgeting
- Business planning
- Approval of internal regulations and policies

Board of Directors

The company has 13 board members. The Chairman is a non-executive director on the board. The majority of the board with 61 % comprises of Independent non-executive directors followed by 21 % of the non-executive directors. Table 3.12 depicts the name and the designation of the directors on the board.

Table-3.14: Board of Directors of EVRAZ

Alexander Abramov	Non-executive Chairman
Alexander Frolov	Non-executive Director
Eugene Shidler	Non-executive Director
Eugene Tenenbuam	Non-executive Director
Aleksey Ivanov	Executive Director, CEO

Maria Gordon	Independent Non-Executive Director
Karl Gruber	Independent Non-Executive Director
Deboarh Gudgeon	Independent Non-Executive Director
Akexander Izosimov	Independent Non-Executive Director
Stephen Odell	Independent Non-Executive Director
Sir Michael Peat	Senior Independent Non-Executive Director
James Rutherford	Independent Non-Executive Director
Sandra Stash	Independent Non-Executive Director

Board Diversity

EVRAZ recognizes the importance of diversity both at the Board level and organisation-wide. During the year, the Board adopted a new diversity policy, which notes that the Group remains committed to increasing diversity throughout its global operations and takes diversity into account during each recruitment and appointment process, working to attract outstanding candidates with diverse backgrounds, skills, ideas and cultures. The Board ensures that female representation on the Board never drops below two members.

Skill set of Board Members

The EVRAZ board of directors is composed of individuals with a wide range of skills and experience, including expertise in the steel, mining, and vanadium industries, finance, law, and management. The board is responsible for overseeing the management of the company and making strategic decisions on behalf of the shareholders. The board of directors has experience in international business and trade, which is important for a company such as EVRAZ that operates globally.

Board Committees

Each committee has terms of reference that have been approved by the Board and summaries its role and responsibilities. The committees review their respective terms of reference each year and submit any recommended changes to the Board for approval. The Company has the following committees:

- Audit Committee
- Remuneration Committee
- Nominations Committee
- Sustainability Committee

The details of the selected committees, members, attendance, responsibilities are detailed below.

Audit Committee

The Audit Committee reviews the Group’s governance, risk and control environment annually, maintains risk register and risk appetite proposed by management. The work of the committee is determined by its terms of reference. These were updated during 2021 to reflect latest best practice and effective co-ordination with the Sustainability Committee. The committee ensures integrity of the annual reports of the company including review of various regulatory requirements. The committee met three times and all the members attended the meeting. The committee comprises of 6 members and headed by Deborah Gudgeon as independent non-executive director.

Table-3.15: Audit Committee and Members Responsibilities of EVRAZ

Members	Meetings Held	Meetings Attended	Responsibility
Deborah Gudgeon	3	3	<ul style="list-style-type: none"> • Compliance with reporting standards and governance requirements • The critical accounting policies and substance, consistency and fairness of management estimates.
Alexander Izosimov	3	3	
Stephen Odell	3	3	
Jim Rutherford			
Olga Pokrovskaya	3	3	
Maria Gordon	3	3	

Nomination Committee

The Nominations Committee is responsible for making recommendations to the Board on the structure, size and composition of the Board and its committees. It also oversees succession planning for directors and senior management. The Nomination Committee consists of 6 non-executive directors, of which four are independent. The committee met 4 times during 2021 and held one joint meeting with the Remuneration Committee. The committee considered the best way to monitor the governance of sustainability initiatives across the Group at Board level. It concluded that since the Group expects sustainability issues to be managed and implemented at the level of business units, with support from the vice president for corporate strategy, the Audit Committee should be in charge of monitoring performance and control in this regard, while the HSE Committee should consider initiatives and developments.

Table-3.16: Nomination Committee and Members Responsibilities of EVRAZ

Members	Meetings Held	Meetings Attended	Responsibility
Alexander Izosimov	4	4	<ul style="list-style-type: none"> • Responsible for recommending members to the Board based on size and composition • Oversee succession planning
Alexander Abramov	4	4	
Stephen Odell	4	4	
Eugene Shvidler	4	4	
James Rutherford	4	4	
Deborah Gudgeon	4	4	

Sustainability Committee

Sustainability Committee reports to the Board of Directors on matters concerning employee wellbeing, occupational safety and environmental protection, as well as local communities. The sustainability committee consists of 6 members, 3 of the six members are non-executive, including the chair. The committee met 3 times during 2021 with 100% attendance.

Table-3.17: Sustainability Committee and Members Responsibilities of EVRAZ

Members	Meetings Held	Meetings Attended	Responsibility
Sandra Stash	3	3	<ul style="list-style-type: none"> • Assessing initiatives on key stakeholder groups, such as employees and local residents, as well as their reputational impact • Liaising between the management and the Board. • Reviewing HSE strategy, monitoring pertinent parts of any independent operational audits
Karl Gruber	3	3	
Alexander Frolov	3	3	
Deborah gudgeon	3	3	
Olga Pokrovskaya	3	3	
Maria Gordon	3	3	

Conclusion

EVRAZ is a diverse Russian firm that operates in the steel, mining, and vanadium industries. The corporate governance procedures of the corporation are directed by the laws of the Russian Federation as well as the articles of association that control the company. The principles of corporate governance

that EVRAZ adheres to include the separation of powers between the board of directors and management, transparency and fairness in decision-making, protection of shareholders' interests, and conformity with laws and regulations, amongst other things. EVRAZ follows a number of other best practises, including having an independent chairman of the board to ensure that the board is able to effectively fulfil its responsibilities and exercise independent judgement, having a majority of independent directors on the board, having a code of conduct for directors and employees to ensure compliance with legal and ethical standards, and providing shareholders and other stakeholders with regular reporting on the company's performance, strategy, and governance practices.

India

Introduction to CG practices in India

In India, the term “corporate governance” refers to the structure — consisting of rules, practices, and procedures — that determines how a firm is directed and managed. The purpose of corporate governance in India is to make certain that companies meet the needs of its stakeholders while simultaneously growing the wealth of the company's shareholders. The Companies Act, the regulations of the Securities and Exchange Board of India (SEBI), and the listing agreements of stock exchanges are some of the laws and regulations that govern corporate governance in India. Other laws and regulations that govern corporate governance in India include the following: In accordance with these statutes and rules, the board of directors, management, and shareholders are each assigned specific duties and responsibilities, and the processes for holding meetings, determining policy, and disclosing financial information are outlined. The principal government agency in India responsible for upholding appropriate standards of corporate governance is known as the Ministry of Corporate Affairs (MCA). The Ministry of Corporate Affairs (MCA) is responsible for ensuring that Indian businesses adhere to the Companies Act as well as any other applicable rules and regulations. SEBI is India's primary securities market regulator and also plays a significant part in the country's approach to corporate governance.

Listed companies in India

Listed companies in India are companies that have issued shares to the public and are traded on one of the stock exchanges in India, such as the National Stock Exchange (NSE) or the Bombay Stock Exchange. Examples of stock exchanges in India include the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The Companies Act and the regulations established by the

Securities and Exchange Board of India (SEBI) are two examples of the laws and regulations that these businesses must comply with in order to maintain good corporate governance.

The number of businesses that are traded on India's stock exchanges has increased dramatically over the past few years; by 2021, the NSE and BSE will have a combined total of over 5,000 listed companies. The size of these businesses, the industries they operate in, and the types of ownership they have all vary. The energy industry, the banking and financial services industry, the technology industry, and the consumer goods industry all have some of India's top publicly traded corporations.

Listed companies are obligated to disclose both financial and non-financial information to their shareholders and the general public on a consistent basis. This information must include annual and quarterly financial statements, as well as details about the company's management, ownership, and governance. In addition, these businesses are routinely subjected to both internal and statutory audits, and they are compelled to hold annual general meetings and other gatherings of shareholders in order to provide those shareholders the opportunity to cast their votes on significant matters.

Over the past few years, there has been a growing emphasis among listed firms in India on enhancing corporate governance processes, as well as promoting transparency and accountability. To improve the corporate governance of publicly traded companies, the government and regulatory bodies have enacted a number of reforms in recent years. These reforms include mandating the appointment of independent directors, increasing the representation of women and members of underrepresented groups on boards, and enhancing the role of shareholders in the decision-making process.

Committees of the Board

Corporate governance committees are groups of directors or other representatives of a company that are tasked with the responsibility of monitoring particular aspects of corporate governance, such as compliance, ethical behaviour, and risk management. These committees report to the board of directors. Audit committee, nomination and remuneration committee, stakeholder relationship committee, corporate social responsibility committee, and risk management committee are the five committees that must be present in accordance with SEBI regulations in India. The following is a list of the committees that are most frequently constituted by listed companies:

- **Audit Committee:** This committee is in charge of supervising the process of financial reporting as well as the internal controls of the organisation. In addition to this, it conducts an analysis of the company's financial accounts and makes suggestions for the selection of auditors.

- **The Nomination and Remuneration Body:** This committee is in charge of making recommendations about the nomination of directors and senior management, in addition to determining the compensation for those positions.
- **Stakeholder Relationship Committee:** This committee is responsible for addressing complaints and grievances from shareholders and other stakeholders, such as employees, consumers, and the community. Specifically, this committee is tasked with addressing complaints and grievances from shareholders.
- **Risk Management Committee:** This committee is responsible for identifying, evaluating, and managing risks that the company may face, including financial, operational, and reputational risks. Its responsibilities also include mitigating the adverse effects that these risks may have on the company's reputation.
- **Corporate Social Responsibility Committee:** This committee is responsible for managing the CSR activities of the firm, ensuring that they align with the company's values and mission, and reporting to shareholders and other stakeholders on the impact that these efforts have had.
- **Compliance Committee:** This committee is responsible for ensuring that the company complies with all applicable laws, regulations, and standards. Additionally, this committee is tasked with identifying and mitigating any compliance risks that may arise. These committees are normally made up of members of the board of directors, and their activities are regulated by the terms of reference that have been established for each committee individually.

Role of Boards

They are required to regularly report to the board of directors on the status of their particular areas of responsibility, which are ultimately responsible to the board of directors. The Companies Act, the Securities and Exchange Board of India (SEBI), and the listing agreements of stock exchanges serve as the legal framework for the committees.

- **Determining the company's long-term strategic direction:** The board of directors is accountable for determining the company's overarching goals and objectives, as well as ensuring that the organisation has a distinct plan for how it intends to accomplish these objectives.
- **Being responsible for the oversight of the business's management:** The board is accountable for being responsible for the oversight of the company's management, as well as for ensuring that the firm is being run in the manner that is most beneficial to its shareholders and any other stakeholders.

- Approval of large financial and other decisions The board of directors is required to give their approval on significant financial and other decisions, including mergers and acquisitions, investments, and major spending on capital.
- Ensuring compliance with laws and regulations: It is the board's responsibility to ensure that the company complies with all applicable laws and regulations, including those pertaining to corporate governance. This responsibility includes ensuring that the company complies with all applicable laws and regulations.
- Recommendations for the appointment of directors and senior management: The board is responsible for making recommendations for the appointment of directors and senior management, in addition to the responsibility of naming auditors.
- Representing the Shareholders: It is the duty of the board of directors to represent the company's owners and to see to it that the business is managed so as to maximise the returns to those shareholders.

The Securities and Exchange Board of India, also known as SEBI, is an organisation that plays a vital part in the advancement of corporate governance (CG) in India. The Securities and Exchange Board of India (SEBI) is in charge of regulating the country's capital markets and has a number of authorities and responsibilities in this area. The following are some of the most important ways that SEBI promotes CG in India:

- Issuing guidelines and rules: The SEBI has released a number of guidelines and regulations pertaining to CG, such as the SEBI Corporate Governance Code, which lays out the principles and guidelines that listed businesses are expected to follow.
- Taking action against firms found to be in violation SEBI is responsible for monitoring the compliance of listed companies with CG regulations and guidelines. If a company is found to be in violation, SEBI will take action against that company.
- Increasing openness and disclosure: The Securities and Exchange Board of India (SEBI) has implemented a number of measures with the intention of increasing openness and disclosure among listed companies. These measures include mandating the publication of financial statements and other pertinent information on a consistent basis.
- Improving the structure and composition of boards: The Securities and Exchange Board of India (SEBI) has taken several steps to improve the structure and composition of boards of publicly traded companies. These steps include mandating the appointment of independent directors and increasing the representation of women and members of minority groups on

boards.

- Ensuring the protection of the rights of shareholders The Securities and Exchange Board of India (SEBI) has taken a number of steps to ensure the protection of the rights of shareholders. These steps include improving the rights of minority shareholders and increasing the representation of shareholders on boards.
- SEBI has implemented measures to enhance the rights of minority shareholders. These measures include the right to vote on important decisions and the right to receive fair treatment in the event of a merger or acquisition.
- Enhancing the rights of minority shareholders SEBI has implemented measures to enhance the rights of minority shareholders.
- Encouraging best practises: The Securities and Exchange Board of India (SEBI) encourages listed companies to adopt best practises in corporate governance (CG), such as establishing corporate governance committees and implementing effective risk management systems.

SEBI's role in promoting CG in India is dynamic and it regularly reviews and updates its regulations and guidelines to ensure they align with the changing business and market environment. The regulator also conducts regular inspections and enforcement actions to ensure compliance with the CG regulations. The attendance and meetings of the board of directors play an important role in the governance of Indian listed companies. The Companies Act and the SEBI regulations prescribe certain requirements related to the attendance and meetings of the board of directors, including:

- Frequency of meetings: The board of directors of a listed company must hold at least four meetings in a year, with not more than 120 days between two consecutive meetings.
- Quorum: The quorum for a meeting of the board of directors is one-third of the total number of directors or two directors, whichever is higher.
- Notice of meetings: The notice of a meeting of the board of directors must be given to all directors at least seven days before the meeting, unless otherwise agreed by all the directors.
- Agenda and papers: The agenda and papers of a meeting of the board of directors must be sent to the directors at least three days before the meeting.
- Minutes: The minutes of a meeting of the board of directors must be recorded and signed by the chairman of the meeting, and must be placed before the next meeting of the board for confirmation.

- Attendance: The Companies Act requires that at least one-third of the total number of directors must be present in person at a meeting of the board of directors, in order to constitute a quorum.

Companies with Best CG Practices in India

There are many companies in India that are considered to have strong corporate governance (CG) practices. These companies are known for their commitment to transparency, accountability, and ethical behavior. Some examples of Indian companies with strong CG practices include:

- Tata Consultancy Services (TCS): TCS, one of the largest IT services companies in India, is known for its strong CG practices and has been recognized as a leader in this area by various organizations such as CRISIL, ICRA, and CARE.
- HDFC Bank: HDFC Bank, one of the largest private sector banks in India, is known for its strong CG practices and has been recognized as a leader in this area by various organizations.
- Infosys: Infosys, one of the largest IT services companies in India, is known for its strong CG practices and has been recognized as a leader in this area by various organizations such as CRISIL and ICRA.
- Bharat Petroleum Corporation Limited (BPCL): BPCL, one of the largest public sector oil and gas companies in India, is known for its strong CG practices.
- Reliance Industries: Reliance Industries, one of the largest Indian Conglomerates, is known for its strong CG practices and has been recognized as a leader in this area by various organizations.
- Housing Development Finance Corporation Limited (HDFC): HDFC, one of the largest housing finance companies in India, is known for its strong CG practices.

Case Study on CG Practices at Infosys

Infosys is an Indian multinational corporation that provides business consulting, information technology, and engineering services. The company is known for its strong corporate governance (CG) practices and has been recognized as a leader in this area by various national and international organizations.

Table-3.18: Financial Statement of Past 3 Years – Infosys

Particulars	2021-22 (Rs. in crores)	2020-21 (Rs. in crores)	2019-20 (Rs. in crores)
Earnings performance			

Revenue (in crores)	1,21,641	1,00,472	90,791
Net Profit (in crores)	22,110	19,351	16,594
EPS (Basic) (in Rupees)	52.52	45.61	38.97
Equity	75,736	76,782	65,84
Total Liabilities	42149	31604	26924
Total Assets (in crores)	1,17,885	1,08,386	92,768

Board of Directors

The Board of Directors of Infosys are responsible for the overall direction and control of the company's business and for ensuring compliance with laws, regulations, and the company's articles of association. The Board is made up of a mix of executive and non-executive directors, including independent directors. The details of the board of directors are as follows:

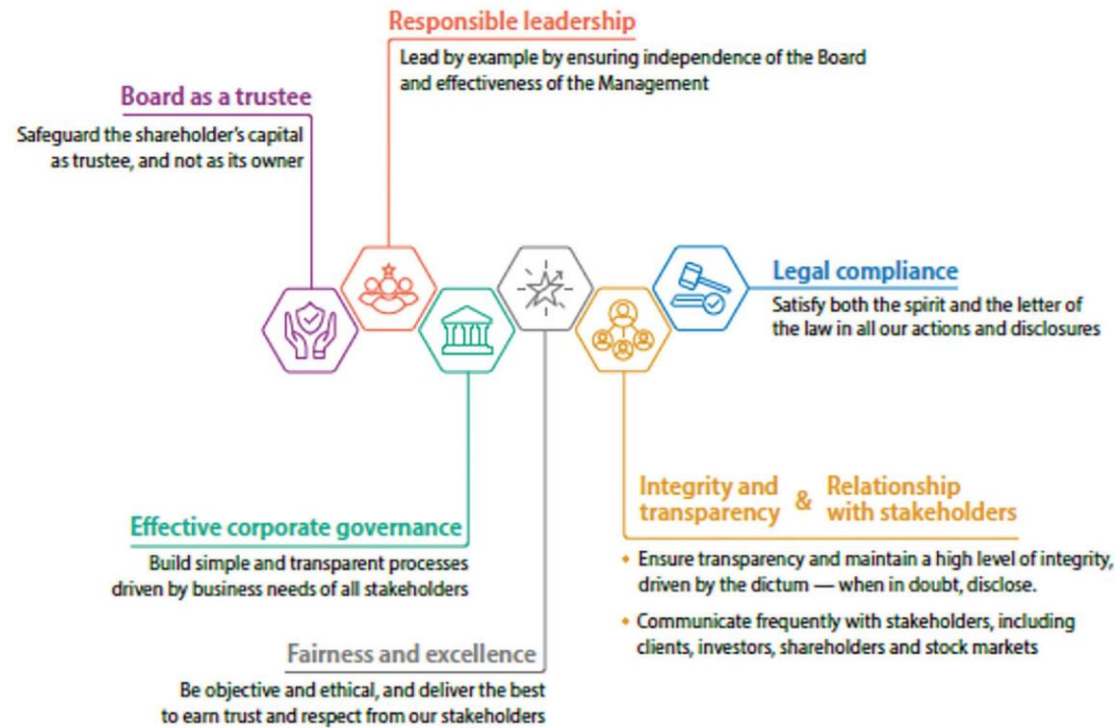
Table-3.19 : Board of Directors - Infosys

Salil Parekh	Executive Director, CEO and MD
Nandan M. Nilekani	Non-executive Non-Independent Director
Kiran Mazumdar-Shaw	Independent Director
D. Sundaram	Independent Director
Michael Gibbs	Independent Director
Uri Levine	Independent Director
Bobby Parikh	Independent Director
Chitra Nayak	Independent Director

Chart-3.3: Corporate Governance Framework - Infosys

Corporate governance framework

The key pillars of Infosys' corporate governance framework are:



Skill and Experience of Board Members

Infosys board members typically have a diverse Building Better Global Economic BRICs set of skills and experience, including expertise in areas such as technology, finance, management, and strategy. They are often accomplished leaders in their respective fields and bring valuable Theoretical Economics (JITE)/Zeitschrift für die gesamte Staatswissenschaft, insights domestic product (GDP) growth rate in the and perspective to the company. The members are Management and Leadership experience having diverse skill set ranging from leadership experience, information technology, functionalexpertise, personal values and knowledge about corporate governance.

Table-3.20: Infosys - Skill Set of Board Members for FY 2021-22

S. No.	Name of the Director	Wide Management and Leadership experience	Information Technology	Diversity	Functional and Managerial Experience	Personal Values	Corporate Governance
1	Mr Salil Parekh, Executive Director	Yes	Yes	Yes	Yes	Yes	Yes

	CEO and MD						
2	Mr Nandan M. Nilekani, Non-executive Non-Independent Director	Yes	Yes	Yes	Yes	Yes	Yes
3	Ms Kiran Mazumdar-Shaw, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes
4	Mr D. Sundaram, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes
5	Mr Michael Gibbs, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes
6	Mr Uri Levine, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes
7	Mr Bobby Parikh, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes
8	Ms Chitra Nayak, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes

Board Committees

Infosys has a board-driven governance structure that includes several committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee. The board of directors comprises of a majority of independent directors and has a well-defined code of conduct for the directors and senior management.

Audit Committee

In India, we are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). We are also listed on NYSE in the US. In India, Regulation 18 of the Listing Regulations and in the US, the Blue Ribbon Committee set up by the U.S. Securities and Exchange Commission (SEC) mandate that listed companies adopt an appropriate audit committee charter. The Committee met seven times during the year, which is more than the requirement of the Companies Act, 2013 and the Listing Regulations.

Table-3.21: Infosys– Audit Committee and Members Responsibilities

Members	Meeting Held	Meeting Attended	Responsibility
D. Sundaram	7	7	<ul style="list-style-type: none"> Responsible for financial matters Design and implement internal control systems Responsible for performing an independent audit
Michael Gibbs	7	7	
Bobby Parikh	7	7	

Nomination and Remuneration Committee

The Committee oversees key processes through which the Company recruits new members to its Board, and the processes through which the Company recruits, motivates, and retains outstanding senior management as well as the Company’s overall approach to human resources management. There were five meetings held in a year and all the members attended the meetings.

Table 3.22: Infosys– Nomination and Remuneration Committee and Members Responsibilities

Members	Meeting Held	Meeting Attended	Responsibility
Kiran Mazumdar-Shaw	5	5	<ul style="list-style-type: none"> The Committee oversees key processes through which the Company recruits new members to its Board, processes through which the Company recruits, motivates and retains outstanding senior management as well as overall approach to human resources management.
D. Sundaram	5	5	
Michael Gibbs	5	5	

Stakeholder’s Relationship Committee

The purpose of the Committee is to assist the Board and the Company to oversee the various aspects of interests of stakeholders of the Company. The term ‘stakeholder’ includes shareholders, debenture holders and other security holders. The members have attended all the meetings.

Table-3.23: Infosys – Stakeholder’s Relationship Committee and Members Responsibilities

Members	Meeting Held	Meeting Attended	Responsibilities
D. Sundaram	4	4	<ul style="list-style-type: none"> • Consider and resolve the security holders’ concerns or complaints • Monitor and review the investor service standards of the company • Take steps to develop an understanding of the views of shareholders about the Company, either through direct interaction, analysts’ briefings or survey of shareholders • Oversee and review the engagement and communication plan
Bobby Parikh	4	4	
U. B. Pravin Rao ⁽¹⁾	3	3	
Chitra Nayak	4	4	

Conclusions

Infosys has a strong commitment to transparency and disclosure, and regularly publishes its financial statements, as well as other relevant information, on its website. The company has implemented a robust whistle-blower policy, which enables employees and other stakeholders to report concerns related to unethical behavior, fraud, or violation of laws and regulations. The company also has a robust risk management framework in place. Infosys is a signatory of the United Nations Global Compact and has committed to the ten principles of the compact, which include human rights.

China

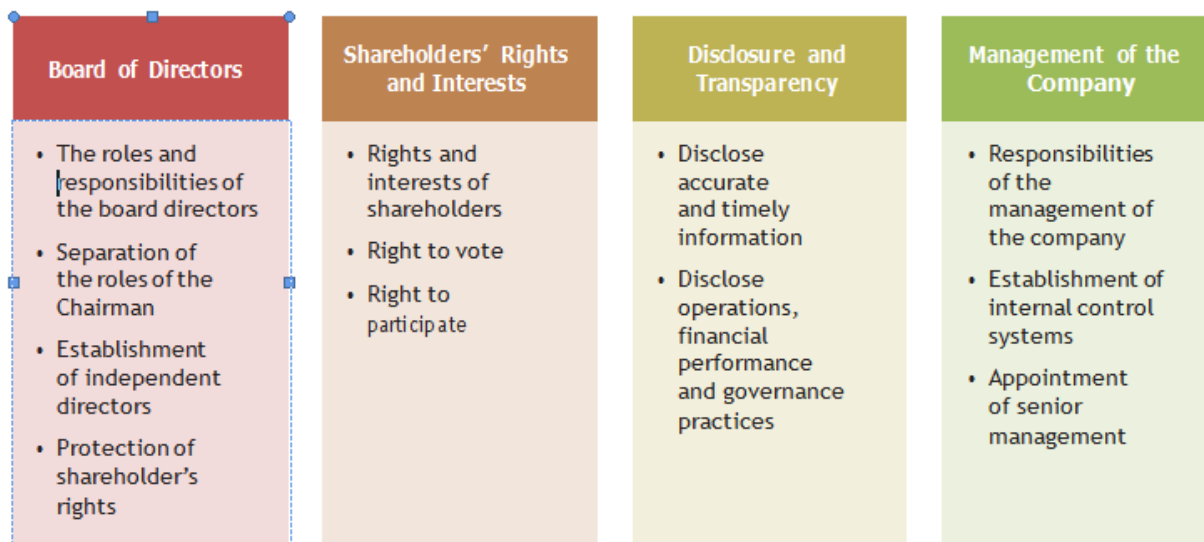
In China, the term “corporate governance” refers to the structure — consisting of rules, practises, and procedures — that determines how a firm is governed and managed. Governance of corporations in China is heavily influenced by the Chinese government, particularly in the country’s many state-owned businesses (SOEs). The supervision of state-owned enterprises (SOEs) is under the purview of the State-Owned Assets Supervision and Administration Commission (SASAC), and the Communist Party of China has a large amount of influence over the administration of these businesses. In recent years, there have been attempts made to enhance corporate governance in China,

notably in listed businesses, by measures such as increased transparency and independent directors. These efforts have been made in listed companies. On the other hand, the general environment of corporate governance in China is still regarded as being on a lower level compared to that of many wealthy countries.

China's Local CG Codes

The Corporate Governance Code in China is a set of principles and guidelines issued by the China Securities Regulatory Commission (CSRC) to promote good corporate governance in publicly listed companies in China. It is also known as the “Corporate Governance Guidelines for Listed Companies” or the “Corporate Governance Best Practices for Listed Companies.” The purpose of the Corporate Governance Code in China is to ensure that publicly traded companies in China adhere to the highest standards of corporate governance. The code was initially published in the year 2000, and since that time, it has been revised multiple times, with the most recent version being made available in the year 2020. A number of topics, including the roles and responsibilities of the board of directors, the administration of the firm, the rights and interests of shareholders, as well as disclosure and transparency, are included in the scope of the code. The separation of the duties of the chairman and the CEO, the establishment of independent directors, the preservation of shareholder rights, and the transparency of corporate information are some of the core ideas that are defined in the code. In China, the application of the Corporate Governance Code is entirely voluntary; nonetheless, it is expected that publicly traded companies will indicate in their annual reports whether or not they are in conformity with the code. The Chinese code of corporate governance is not legally obligatory, which differentiates it from the corporate governance rules of other countries. The purpose of the code is to establish a structure for the management of listed businesses and to safeguard the legal rights and financial interests of shareholders. Although compliance with the code is voluntary, listed firms are required to mention it in their annual reports regardless of whether or not they want to participate.

Figure 3.4: China – The Code covering areas



Listed Companies in China

Listed companies in China refer to companies that are publicly traded on one of China's stock exchanges. China has two main stock exchanges, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which are among the largest stock exchanges in the world by market capitalization. Listed companies on these exchanges are primarily divided into two categories:

- A-shares, which are traded in Renminbi (RMB) which are primarily intended for domestic investors
- B-shares, which are traded in foreign currencies and are intended for foreign investors.

Listed companies in China are subject to corporate governance codes and regulations, such as the Corporate Governance Code for Listed Companies, which was issued by the CSRC to promote good corporate governance in publicly listed companies. The code is voluntary, but listed companies are expected to disclose their compliance with the code in their annual reports.

Role of Boards in China as Per Corporate Governance

In China, the term "corporate governance" refers to the framework of laws, customs, and procedures that is used to direct and manage a firm. Corporate governance in China is heavily influenced by the Chinese government, notably in state-owned firms (SOEs). The Communist Party of China exerts a large amount of control over the operation of state-owned enterprises (SOEs) through the State-Owned Assets Oversight and Administration Commission (SASAC), which is responsible for the supervision of SOEs. In recent years, there have been attempts made to enhance corporate governance in China, notably in listed businesses. These efforts have included the implementation of measures such as increased transparency and independent directors. On the other hand, the overall corporate governance environment in China is still regarded as being on a lower level compared to that of many

wealthy countries.

CG Codes Utilized in China

The China Securities Regulatory Commission (CSRC) has issued a set of principles and guidelines known as the “Corporate Governance Code in China,” which is also known as the “Corporate Governance Guidelines for Listed Companies” or the “Corporate Governance Best Practices for Listed Companies.” The purpose of these principles and guidelines is to promote good corporate governance in publicly listed companies in China. The code was first distributed in the year 2000 and has been revised numerous times since that time, with the most recent version being made available in the year 2020. The company’s management, the rights and interests of shareholders, disclosure and transparency are some of the topics that are covered by the code. Other topics include the roles and obligations of the board of directors. The code outlines a number of important principles, some of the most important of which are the separation of the responsibilities of chairman and CEO, the installation of independent directors, the preservation of the interests of shareholders, and the transparency of company information. Even though the application of China’s Corporate Governance Code is voluntary, listed businesses are expected to disclose in their annual reports whether or not they comply with the code. The Chinese code of corporate governance, in contrast to the corporate governance standards of other countries, is not a legally obligatory code. The purpose of the code is to establish guidelines for the administration of listed companies and to safeguard the legal rights and financial interests of shareholders. Although compliance with the code is voluntary, listed firms are required to indicate whether or not they comply with the code in their annual reports.

Board of Directors Attendance and Meeting

The Corporate Governance Code for Listed Companies in China requires boards of directors of publicly listed companies to hold regular meetings and to ensure that a quorum is present at each meeting. The code also sets out attendance requirements for directors. The code states that the board of directors should hold at least four meetings per year, and that a quorum should be present at each meeting. A quorum is defined as more than half of the total number of directors. Additionally, the code requires that the chairman of the board of directors, or a person authorized by the chairman, should attend each meeting of the board. The code also sets out attendance requirements for individual directors. Directors are expected to attend at least two-thirds of the board meetings held during the fiscal year. The code also requires the company to disclose the attendance records of the directors in its annual report.

There is no definitive list of the best companies with good corporate governance (CG) practices among state-owned enterprises (SOEs) in China, as the quality of CG practices can vary widely among SOEs. However, some SOEs in China have been recognized for their efforts to improve their CG practices in recent years.

- China National Nuclear Corporation (CNNC), which was named among the “Top 100 Global Innovators” by Clarivate Analytics in 2019, and is recognized for its efforts to improve transparency and accountability in its operations. Another example is Sinohydro Group, which was named among the “Global Top 100 Sustainable Corporations in China” by Corporate Knights in 2018, and is recognized for its efforts to improve environmental, social, and governance (ESG) performance.
- China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC) have been included in the FTSE4Good Emerging Index and the MSCI China ESG Leaders Index, respectively.
- China Mobile, which is one of the largest telecommunications companies in China, and has been recognized for its efforts to improve transparency and accountability in its operations. Another example is China Merchants Bank, which is one of the largest banks in China and has been recognized for its efforts to improve corporate governance practices, including the implementation of a comprehensive risk management system.
- China Pacific Insurance (Group) Co. Ltd, China Railway Construction Corporation Limited, and Industrial and Commercial Bank of China (ICBC) have been included in the FTSE4Good Emerging Index, MSCI China ESG Leaders Index, and the MSCI China ESG Universal Index respectively.

Case Study on CG Practices in Alibaba Group

Alibaba Group Holding Limited, also known as **Alibaba** is a Chinese multinational technology company specializing in e-commerce, retail, Internet, and technology. Founded on 28 June 1999 in Hangzhou, Zhejiang, the company provides consumer-to-consumer (C2C), business-to-consumer (B2C), and business-to-business (B2B) sales services via web portals, as well as electronic payment services, shopping search engines, and cloud computing services. It owns and operates a diverse portfolio of companies around the world in numerous business sectors. On 19 September 2014, Alibaba’s initial public offering (IPO) on New York Stock Exchange raised US\$25 billion, giving the company a market value of US\$231 billion. It is one of the top 10 most valuable corporations, and is named the 31st largest public company in the world on the Forbes Global

2020. In January 2018, Alibaba became the second Asian company to break the US\$500 billion valuation. Net income increased by 2% from RMB140,350 million in fiscal year 2020 to RMB143,284 million (US\$21,869 million) in fiscal year 2021. Total revenue increased by 41% from RMB509,711 million in fiscal year 2020 to RMB717,289 million (US\$109,480 million) in fiscal year 2021.

Table-3.24: Alibaba Group - Financial Performance Over Last 3 Years

Particulars	2022	2021	2020
Net income	\$9,774	\$22,941	\$21,080
Adjusted EBITDA	\$22,532	\$21,000	\$18,985
Total assets	\$267,467	\$257,978	\$185,429
Total Current Assets	\$100,726	\$98,196	\$65,377
Total Liabilities	\$98,278	\$93,907	\$62,484
Share Holders Equity	\$169,189	\$164,071	\$122,945
Earnings Per Share	\$3.59	\$8.35	\$7.90

Corporate Governance

The Board of Directors of Alibaba Group Holding Limited has adopted corporate governance guidelines principles and practices. The Board directs and oversees the management of the business and affairs of the Company in accordance with all applicable laws and regulations.

Board of Directors

The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the shareholders. The Board is responsible for selecting the Chief Executive Officer (the “CEO”) and other executive officers, who are charged by the Board with conducting the business of the Company, setting the long-term business strategy of the Company and determining executive officer compensation. The board of directors at Alibaba Group is responsible for overseeing the management of the company and making strategic decisions to ensure its growth and success. The current members of the board of directors at Alibaba Group are detailed below in Table 3.2. The Board consists of nine directors. The Board elects a Chairman of the Board in the best interests of the Company. The Board does not require the separation of the offices of Chairman and CEO. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board’s business. All directors are

expected to make every effort to attend all meetings of the Board, meetings of the committees of which they are members and the annual meeting of shareholders. All directors owe a duty of loyalty to the Company. The proceedings and deliberations of the Board and its committees are confidential.

Table-3.25: Alibaba Group – Board of Directors

Daniel Yong ZHANG	Chairman and Chief Executive Officer
Joseph C. TSAI	Executive Vice Chairman
J. Michael EVANS	Director and President
Maggie Wei WU	Director
Kabir MISRA	Director
Jerry YANG	Independent Director
Wan Ling MARTELLO	Independent Director
Weijian SHAN	Independent Director
Irene Yun-Lien LEE	Independent Director
Albert Kong Ping NG	Independent Director

Committees of the Board

The Board shall have at least three committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board shall adopt a written charter for each committee outlining the purpose and responsibilities of the committee. Each committee shall report regularly to the Board summarizing the committee’s actions and any significant issues considered by the committee. Each committee shall, in accordance with its charter, determine the frequency and timing of its meetings. The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board. The following are the various board level committees:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee
- Sustainability Committee

Audit Committee

The Audit Committee of Alibaba Group Holding Limited, appointed the Board of Directors to assist in monitoring the integrity of the financial statements of the Company. The committee is also responsible for appointment of independent auditors’, conduct internal audit, check compliances and legal and regulatory requirements. The committee is also responsible for accounting and financial

reporting processes. The committee meets every quarter and all the members are mandated to attend the meetings. The Audit Committee shall review and approve all related party transactions. The responsibility of the committee is as follows:

- Financial Statement and Other Disclosure Matters
- Oversight of the Company’s Relationship with the Independent Auditors
- Pre-Approval of Audit and Non-Audit Services
- Oversight of the Company’s Internal Audit Function and internal Control and Process
- Compliance Oversight Responsibilities

Table 3.26: Alibaba Group-Audit Committee and Responsibilities

Members	Meeting held	Meeting Attended	Responsibility
Albert Kong PingNG (Chairman)	5	5	The audit committee oversees our accounting and financial reporting processes and the audits of financial statements
Wan Ling MAR-TELLO	5	5	
Weijian SHAN	5	5	

Nominating and Corporate Governance Committee

Nominating and Corporate Governance Committee is responsible for conducting a periodic review and assessment of succession policies for the CEO and other senior managers of the Company and shall recommend changes to the Board, as it deems appropriate. The Nominating and Corporate Governance Committee consider the mix of skills and experience that directors bring to the Board to assess the Board has the necessary skill, expertise and leadership experience. The committee recommends of the Compensation Committee, the remuneration to be paid to non-employee directors for their services as directors.

Table-3.27: Nominating and Corporate Governance Committee and Responsibilities

Members	Meeting held	Meeting Attended	Responsibility
Joe Tsai	5	5	<ul style="list-style-type: none"> • determining the proportion of annual cash
Chee Hwa Tung	5	5	

Members	Meeting held	Meeting Attended	Responsibility
Jerry Yang	5	5	bonus pool allocated and payable <ul style="list-style-type: none"> • determining cash bonus payable to their executive officers and directors and members of the partnership committee; • reviewing, evaluating and, if necessary, revising company's overall compensation policies; • reviewing and evaluating the performance

Compensation Committee

The Compensation Committee provides assistance to the Board of Directors. The Committee consists of a minimum of three (3) members. The Committee complies with all applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The committee has held 5 meetings for the year.

Sustainability Committee

The Sustainability Committee provides assistance to the Board of Directors. The Committee carries out other responsibilities and duties delegated to it by the Board of Directors from time to time, consistent with the Company's Amended and Restated Articles of Association. Assist the Board of Directors in identifying and evaluating the Company's Environmental, Social and Governance ("ESG") opportunities and risks. Review and examine disclosure of material ESG goals and contents that enhance the Company's long-term value and corporate image. There are three members on the board of the company. The committees meet often and all members are mandated to attend.

Table-3.28: Alibaba group - Sustainability Committee and Responsibilities

Members	Meeting Held	Meeting Attended	Responsibility
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Members	Meeting Held	Meeting Attended	Responsibility
Jerry Yang	5	5	<ul style="list-style-type: none"> • assisting the board in identifying and evaluating the company's ESG opportunities and risks; • overseeing an evaluating the implementation and performance of ESG initiatives and projects; and • advising the board on ESG-related legal, regulatory and compliance developments and public policy trends.
Walter Kwauk,	5	5	
Joe Tsai	5	5	

Conclusions

The company's corporate governance structure is designed to ensure that the interests of its shareholders are protected, and that the company is operated in an efficient and transparent manner. The company is led by a Board of Directors, for overseeing the management of the company and making strategic decisions. The company also holds regular meetings with its shareholders, and the management team is available to answer questions and provide information to shareholders

South Africa

Introduction to CG in South Africa

The King Code for Corporate Governance, which was initially published in 1994 and has been revised and updated several times since then, serves as a guiding document for the corporate governance principles that are followed in South Africa. The code is referred to as a "comply or explain" code, which means that businesses are required to conform to its principles, but they are permitted to opt not to in some cases, as long as they provide a clear explanation of their reasons for doing so. The King Code can be broken down into six primary tenets.

The code also includes a number of specific recommendations and guidelines for shareholders and other stakeholders, as well as for the boards of directors and senior management of firms. It is anticipated of South African businesses that their boards of directors would be robust and independent, that they will conduct their operations in a transparent and accountable manner, and that they will engage with stakeholders in a responsible and responsive manner. The King Code is widely acknowledged as one of the most complete and forward-looking corporate governance rules in the world. As a result, numerous businesses in South Africa have implemented its concepts and recommendations as best practises in their operations.

South Africa's Current CG Policy

The King Code of Corporate Governance serves as the primary framework for the development of corporate governance (CG) policy in South Africa. As was mentioned earlier, the King Code is a “comply or explain” code. This means that companies are expected to adhere to its principles, but they can choose not to in certain circumstances, as long as they provide a clear explanation of their reasons for doing so in the event that they choose to do so.

In South Africa, the King Code of Corporate Governance is broken down into six primary principles, which are as follows:

- **Ethical leadership and corporate culture** This tenet places an emphasis on the significance of ethical leadership and the part that the board of directors plays in establishing the standards for ethical conduct that are expected throughout the organisation. In addition to that, it mandates the creation, distribution, and enforcement of a code of ethics, as well as the selection of an ethics officer.
- **Strategy, performance, and sustainability:** This principle requires the establishment of a strategy that is both clear and consistent, the establishing of performance targets, and the incorporation of sustainability considerations into the decision-making processes of the firm.
- **Relationships with Stakeholders:** This principle requires the development of efficient communication and reporting channels, as well as the active engagement of Stakeholders in the decision-making processes of the firm.
- **Governance structure and processes:** This principle requires the establishment of an efficient governance structure, the separation of the roles of the chairman and CEO, the appointment of independent non-executive directors, and the establishment of committees such as the audit committee and the social and ethics committee. Additionally, this principle calls for the appointment of non-executive directors who are not affiliated with the company.
- **Accountability and transparency:** This principle requires the establishment of reporting processes that are open and accountable, the hiring of an independent auditor, and the dissemination of information to shareholders and other stakeholders on a consistent and timely basis.
- **Remuneration:** This principle requires the provision of clear and transparent information on remuneration policies and practices, the inclusion of non-financial performance measures, and the alignment of executive remuneration with the performance of the company. In addition, this principle calls for the alignment of executive remuneration with the performance of the

company.

In addition to the King Code and South Africa's other laws and regulations, corporate governance is governed by the King Code. The Companies Act, the Securities Regulation Code, and the Financial Markets Act are some examples of these types of laws. These rules and regulations lay out the standards for the establishment, management, and operation of corporations. In addition, they define the rights and obligations of shareholders, directors, and any other stakeholders who may be involved. Companies can be formed, registered, managed, and dissolved according to the terms of the Companies Act of 2008, which was passed in 2008. In addition to this, it delineates the rights and obligations of shareholders, directors, and any other relevant stakeholders. In addition, the act mandates that businesses must have independent non-executive directors, as well as audit committees and social and ethics committees, in place within their organisations. Both the Securities Regulation Code and the Financial Markets Act contain provisions that aim to protect investors by regulating the trading of securities and imposing restrictions on the trading of securities. They lay out the conditions for the registration and regulation of trading platforms for securities, as well as the listing of securities on trading platforms. The Financial Sector Regulation Act (FSRA) is established as the regulatory authority for the financial markets by the Financial Markets Act, which also created the FSRA. In addition to these organisations, the following agencies are responsible for the regulatory procedures in listed companies:

- **JSE Listings Requirements:** These are the rules and guidelines that firms are required to follow in order for them to be listed on the Johannesburg Stock Exchange (JSE). They address a variety of topics associated with corporate governance, financial reporting, and other topics as well.
- **The Corporations Act** is the primary piece of legislation in South African law that governs the establishment of companies, as well as their management and eventual dissolution. In addition to this, it delineates the rights and obligations of shareholders, directors, and any other relevant stakeholders.
- **The Securities Regulation Code and the Financial Markets Act** are two laws that regulate the trading of securities and safeguard investors. Both of these laws can be found in the U.S. legal code. They lay out the conditions for the registration and regulation of trading platforms for securities, as well as the listing of securities on trading platforms.
- **The Financial Sector Regulation Act**, sometimes known as FSRA, is the law that establishes the regulating authority for South Africa's financial markets. The Financial Services Regulatory Authority (FSRA) is in charge of regulating the trading of securities, protecting investors, and ensuring that markets are both fair and transparent.

Listed Companies in South Africa

Companies in South Africa can become listed on the Johannesburg Stock Exchange if they have issued shares of stock and made them available for public trading on the exchange (JSE). According to market capitalization, the Johannesburg Stock Exchange (JSE) is the largest stock exchange in Africa and the nineteenth largest in the world. There is a wide variety of industries represented among South Africa's publicly traded corporations, including mining, financial services, retail, and healthcare. The following are examples of some of the most important publicly traded firms in South Africa: Anglo American, Sasol, Standard Bank, FirstRand, Naspers, and MTN Group. Listed companies are also subject to the Financial Sector Regulation Act (FSRA), which is the regulating body for the financial markets in South Africa. This act was enacted in order to ensure the integrity of the country's financial markets. The Financial Services Regulatory Authority (FSRA) is in charge of regulating the trading of securities, protecting investors, and ensuring that markets are both fair and transparent.

Role of Boards in South Africa

In South Africa, the role of boards of directors is to provide strategic direction and oversight for the company and to ensure that the company is managed in the best interests of its shareholders and other stakeholders. The King Code of Corporate Governance, which is the primary corporate governance code in South Africa, sets out specific guidelines for the roles and responsibilities of boards of directors. These include:

- Setting the company's strategic direction and goals
- Overseeing the management of the company and monitoring its performance
- Ensuring that the company is run in an ethical and sustainable manner
- Ensuring that the company is transparent and accountable to its shareholders and other stakeholders
- Appointing and removing senior management
- Approving the company's financial statements and other reports
- Establishing committees such as the audit committee and the social and ethics committee

Board Level Committees

Board-level committees are formed to assist the board of directors in fulfilling its responsibilities. These committees are typically made up of non-executive directors and are responsible for specific areas of the company's operations. The King Code of Corporate Governance, which is the primary corporate governance code in South Africa, sets out specific guidelines for the establishment and

operation of board-level committees. The King Code recommends that companies establish the following board-level committees:

- **Audit Committee:** The audit committee is responsible for overseeing the company's financial reporting and internal controls. It is responsible for ensuring that the company's financial statements are accurate, transparent, and compliant with accounting standards.
- **Social and Ethics Committee:** The social and ethics committee is responsible for ensuring that the company operates in an ethical and sustainable manner. It is responsible for monitoring the company's compliance with legal and regulatory requirements and for ensuring that the company's operations have a positive impact on society and the environment.
- **Remuneration Committee:** The remuneration committee is responsible for setting the company's executive pay policies and for approving the pay of senior executives.
- **Nomination Committee:** The nomination committee is responsible for identifying and recommending potential new directors to the board. It is also responsible for ensuring that the board has the necessary skills and diversity to effectively govern the company.
- **Risk Committee:** The risk committee is responsible for identifying, assessing, and managing the company's risks. It is responsible for ensuring that the company has adequate risk management processes in place and that the board is kept informed of the company's key risks.

In addition to the committees recommended by the King Code, companies may also establish other committees as needed, such as IT, Sustainability, or Health and Safety committees. These committees are responsible for specific areas of the company's operations, such as financial reporting, ethics, and remuneration. They play an important role in ensuring that the company is run in a transparent, accountable, and responsible manner.

Board of Directors attendance and Meeting

The attendance and meetings of boards of directors are governed by the King Code of Corporate Governance, the Companies Act, and the JSE Listings Requirements. These codes and regulations set out specific guidelines for the attendance and meetings of boards of directors.

The King Code Recommends that

- boards of directors meet at least six times per year,

- all directors attend at least 75% of meetings
- recommends that boards hold regular executive sessions
- only non-executive directors are present,
- to provide an opportunity for independent discussion and oversight
- at least one annual general meeting (AGM) per year
- to provide shareholders with notice of the AGM at least 21 days in advance

Best Companies with CG Practices South Africa

There are many companies in South Africa that have strong corporate governance (CG) practices, but it's worth noting that some companies may have better CG practices than others and it can be difficult to rank them. However, some companies that have been recognized for their strong CG practices include:

- **Sasol:** A leading energy and chemicals company, Sasol has been recognized for its strong governance structure, including its independent board of directors and the separation of the roles of the chairman and CEO.
- **Standard Bank:** The largest bank in Africa, Standard Bank has been recognized for its strong governance structure and its commitment to sustainability.
- **FirstRand:** One of the largest financial services companies in South Africa, FirstRand has been recognized for its strong governance structure, including its independent board of directors, and its commitment to sustainability.
- **Naspers:** A leading media and internet company, Naspers has been recognized for its strong governance structure and its commitment to sustainability.
- **MTN Group:** One of the largest telecommunications companies in Africa, MTN Group has been recognized for its strong governance structure and its commitment to sustainability.
- **Anglo American:** A leading mining company, Anglo American has been recognized for its strong governance structure and its commitment to sustainability.

Case Study on CG practices FirstRand

FirstRand Limited, also referred to as **FirstRand Group** is the holding company of **FirstRand Bank**, and is a financial services provider in South Africa. It is one of the financial services providers licensed by the Reserve Bank of South Africa, the national banking regulator. Listed on the JSE and the Namibian Stock Exchange, FirstRand Limited is one of the largest financial institutions in South Africa, and provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers. FirstRand is one of the largest financial services companies in

South Africa and has been recognized for its strong corporate governance (CG) practices. FirstRand is committed to the principles of the King Code of Corporate Governance and has established a governance framework that is designed to ensure that the company is managed in a transparent and accountable manner. The company's governance structure includes a board of directors, which is responsible for providing strategic direction and oversight, and a management team, which is responsible for the day-to-day management of the company. The company has a clear separation of the role of the chairman and CEO, and a majority of the board members are independent non-executive directors. The company also has established committees such as the audit committee, the remuneration committee, the nomination committee, and the risk committee to assist the board of directors in fulfilling its responsibilities. FirstRand also promotes transparency and accountability through regular reporting, including an annual report and a sustainability report. The company also has a code of conduct that sets out the ethical and legal standards that all employees and directors must adhere to.

FirstRand is committed to strong corporate governance practices, it has a clear governance framework, a separation of the role of the chairman and CEO, a majority of independent non-executive directors and established committees to assist the board of directors, it also promotes transparency and accountability through regular reporting, and has a code of conduct and a sustainability strategy aligned with the United Nations Sustainable Development Goals.

Table-3.29: FirstRand -Financial Performance Over Last 3 Years

Particulars	2021-22	2020-2021	2019-20
Earnings performance			
Normalised earnings per share (cents) – Basic	582.3	473.3	307.8
Attributable earnings – IFRS	32 761	26 743	17 021
Normalised net asset value	164 857	151 647	137 606
Net income after cost of capital	10 112	4 857	

Corporate Governance in FirstRand Bank

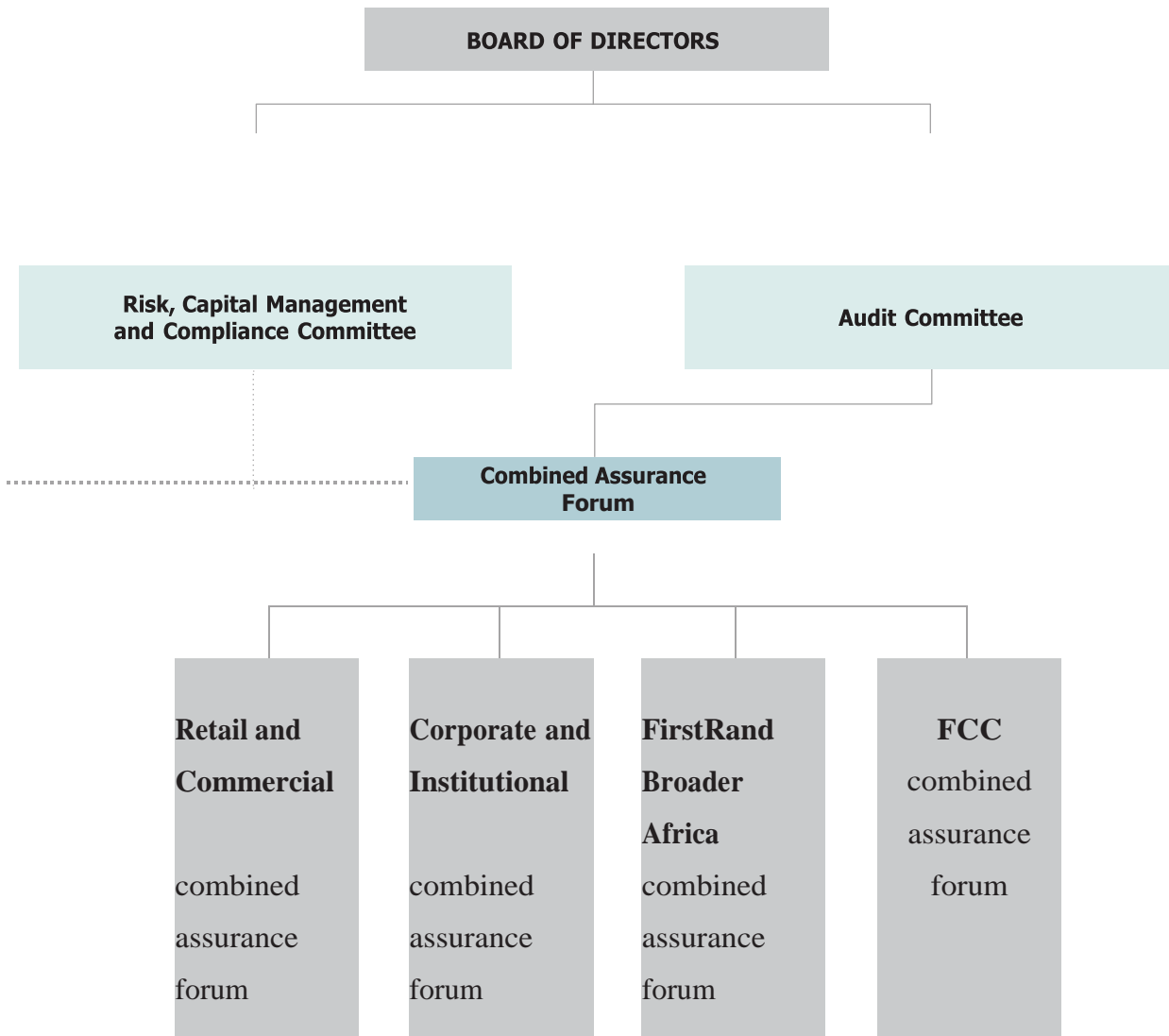
The board of FirstRand Limited (FirstRand or the group) is committed to the highest standards of corporate governance, integrity and ethics, which it views as essential to the group's success and to deliver on promises to stakeholders in a credible and transparent manner.

Board responsibilities include:

- steering and setting the group's strategic direction;

- enabling delivery of strategy through the approval of required policies, frameworks, budgets, plans, structures and procedures;
- providing oversight on strategy implementation;
- demonstrating accountability and transparency through appropriate disclosure.

Figure-3.5: FirstRand – Corporate Governance



FirstRand – Board of Directors

FirstRand has a unitary board chaired by an independent non-executive director. The board benefits from the directors’ extensive skills and expertise and has the appropriate mix of knowledge, diversity and independence to balance the interests of all stakeholders. As at 30 June 2022, the board comprised 13 members, including three executive directors and ten non-executive directors. Nine of the non-executive directors are classified as independent non-executive directors.

Board Diversity: The board recognizes that having a diverse and inclusive board promotes diversity of

thought, unique insights and perspectives, and enhances decision-making, benefiting all stakeholders. The board has a policy to promote diversity. The policy considers a broad range of diversity attributes, such as age, nationality, culture, race, gender, independence, industry knowledge, skills and expertise. The policy seeks to increase the board's female representation and improve race diversity and sets out voluntary targets (30% for female representation and 50% for race diversity).

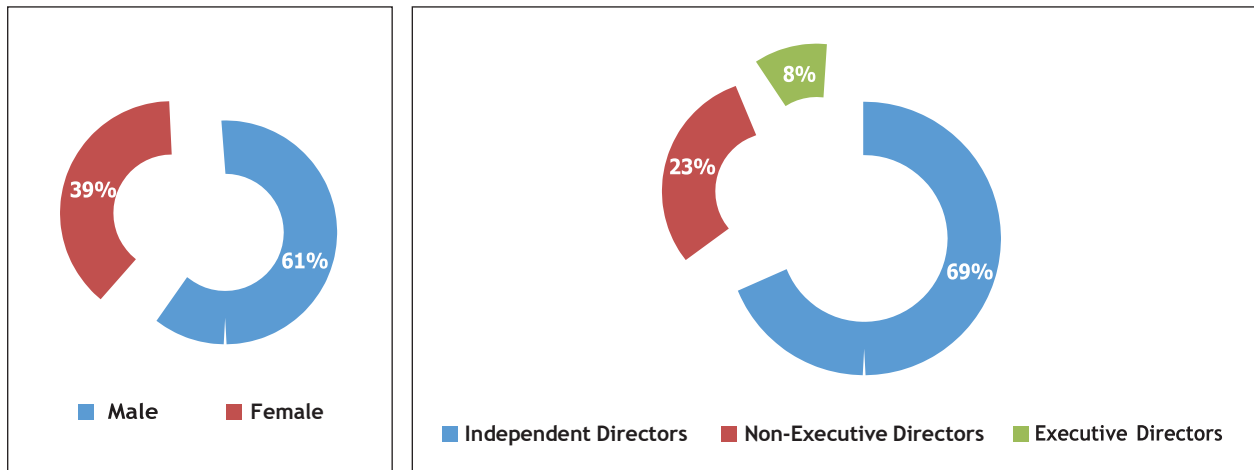


Figure-3.6: FirstRand -Gender Diversity and Composition of Board

Meetings During the Year

The board meets quarterly and, should an important matter arise between scheduled meetings, additional meetings are convened. During the year, board and committee meetings were conducted virtually and/or physically. Due to the group's sound and deeply embedded governance frameworks, principles and practices, the switch to remote meetings did not impact the effectiveness of board or committee oversight. The board and management collaborated effectively, ensuring continuity in effective governance and decision-making.

Board Committees

The FirstRand has the following committees:

- large exposures committee
- directors' affairs and governance committee
- risk, capital management and compliance committee
- IT risk and governance committee
- audit committee
- social, ethics and transformation committee
- remuneration committee

Large exposures committee: The large exposures committee (LEC) has been constituted in accordance with the requirements of Banks Act Directive 5/2008, section 73 of the Banks Act and Banks Act Regulations. The prime objective of the committee

is to assist the board in discharging its credit risk oversight responsibilities, specifically with regard to credit granting and credit risk management. The committee is required to have skills & experience in wholesale credit, corporate finance, and risk management to name a few. Average attendance was 81 percent.

Table-3.30: FirstRand - LEC Members, Meetings, Attendance, and Responsibility

Members	Meetings Total	Meetings Attended	Responsibility
RM Loubser* (chairman)	11	11	<ul style="list-style-type: none"> Assess transactions exceeding 10% of the group's qualifying capital and reserves in terms of section 73 of the Banks Act. Assess the making of investments in or the granting of credit to related parties, or writing off of any related-party exposure where the amount exceeds 1% of the group's qualifying capital and reserves, in terms of Regulation 24(9) of the Banks Act. credit activities relating to large exposures, as defined, are conducted within the risk strategy, policies and tolerances approved by the board.
LL von Zeuner*	11	11	
JP Burger**	11	11	
CEO#	11	9	
COO#	11	7	
Financial director#	11	8	
CRO	11	7	
Head: Wholesale Credit	11	8	
Group ERM credit executive	11	9	

Directors' affairs and governance committee: The directors' affairs and governance committee (DAG) oversees continual refinements in the group's corporate governance structures and processes, ensuring that arrangements for delegation within these structures promote independent judgement and assist with the balance of power and effective discharge of its duties. The committee is required to have skills & experience in Financial services, Corporate Governance, Public policy/ regulations & I.T to name a few. Directors' affairs and governance committee has conducted 5 meetings in the year and overall attendance of 100% was found.

Table 3.31: FirstRand - Directors' Affairs And Governance Committee -Meetings, Attendance, And Responsibility

Members	Total Meetings	Meetings Attended	Responsibility
TS Mashego	5	5	<ul style="list-style-type: none"> defines the group's corporate governance objectives ensures the group complies with all laws, regulations and codes of conduct and practice. establishes the parameters for corporate governance performance evaluations
WR Jardine	5	5	
JP Burger	5	5	
RM Loubser	5	5	
WR Jardine	5	5	
Z Roscherr	5	5	
GG Gelink	5	5	
T Winterboer	5	5	
F Knoetze	5	5	
SP Sibisi	5	5	
PD Naidoo	5	5	

Risk, Capital Management and Compliance Committee

The risk, capital management and compliance committee (RCCC) provides independent oversight of the group's risk, capital management and compliance activities. This includes ensuring an effective policy and plan for risk management have been implemented to improve FirstRand's ability to achieve its desired outcomes, and that risk disclosures are timely, sufficiently detailed and relevant to the group's stakeholders.

Table 3.32: FirstRand – Risk, Capital Management and Compliance Committee and Responsibilities

Members	Total Meetings	Meetings Attended	Responsibility
RM Loubser	4	4	<ul style="list-style-type: none"> Monitor the management and containment of risk exposures within the return and risk appetite framework and the group risk management framework. Monitor capital adequacy and ensure that a sound capital management process exists.
GG Gelink	4	4	
T Winterboer	4	4	
JP Burger	4	4	
LL von Zeuner	4	4	
Z Roscherr	4	4	
SP Sibis	4	4	

Audit Committee

The audit committee is the board subcommittee responsible for assisting the board in fulfilling its oversight responsibilities in areas such as internal and external audit functions, financial reporting, financial risk management, regulatory compliance and internal control systems. The committee is constituted as a statutory committee of FirstRand in respect of its duties in terms of section 94(7) of the Companies Act, 71 of 2008 and section 64 of the Banks Act of 1990.

Table 3.33: FirstRand-Audit Committee, Meetings and Responsibilities

Members	Total Meetings	Meetings Attended	Responsibility
GG Gelink (chairman)	5	5	<ul style="list-style-type: none"> Review the quality, independence and effectiveness of the statutory audit work performed by the group's external auditors. Monitor the extent of non-audit engagements provided by the group's external audit firms, in accordance with approved internal policies and limits.
LL von Zeuner	5	5	
RM Loubser	5	5	
T Winterboer	5	5	
GG Gelink (chairman)	5	5	
LL von Zeuner	5	5	

Conclusion

FirstRand is a South African financial services company that operates in various segments of the financial services industry, including banking, insurance, and asset management. The company is committed to maintaining the highest standards of ethical conduct and transparency in its business practices. The company also has a dedicated corporate governance team that oversees compliance with regulatory requirements and best practices. The company's board of directors is responsible for overseeing the management of the company and is made up of independent non-executive directors, as well as executive directors.

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CORPORATE GOVERNANCE IN BRICS:A COMPARATIVE ANALYSIS

Introduction

Corporate Governance has been involved in the management process, which ensured the highest standards of integrity and ethical behavior in addition to ensuring transparency and consistency in all their action. Adoption of good governance practices, companies can take appropriate decisions for the benefit of owners, i.e., shareholders and other stakeholder also. It is the comprehensive regulation of activities of an organization. The structure of governance assures to include the board of director, top management, shareholders, creditor and other. Corporate Governance involves setting up objectives of the company and thereafter, provides the framework to achieve the same by analyzing performance time to time. To reach the set objective, Corporate Governance set the priorities and provides a plan of utilizing all resources including employees in an optimum manner, building organizational capabilities and compensation management of employees. Corporate governance outlines the crucial aspect of establishing adequate process. A Corporation can motivate their each stakeholder to work harder in reaching common goals by following Corporate Governance practices and sharing results and demonstrating benefits to them.

Corporate Governance Codes and Principals by Global agencies

World Bank Perspective

The World Bank has been aiding the BRICS countries in their attempts to strengthen their corporate governance standards by providing them with training and technical assistance on a range of themes relating to corporate governance. Some of these topics include the composition and effectiveness of boards of directors, auditing and financial reporting, shareholder rights and protections, and many more. The World Bank has also been working with the countries that make up the BRICS group to strengthen the transparency and accountability of state-owned companies. State-owned companies play a significant role in the economies of many of these countries, so the World Bank has been working with these countries to improve these aspects of state-owned businesses. The World Bank is making a contribution to the advancement of good corporate governance in BRICS countries through the finance and technical support programmes that it is doing. The World Bank provides funding for programmes that seek to develop the capacity of governmental institutions to enforce laws and regulations, as well as programmes that serve to improve the legal and regulatory framework for business and investment. The World Bank offers financial assistance to both of these categories of

programmes. In addition, the World Bank provides assistance in the establishment of financial markets. This assistance can contribute to an increase in the total amount of capital that is made available to businesses, as well as to the promotion of openness and responsibility in the conduct of financial transactions.

There is a possibility that some BRICS countries have highly developed legal and regulatory frameworks for corporate governance, but that other BRICS countries have significant problems. It's possible that cultural and historical factors have played a role in shaping corporate governance standards in these countries.

IMF Perspective

The International Monetary Fund (IMF) promotes good corporate governance practises as a part of its mission to promote global monetary cooperation and fiscal stability. This aim is to be accomplished in part by encouraging solid corporate governance practises. The International Monetary Fund (IMF) proposes that its members create and put into practice stringent corporate governance practices in order to promote economic efficiency and stability. The International Monetary Fund's (IMF) corporate governance structure is built on the following concepts, which serve as its foundation:

- Companies have a responsibility to their shareholders and other stakeholders to publish information that is both accurate and up-to-date in order to facilitate the making of choices that are in the shareholders' and other stakeholders' best interests.
- Companies have a responsibility to treat their shareholders and any other relevant stakeholders in a fair and equitable manner. • Organizations need to be held accountable to their shareholders and any other relevant stakeholders when it comes to both their actions and their choices.
- Responsibility: It is essential for companies to acknowledge and accept responsibility for their actions and decisions, and to conduct themselves in a manner that is both in the best interest of their shareholders and of any other stakeholders they may have.
- Efficiency: for the sake of maximising value for shareholders and other stakeholders, companies have an obligation to guarantee that their company operations and management are carried out in an effective manner. The International Monetary Fund (IMF) encourages its member countries to create and put into effect legal and regulatory frameworks that are supportive of the aforementioned principles.
- It does this by offering member countries access to a variety of different types of technical assistance, all with the goal of helping those nations better their corporate governance procedures

and improve the operation of their financial markets.

There is a large amount of variation between countries in both the acceptance and execution of principles governing corporate governance, and cultural and historical variables can also play a role in the formation of corporate governance practises. The Organization for Economic Cooperation and Development (OECD), as part of its duty to foster economic growth and development, also encourages good corporate governance norms in BRICS countries. These countries include Brazil, Russia, India, China, and South Africa. The Organization for Economic Cooperation and Development (OECD) has developed a set of principles for the governance of corporations, and these principles centre on the following areas:

- The rights of shareholders in addition to the fundamental responsibilities of ownership
- Disclosure and openness to the public, the role that stakeholders play in corporate governance, the responsibilities that fall on the shoulders of the board of directors, and the obligations that are placed on the backs of institutional investors are some of the topics that will be discussed.

Organization for Economic Cooperation and Development (OECD) Perspective

The Organization for Economic Cooperation and Development (OECD) encourages the countries that make up the BRICS group to adopt and implement these principles, as well as to construct legal and regulatory frameworks that are supportive of these goals. The organization provides BRICS countries with training as well as technical help in order to assist those nations in improving the efficiency of their financial markets as well as the procedures for corporate governance that are in place within their various nations. The Organization for Economic Cooperation and Development (OECD) has provided the countries that make up the BRICS group with recommendations for how to improve the governance and performance of state-owned firms, which play a large role in many of these economies. The World Bank and the International Monetary Fund, the adoption and execution of corporate governance principles can vary greatly among the nations that make up the BRICS, and cultural and historical variables can also play a role in the formation of corporate governance standards.

CG Practices in BRICS: Comparative Analysis

The various legislative and regulatory rules of corporate governance in BRICS countries are outlined in Table 4.1 below. In the case of Russia, the primary source of civil law for the Russian Federation is the Civil Code of the Russian Federation. [Civil Code of the Russian Federation] [Civil Code of the Russian Federation] The Civil Code of the Russian Federation went into effect in four distinct segments during the course of its history. The first portion, which was passed by the State Duma in 1994 and went into effect the following year, deals with general rules. These laws include, among other things,

defining sources and naming legal bodies untries are outlined in Table 4.1 below. In the case of Russia, the primary source of civil law for the Russian Federation is the CivilCode of the Russian Federation. [Civil Code of the Russian Federation] [Civil Code of the Russian Federation] The Civil Code of the Russian Federation went into effect in four distinct segments during the course of its history. The first portion, which was passed by the State Duma in 1994 and went into effect the following year, deals with general rules. These laws include, among other things, defining sources and naming legal bodies. The second section, which addresses the law of obligations, became operational in 1996. In 2002, the third and last section of the law, known as the succession law, went into effect. The document contains a number of fundamental tenets, including the following: the inviolability of private property; freedom of contract; freedom to exercise civil rights; inviolability of private property; equality of all participants as guaranteed by civil law; inviolability of private property; The intellectual property provisions of the fourth section, which were given official legislative approval on December 18, 2006, went into effect on January 1, 2008. It wasn't until Part IV that the world's intellectual property laws were finally written down and codified in their entirety for the first time.

The Indian Companies Act 2013 is a piece of legislation that was passed in 2013 and is a piece of legislation that controls the incorporation of companies, the obligations of companies, directors, and the dissolution of companies. New ideas that enable increased disclosure and accountability, improved board governance, improved business facilitation, and so on were included in the Companies Act of 2013, which led to their introduction. It encompasses associate companies, one-person companies, small companies, dormant companies, independent directors, women directors, resident directors, special courts, secretarial standards, secretarial audits, class actions, registered values, rotating auditors, vigil mechanisms, corporate social responsibility, electronic voting, and a variety of other topics.

On December 29, 1993, the National People's Congress of the People's Republic of China ratified what is now known as the Company Law of the People's Republic of China. This law was officially put into effect on July 1, 1994. 2018 marked the beginning of implementation of the law in its most recent iteration. Corporations with limited liability and companies with joint stock are both subject to legal regulation. Brazil has the Corporation Act 2020, which is the latest act that tries to ensure that the listed companies are regulated.

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Table-4.1 Legislative and Regulatory rules of Corporate Governance in BRICS Countries

Jurisdiction	Company Law		Securities Law		Other Relevant Regulations on Corporate Governance
Brazil	Corporation Act	2020	Securities Act	2017	Rules, Instructions, Resolutions (CVM)
Russia	The Civil Code of the Russian Federation	2016	Federal Law “On securities market” No. 39-FZ of 22.04.1996 (Securities Law)	2018	Bank of Russia Regulations, Listing Rules
	Federal Law “On Joint-Stock Companies” No. 208-FZ of 26.12.1995 (JSC Law)	2018			
India	Companies Act 2013	2020	Securities and Exchange Board of India Act	2020	SEBI (Listing Obligations and Disclosure requirements) regulation, 2015
			Securities Contract (Regulation) Act	1956, 2020	
China	The Company Law of the People’s Republic of China	2018	Securities Law of the People’s Republic of China	2019	Code of Corporate Governance for Listed Companies in China; Regulations (CSRC)
South Africa	Companies Act	2011	Financial Markets Act	2012	

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

The majority of Brazilian companies were owned and operated by families throughout the 1950s and

1960s, with the main shareholders also serving in executive director roles. The privatisations that took place in the 1990s brought attention to the urgent requirement for the implementation of sound CG practices. In Brazil, the regulations that govern CG practices come from a combination of public and private institutions. Public institutions include legislative bodies, the Brazilian Securities and Exchange Commission (CVM), and the Brazilian Central Bank (BACEN), while private institutions include the BM & F Bovespa stock exchange, CG institutes and similar associations, investors, and business groups. The IBGC code is broken up into six different sections, which are respectively titled “ownership,” “board of directors,” “management,” “independent auditors,” “board of supervisors,” and “ethical conduct and conflicts of interest.” The first five sections of the CG system each detail the procedures and standards that should be followed in their respective areas. The final part of this chapter discusses unethical actions and behaviors, as well as policies and recommendations for preventing conflicts of interest and improper use of organisational assets and information. The reforms that took place in India between 1990 and 2004 brought about significant changes to the corporate governance system. Since the liberalization of the Indian economy in 1992, significant shifts have taken place in the laws and regulations that have been enacted, leading to improvements in the business sector as well as the formation of corporate governance. The establishment of the Securities and Exchange Board of India, often known as SEBI, was almost certainly the single most essential factor in terms of ensuring the protection of shareholders and other investors. There are currently six different procedures in place in India to maintain proper corporate governance. The recently enacted Companies Act of 2013 and the proactive measures taken by SEBI paint an optimistic picture for the future of corporate governance in India.

From 2006 till the present day, there has been ongoing growth of Chinese corporate governance, which includes the passing of regulations with the intention of lessening the power imbalance that exists between state shareholders and private shareholders. However, despite the fact that the legal system in China is similar to that of the codified law group, the judicial branch is not independent and is heavily influenced by administrative interventions. This is the case even though the legal system in China is similar to that of the codified law group. Early on in the year 2002, the China Securities Regulatory Commission (CSRC) and the National Economic and Trade Commission worked together to publish the Code of Corporate Governance of Listed Companies. The first edition of the Chinese CG code included a total of 95 articles and 8 chapters, which were further subdivided into 19 parts. The second version, published in 2004, contains 78 articles and 8 chapters that are organised into 6 divisions. The code addresses matters such as shareholders’ rights, shareholder meetings, the connection between public companies and shareholders, boards of directors and the members of those

boards, and boards of auditors and the members of those boards.

The primary components of regulatory frameworks and the codes of corporate governance in BRICS countries are outlined in Table-4.2 below. Companies are provided with information regarding the governance framework by the Brazil Corporate Governance Code, the Russian Corporate Governance Code, and the King Code of South Africa – Listed Companies. On the other hand, China and India obligate companies to comply with the regulation, and all listed enterprises are subject to the oversight of the respective stock exchanges.

Table 4.2: Main elements of the regulatory framework: Codes and principle

Jurisdiction	Key National Corporate Governance Codes and Principles	Implementation Mechanism			
		Basis for Framework	Approach	Disclosure in Annual Company Report	Surveillance
Brazil	Brazil Corporate Governance Code – Listed Companies	Law or regulation	Comply or explain	Required	Securities regulator & Stock exchange
Russia	Corporate Governance Code	Law or regulation, Listing rule ¹¹	Comply or explain	Required	Securities regulator & Stock exchange
India	SEBI (Listing Obligations and Disclosure Requirement) regulations, 2015	Law or regulation	Binding	Required	Securities regulator & Stock exchange
China	The Code of Corporate Governance for listed companies in China 2018	Law or regulation, Listing rule	Binding	Required	Securities regulator & Stock exchange
South Africa	King Code for Listed Companies	Listing rule	Comply or explain	Required	Stock exchange

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

The Brazilian Institute of Corporate Governance (IBGC), which operates on a not-for-profit basis, is the primary location in Brazil for the research and development of the most effective methods of corporate governance. The General Meeting, Board of Directors (BD), Officers, Superintendence's, and supporting groups such as through the Board Committees, Regional Chapter coordinating committees and commissions are all parts of the IBGC governance system. IBGC is responsible for organising professional events such as seminars, lectures, forums, conferences, and training courses and events

for networking, as well as publishing books and doing research. There are public and non-public corporations in Russia that are active in certain highly regulated areas of the country's economy. Russian regulators are largely responsible for carrying out the legal requirements of sector-specific legislation. The Russian Central Bank, also known as the CBR, is the most important regulator. It is in charge of the regime governing listed companies and is generally responsible for the prudential regulation and supervision of Russia's financial services industry, which is constrained by industry-specific legislation. This piece of legislation specifies management qualification and reputation requirements, liquidity and financial stability standards, risk management and compliance procedures, and in some instances, specific requirements relating to the structure of the governing bodies of the companies that are being regulated. The Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India make up India's organisational framework for efforts related to corporate governance (SEBI). Through the standards of the LODR, SEBI is tasked with overseeing and regulating the corporate governance of India's listed firms. It is mandatory for companies that are listed on a stock market to adhere to the clause's provisions because it is part of the listing agreement that stock exchanges have with corporations and it is included in the agreement.

In the case of the China Securities Regulatory Commission (CSRC), which is a ministerial-level public institution directly under the State Council, it carries out a unified regulatory function, in accordance with the pertinent laws and regulations, and with the authority by the State Council, over the securities and futures market of China. This helps to maintain an orderly securities and futures market order, and it also ensures that the capital market operates in a legal manner. The China Securities Regulatory Commission (CSRC) completed a revision of its Guidelines for Corporate Governance of Listed Companies in 2018. This revision was published in 2018, and it establishes the framework for the disclosure of information regarding environmental, social, and governance (ESG). Table 4.3 illustrates who is responsible for maintaining the national codes of the BRICS countries.

Table 4.3: The Custodians of National Codes and Principles

Jurisdiction	Custodian		First Code	Latest
	Institution / National Body	(Public / Private /Stock Exchange / Mixed Initiative)		
Brazil	Brazilian Institute of Corporate Governance (IBCG)	Private	2016	2016
Russia	The Central Bank of the Russian Federation	Public	2002	2014
India	Securities and Exchange Board of India	Public	2000	2020
China	China Securities Regulatory Commission	Public	2002	2018
South Africa	Institute of Directors	Private	1994	2016

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

Russia and China are the countries that are currently publishing their national reports on corporations. India has recently released a corporate governance index for all of its publicly traded corporations. The numerous authorities that oversee corporate governance are broken down here in Table 4.4. Because all publicly traded companies are legally required to follow the provisions of the CG, regulatory bodies face significant challenges. The Brazilian Securities and Exchange Commission (CVM) has jurisdiction over all publicly traded companies and their respective managers. This applies to all publicly held firms. Managers can be held accountable for administrative penalties in the event that the Corporations Act or CVM regulations are violated in any way. The regulatory framework for corporate governance in India is made up of statutes and regulations, which require the supervision of various regulators:

- Ministry of Corporate Affairs (MCA) and the Registrar of Companies (Registrar) manage the Firms Act 2013 and the applicable rules that apply to all companies, including listed companies;
- Sector-specific regulation also applies, and this can have a substantial impact on the governance regime.

The Companies Act of 2013 is the most important piece of legislation in India in terms of the corporate governance framework. The Securities and Exchange Board of India (SEBI) is a regulatory body that is in charge of keeping an eye on and regulating the corporate governance of listed

companies in India. This is done through SEBI’s LODR, which is part of the listing agreements between stock exchanges and companies. In 2002, the China Securities Regulatory Commission issued a Code of Corporate Governance for Listed Companies in to encourage efficient and comprehensive governance for listed-companies in Mainland China. This was done in order to fulfil the goals of the commission. In the People’s Republic of China, the main regulatory bodies that oversee the corporate governance of publicly traded companies are the China Securities Regulatory Commission (CSRC) and the stock exchanges. However, the following government agencies are responsible for the enforcement of corporate governance rules and requirements within their own respective authorities:

- The Department of Finance and Treasury (MOF). The Ministry of Finance (MOF) is a department of the State Council that is in charge of the formulation, oversight, and execution of the various accounting laws and regulations that are relevant.
- State-owned Assets, Supervision and Administration Commission (SASAC). The State Administration of State-Owned Assets and Corporations (SASAC) is the government agency that is in charge of the supervision and administration of state-owned shares, assets, and investments. This includes performing the shareholder’s responsibilities in accordance with the Company Law and other laws and administrative regulations in accordance with the requirements of the State Council.

Since its founding in South Africa in 2008, the Companies and Intellectual Property Commission (CIPC) has served as the primary agency in charge of company registration and the monitoring of domestic business entities’ compliance with the Company and Intellectual Property Law. On April 1, 2018, the Financial Services Board (FSB) was replaced by the Financial Sector Conduct Body (FSCA), which was established by the Financial Sector Regulation Act 9 of 2017 (the FSR Act). The FSCA is a dedicated market conduct authority that will take the place of the FSB. The Financial Services Consumer Protection Act (FSCA) has as its primary objectives the improvement and maintenance of the effectiveness and integrity of the financial markets; the protection of customers of financial institutions through the encouragement of fair treatment by those institutions; and the provision of financial education to customers of financial institutions. The Financial Stability and Consumer Act will be of additional assistance in this regard.

Table-4.4: The Main Public Regulators of Corporate Governance

Jurisdiction	Main Public Regulators
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Jurisdiction	Main Public Regulators	
Brazil	CVM	Securities and Exchange Commission of Brazil
Russia	FSFM	Federal Service for Financial Markets
India	SEBI	Securities and Exchange Board of India
	MCA ³	Ministry of Corporate Affairs
China	CSRC	China Securities Regulatory Commission
	SASAC	State-owned Assets Supervision and Administration Commission
	MOF	Ministry of Finance of the People`s Republic of China
South Africa	CIPC ⁵	Companies and Intellectual Property Commission
	FSCA	Financial Sector Conduct Authority

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

Table-4.5 provides an in-depth look at the money and budgets that are allocated to the various regulatory agencies. After the passing of laws in the majority of countries, the regulatory agencies receive financing from their respective governments. While in the cases of Russia and India, the funding is collected by the regulators themselves without any involvement from the government.

Table-4.5: Budget and Funding of the Main Public Regulator of Corporate Governance

Jurisdiction	Key Regulators	Form of Funding	Main Funding Resource		Budget Approval by	
			National Budget (NB)	Fees from Regulated Entities	Government	Legislature
Brazil	CVM	Public	Yes	-	Required	Required
Russia	CBR	Self	-	(to NB)	Not required	Not required
India	SEBI	Self	-	Yes	Not required	Not required
	MCA	Public	Yes	-		
China	CSRC	Public	Yes	-	Required	-
South Africa	CIPC	Public & Self	Yes	Yes	Required	Required

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

The CVM Board is made up of a Chairman and four Commissioners, all of whom were chosen by

the President of Brazil and required to receive approval from the Senate. Everyone involved needs to have a solid track record in the securities industry as well as a positive reputation. In case of India, the organisational structure of SEBI is comprised of the following nine members:

- The Union Government of India will select a chairperson for the organisation.
- The officers of the Union Finance Ministry make up two of the members.
- One participant from the RBI.
- Five additional members, all of whom are selected by the Indian Union Government.

The organisation of the Ministry is structured into three tiers: the Secretariat, which is located in New Delhi; the Regional Directorates, which are located in Mumbai, Kolkata, Chennai, and Kanpur; and the office of Registrars of Companies in State and Union Territories, as well as Official Liquidators, which are attached to the High Courts that are in operation throughout the country.

Beijing is home to the China Securities Regulatory Commission, which has one chairman, four vice chairmen, one secretary of the Disciplinary Inspection Commission (on the level of vice minister), and three aides to the chairman on staff. The CSRC is comprised of three centres, one inspection division, and one hundred eighteen functional departments.

Table-4.6: Size and Composition of the Governing Body / Head of the Main Public Regulator of Corporate Governance

Jurisdiction	Key Regulators	Governing Body/Head	Composition				
			Members incl. Chair (current)	Representatives from Specific Bodies			
				Government	Central Bank	Others Public	Others Private
Brazil	CVM	Board of Commissioners	5	-	-	-	-
Russia	CBR	Board of Directors	15	-	-	-	-
India	SEBI	The Board	9	•	•	•	-
	MCA	The Minister	-	-	-	-	-
China	CSRC	Commission	6	•	-	-	-
South Africa	CIPC	Commissioner	-	•	-	-	-
	FSCA	Commissioner	-	•	-	-	-

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

The CVM Board is made up of a Chairman and four Commissioners, all of whom were chosen by the President of Brazil and required to receive approval from the Senate. Everyone involved needs to

have a solid track record in the securities industry as well as a positive reputation. The tenure of office for board members is staggered over a span of five years, with one term expiring every year. The Board of Directors of the Bank of Russia is the collegiate executive body of the Bank of Russia. It is composed of the Governor of the Bank of Russia as well as 14 Board members who work full-time for the Bank of Russia. Appointments to the Board of Directors are made by the State Duma for terms of five years each, on the recommendation of the Governor of the Bank of Russia, and with the approval of the President of the Russian Federation. There are nine people involved in the organisational structure of SEBI. The Union Government of India is in charge of selecting the chairman.

- The officers of the Union Finance Ministry make up two of the members.
- One participant from the RBI.
- Five additional members, all of whom are selected by the Indian Union Government.
- The term of members is anywhere from three to five years, and they are eligible for reappointment after completing their initial term. It is not necessary for the appointment to receive the prior permission of the legislature.

Beijing is home to the China Securities Regulatory Commission, which has one chairman, four vice chairmen, one secretary of the Disciplinary Inspection Commission (on the level of vice minister), and three aides to the chairman on staff. They serve for a period of five years and are appointed by the State Council, which makes the appointment. It is not necessary for the appointment to receive the prior permission of the legislature. The members of the CIPC commission are appointed by the Ministry for a period of five years, and there is a provision for re-appointment following the term of their appointment. It is not necessary for the appointment to receive the prior permission of the legislature.

The term of office for the FSCA Commissioner is five years, and the Ministry is responsible for making the nomination. It is not necessary for the appointment to receive the prior permission of the legislature. The terms of office held by the members of the regulatory agencies are detailed in Table-4.7, along with their appointments. It is clear that the majority of boards have a five-year appointment term requirement for positions.

Table-4.7: Terms of Office and Appointment of the Governing Body /Head of the Main Public Regulator of Corporate Governance

Jurisdiction	Key Regulators	Ruling Body in Charge of Corporate Governance	Term of Members (In Years)	Re-Appointment	Nomination or Appointment By:	Approval By Legislature
Brazil	CVM	Board of Commissioners	5	Not allowed	President	Required
Russia	CBR	Board of Directors	5	Allowed	Chair: Nominated by the President and appointed by the State Duma of the Federal Assembly of the Russian Federation	Required
					Members of BoD: Nominated by the Chair with the agreement of the President and appointed by the State Duma of the Federal Assembly of the Russian Federation	Required
India	SEBI	The Board	3-5	Allowed	Central Government	Not required
	MCA	The Minister	-	-	-	-
China	CSRC	Commission	5	Allowed	The State Council	Not required
South Africa	CIPC	Commission	5	Allowed	Minister	Not required
	FSCA	Commissioner	5	Allowed	Minister	Not required

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

The Corporate Statutes Listed firms in China are required to use a two-tier board system structure, which consists of both a board of directors and a supervisory board. The board of directors is responsible for managing the company, while the supervisory board is responsible for monitoring the management. Nevertheless, there is no hierarchical connection between the two boards, which means that they operate independently of one another. According to our findings, the average percentage of female directors and female SB members on the BoD and the SB is ten percent and twenty two percent, respectively. The shareholders of the corporation are the ones who choose members for both of these boards. In Russia, businesses are required to have a supervisory board with at least five members; if they have more than one thousand shareholders with voting rights, the board must have at least seven directors; if they have more than ten thousand shareholders with voting rights, the board must have at

least nine directors. Companies based in South Africa use a two-tiered board system that is comprised of a supervisory board made up of non-executive directors who are responsible for the general oversight of the company, and a Management Board made up of Executive directors who are responsible for the management of the company. Both boards report to the shareholders. The Chief Executive Officer (CEO) is the person in control of the Management Board and reports to the Chairman of the Supervisory Board. The various types of board structures that are utilised by BRICS enterprises are outlined in Table 4.8. Tables 4.8 A and 4.8 B contain in-depth information on the many types of boards that are used in each country as well as their specific architecture.

Table-4.8: Basic Board Structure: Classification of Jurisdictions

One-tier System (22)	Two-tier System (11)	Optional for One-tier and Two-tier System (14 + EU)	Multiple Option with Hybrid System (3)
India	China Russia South Africa ³	Brazil	

Table-4.8 A: One-Tier Board Structures in Selected Jurisdictions

Jurisdiction	Description of Board Structure
India	The board of directors is required to lay down a code of conduct for all members of the board and senior management of the listed entity, incorporating the duties of independent directors
South Africa	<ul style="list-style-type: none"> King IV Code on Corporate Governance for listed companies distinguishes between governing body and management. Principle 7 of the Code provides for the Chief Executive Officer and at least one executive to be appointed to the governing body for interaction with management. The other executive can be the Chief Financial Officer (CFO).

Table-4.8B: Two-Tier Board Structures in Selected Jurisdictions

Jurisdiction	Description of Board Structure
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Jurisdiction	Description of Board Structure
Brazil	<ul style="list-style-type: none"> • Brazilian Corporate Law prevents administrators and employees (and their close relatives) of the company, or of a company in the same group, to be appointed to the Fiscal Council. • Members of the Fiscal Council have the power to act individually, despite the collective nature of the body.
China	<p>The supervisory board is comprised of shareholder representatives and employee representatives, employee representative's account for at least one-third of the supervisory board. It is a permanent supervisory body and exercises its supervisory power over the board of directors, management and the whole company independently. Independent directors and the supervisory board both act as a company's internal supervision mechanisms.</p>
Russia	<p>Supervisory body</p> <p>All public joint stock companies are required to have a supervisory board with no less than five members.</p> <p>The Supervisory board of a company shall perform the strategic management of the company, except for resolving matters that fall within the competence of the general meeting of shareholders.</p> <p>Management body</p> <p>All joint stock companies are required to have a sole executive body (general director, CEO) and may also have a collective executive body (management board, directorate)</p>

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

While the minimum number of directors on the board of a public company in India is three, the number of directors on the board of the top 2000 listed entities in terms of market capitalization must be at least six. In other words, the minimum number of directors on the board of a public company in India is three. In addition, a special resolution passed at the annual meeting of shareholders has the ability to raise the maximum number of directors from 15 to a higher number. In Russia, the number of members that make up the supervisory board must always be at least five. The minimum number of directors required for corporations with more than one thousand voting shareholders is seven, whereas the minimum number of directors required for corporations with more than ten thousand voting shareholders is nine. The appointment of the company's management board and the early termination of its powers shall take place by a resolution of the shareholders' general meeting, unless the charter of the company reserves these matters to the competence of the supervisory board in

which case the resolution will take place at the shareholders' general meeting.

In Brazil, the minimum number of supervisory directors that should serve on tier 1 and tier 2 boards is three. There is no maximum requirement for tier 1 boards, while the maximum number of supervisory directors that should serve on tier 2 boards is five. In a board of tier 1, the directors can be appointed for terms that are no longer than three years. There should be a minimum of three members in the management board for tier 2 boards, with a maximum of three years for each member's term in office. In China, the supervisory board of directors must include a minimum of three members, each of whom may serve for a term of no more than three years from the time they are appointed. whereas the management board of directors should have at least three and no more than nineteen members, and their terms should not be more than three years, There is a rule in place in South Africa that states there must be a minimum of three members in the supervisory board of directors, but there is no maximum number of supervisory directors that can serve. In addition to this, there is no predetermined length of time for the company's operations. On the other hand, in the case of the management board, the directors serve terms of three years, but there are no requirements for the minimum or maximum number of directors in the management board. The numbers of directors serving on the boards of publicly traded firms as well as their average length of service are broken down in Table-4.9.

Table-4.9: Board Size and Director's Tenure for Listed Companies

Jurisdiction	Tier(s)	Board of Directors (Supervisory Board for 2-tier Board)			Management board (two-tier system)			
		Size		Appointment	Size		Appointment	
		Minimum	Maximum	Maximum term years	Minimum	Maximum	Maximum term years	By
Brazil	1	3	-	3(2)				
	2	3	5	-	3	-	3[2]	GSM
Russia10	2	5,7,9	-	1	5		-	SB/ GSM
India4	1	3/6	15	3 to 5				
China	2	3		3	5	19	3	GSM
South Africa	2	3	-	-	-	-	3	GSM

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

In Brazil, federal state-owned companies with at least 200 employees (including listed SOEs) are required to have one employee representative on the board of directors. This requirement applies to

listed SOEs as well. There is no upper limit on the number of employees that can serve on a board in Russia; however, members of the management board of a firm cannot constitute more than one-fourth of the members serving on the supervisory board of that company. There is neither a minimum nor a maximum requirement placed on the number of employees who should serve on a board of directors in India. It is required in China for tier 2 boards to have at least one third of the total number of workers working for the organisation represented on the board of directors. In South Africa, there is neither a minimum nor a maximum limit placed on the number of employees who are permitted to serve on the board of directors for either tier 1 or tier 2 boards.

The Audit Committee, the Nomination Committee, and the Remuneration Committee are the three important committees that are present in each of the BRICS nations. These committees are responsible for determining how much compensation should be given to members of the board of directors. The regulatory code and the corporate governance code both provide guidelines for the establishment of the committees in accordance with their respective requirements. On the board, there are more than half as many seats reserved for members as there are independent directors who serve in those positions. Table 4.10 contains the data and information pertaining to the committees, as well as the percentage of IDs and any other pertinent information. In Brazil, the Audit Committee is not required, but its presence, along with compliance with CVM rule, allows businesses to change out their independent auditors once every ten years rather than once every five years. This is because the presence of the Audit Committee demonstrates that the company is serious about maintaining its financial integrity. In addition, the CVM statute and the Corporate Governance Code for Listed Companies both recommend that the Audit Committee need to include a majority of members who are in no way associated with the company in any way, shape, or form. At least one-third of this committee must be made up of people who are not employed by the company in order to comply with the criteria for listing on Novo Mercado. Those regulations may be found in the following sentence. Audit committees will be required of all publicly traded joint-stock companies in Russia beginning on July 1st, 2020. This requirement will take effect in the year 2020. It is mandatory for businesses to have nomination and remuneration committees in place if they want to be listed. Companies that are included on the first tier of the quotation list are subject to regulations and listing rules that stipulate that the audit committee, the remuneration committee, and the nomination committee must all be made up entirely of independent directors. This requirement is only applicable to companies that are on the first tier of the quotation list. In addition to this, the majority of the members of the nominating committee have to be directors who are not employed by the company. Solely businesses that are listed on the second-tier quotation list are required to have independent directors serving on their audit

committees. This requirement applies only to those businesses. In the event that the audit committee or the remuneration committee cannot be completely established by independent directors due to objective reasons, then such committees must have the majority of independent directors, and the remaining members should be non-executive directors. In the event that this is the case, then such committees must adhere to the requirements outlined in the previous sentence. In South Africa, the only organisations that are required by law to have a remuneration committee are those financial institutions that are listed on the Main Board of the Johannesburg Stock Exchange. In India, the audit committee must consist of at least three directors, the majority of whom must be independent directors, and the committee must adhere to certain membership requirements. It is necessary for members of the audit committee, especially the individual in charge of the committee, to be able to read and understand the financial statement. When it comes to the audit report, the auditors of the company will be given the opportunity to voice their opinions during the meetings of the audit committee; however, they will not be given the power to vote on the issue. On the nomination and remuneration committee, there must be a minimum of three non-executive directors, of which at least two must be independent directors. Additionally, there must be a minimum of one independent director. In addition, in order for the directors to carry out their responsibilities, the chairman of the committee needs to be an independent director. The nominating committee provides the board of directors with direction about matters pertaining to the nomination of directors as well as the removal of directors. The provisions of the Companies Act of 2013 will be utilised as a guide for determining the pay that is to be granted to MDs, directors, and other positions that are comparable. Only the non-executive independent director is authorised to collect sitting fees in accordance with the provisions of the Companies Act of 2013, which stipulates that such a director must be appointed. A corporation is obliged by law to set up an audit committee that is responsible for providing reports to the board of directors if it is to operate in China. In addition to this, the audit committee is in charge of ensuring that the internal audit department is held accountable and is responsible for receiving reports from that department. The proposed changes to the Company Law that are currently out for public comment stipulate that the audit committee will have the same legal standing as the board of supervisors and will be able to take the place of the board of supervisors in cases where more than half of its members are non-executive directors or external directors. In addition, the proposed revisions to the Company Law state that the audit committee will have the same legal standing as the board of supervisors. The internal audit department is responsible for holding the audit committee accountable, while the audit committee is responsible for receiving reports from the internal audit department. This describes the connection that exists between the internal audit department and the audit committee.

Table-4.10: Board-level Committees

Jurisdiction	Audit Committee			Nomination Committee			Remuneration Committee		
	Establishment	Chair Independence	Minimum Number or Ratio of Independent Members	Establishment	Chair Independence	Minimum Number or Ratio of Independent Members	Establishment	Chair Independence	Minimum Number or Ratio of Independent Members
Brazil	C & R	C	(>50%) 33%	-	-	-	C	C	(100%)
Russia	L/R/C	R/C	>50% (100%)	L/R/C	C	>50% (>50%)	L/R/C	C	>50% (100%)
India	L	L	66%	L	L	50%	L	L	50%
China	L	L	(>50%)	C	C	(>50%)	C	C	(>50%)
South Africa	L	L	100%	-	-	(1)	R14	C	>50% non-exec)

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

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

Table-4.11: Governance of Internal Control and Risk Management

Jurisdiction	Board Responsibilities for Risk Management	Implementation of the Internal Control and Risk Management System	Board-Level Committee		Chief Risk Officers
			Risk Management Role of Audit Committee ¹	Establishment of Separate Risk Committee	
Brazil	-	-	C	-	-
Russia	L/R/C	L/R/C	R/C	C	-
India					
China	L	L4	C	C	-
South Africa	C	C	C	C	C

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

Key: L = requirement by law or regulations; R = requirement by the listing rule; C = recommendation by the codes or principles; “-” = absence of a specific requirement or recommendation; N/A = not applicable

Table 4.11 lays out the particulars of the BRICS nations' approaches to the governance of their various committees responsible for internal control and risk management. Companies that are publicly traded in Brazil are required, as part of the overall context of their Reference Form, to specify whether or not they have an official risk management policy (shelf document). They are also required to disclose its characteristics as well as the appropriateness of the operational structure and of the internal controls for the verification of the risk management policy that has been implemented. On the other hand, in the case of Chinese companies, it is a regulation that the Board of Directors is responsible for taking all decisions regarding the risk management system and the internal control system. The board committee has suggested that a separate risk committee be established in order to provide oversight of the activities that are being carried out by the teams responsible for internal control and risk management. This should be done in order to comply with the proposal made by the board committee. The Shanghai stock exchange established guidelines in 2006 regarding the processes that have to be followed in order to ensure adequate levels of internal control. The National Audit Office, the Ministry of Finance, and the Securities Regulatory Committee collaborated in 2009 to produce the Basic Internal Control Norms for Enterprise (BICNE). These standards were released as a result of their efforts. Companies that are publicly traded are required, according to these requirements, to establish an internal control system. In preparation for the year 2020, the China Association of Public Firms (CAPF) developed and published standards for independent directors. These recommendations were developed to encourage greater levels of internal control at organisations that are publicly traded. In accordance with the principles, it is recommended that an independent risk and audit committee be constituted within an organisation located in South Africa. The board's duty for risk management and the internal control management system will be monitored by this committee so that it can fulfil its oversight role.

The requirements that were just gone over are applicable to each and every listed entity that can be found in India. In addition, the formation of a distinct risk factor is required under the Listing Regulations. Disclosure of a statement indicating the development and implementation of a risk management policy for the company, including identification within that policy of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company, is required to be made in the annual report for all companies (listed or unlisted) operating under the Companies Act, 2013. This disclosure requirement applies to both publicly traded and privately held businesses. In addition, the Companies Act of 2013 includes a number of specific rules pertaining to risk management that are established for companies that are not listed.

In India, the appointment of statutory auditors is made by the Comptroller and Auditor General of India in the case of state-owned firms, whereas appointment of auditors for other corporations is made by the shareholders of those companies. The role of the Audit Committee in regard to external auditors includes, among other things, the following for listed entities: (i) recommendation for appointment, remuneration, and terms of appointment of auditors of the listed entity; (ii) reviewing and monitoring the auditor's independence and performance, as well as the effectiveness of the audit process.

In Russia, the legal responsibility for determining audit fees belongs to the board of directors; nevertheless, in accordance with the code governing corporate governance, the audit committee is responsible for developing suggestions for audit fees. Audits of numerous government agencies, municipalities, public institutions, and other types of organisations are carried out in South Africa by the Auditor-General of South Africa (AGSA). The AGSA is directed by a person known as the auditor general, who is selected to their position by the Parliament for a definite term ranging from five to ten years. In China, a Certified Public Accountant (CPA) working for an accounting firm is the one who is responsible for carrying out external audits. There is no specific cost that is set by the audit firms, and they are free to charge based on the client that they are servicing. In addition, the law does not stipulate any conditions that must be met. It is possible for an independent auditor to supply audit services for up to ten years in a row if Brazil's Statutory Audit Committee (Comitê de Auditoria Estatutário - CAE) is satisfied with their work. This committee's primary objective is to maintain control over the external auditors. The CAE has the authority to make decisions on the employment of independent auditors and their termination. The Board of Directors will select at least three people to the CAE, and each member's term on the board will be limited to a maximum of ten years. The majority of the members will be independent members, and at least one of them must be a member of the company's Board of Directors who does not take part in the company's executive committee.

Table-4.12: Appointment of External Auditors

	Appointment (or approval)	Role of the Audit Committee in Relation to the
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Jurisdiction	of an External Auditor		External Audit		
	By the Board	By the Shareholders	Selection and Appointment/Removal Process of the External Auditor	Setting Audit Fees	Reviewing the Audit's Scope and Adequacy
Brazil	L	-	L	-	L
Russia	-	L	L,R,C	C	L,C
India	-	L ¹¹	L	L	L
China		L	L	-	L
South Africa	-	L	L	L	L

(Source: Compiled from OECD Corporate Governance Factbook 2021, OECD)

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

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OBSERVATIONS AND CONCLUSIONS

Around the course of the previous two decades, methods of corporate governance all over the world have moved closer together. This convergence is being led by a group of global standard setters, which governments look to for direction on how to better their corporate governance, financial reporting, and securities rules. It is also being driven by trends in the capital market, such as the increasing usage of cross-listings and dual listings, which lead to the adoption of common regulatory norms. This is another factor driving it. In this chapter, we take a look at some of the BRICS nations' most successful approaches to governance. When it comes to the implementation of the CG practises, it is abundantly clear that all nations are adhering to the general recommendations established by the OECD. However, the procedures are adapted to meet the specifications set forth by the companies, the government, and the regulatory body. This chapter focuses on some of the most successful strategies that have been used in various nations.

Brazil

The Brazilian Securities and Exchange Commission (CVM) is in charge of regulating the country's securities market, while the National Association of Financial Market Entities (ANBIMA) is responsible for drafting the market's Corporate Governance code. It is expected of businesses to comply with all applicable rules and regulations, especially those pertaining to the fight against corruption and the laundering of illicit funds. It is expected of businesses that they will provide their workers with a code of conduct and that they will ensure compliance with all applicable laws and regulations.

Russia

Both the Ministry of Economic Development and Trade and the Federal Financial Markets Service (FFMS), which is in charge of regulating the Russian securities market, have been working together to put the country's Corporate Governance code into effect. The composition of the Board of Directors need to strike a healthy balance between independent and executive directors, with the latter taking a more proactive part in the oversight of the former. In spite of these measures, there have been criticisms regarding the weak corporate governance procedures in Russia, particularly with regard to the exercise of shareholder rights and the protection of minority shareholders.

Securities and Exchange Board of India (SEBI) is the regulator of the securities market in India and is responsible for ensuring compliance with CG practices by listed companies. The Companies Act 2013 also provides for Corporate Governance provisions and compliances. Companies are expected to have a code of conduct for employees and to ensure compliance with laws and regulations. Companies are expected to have a whistleblower policy to protect employees, related party transaction policy, CSR policy, Governance policy, etc. The various committees are constituted to monitor the governance standards in companies. Transparency and disclosure are the two major activities that the companies ensure by sharing all the relevant information in the websites of the company.

China

Corporate Governance (CG) practices in China have been evolving in recent years, with a focus on improving transparency and accountability in Chinese companies. The companies have separation of ownership and management and majority of directors on board are independent directors. The companies give importance to disclosure and transparency, risk management practices, and encourage shareholders to exercise their rights by attending and voting in annual general meetings. Companies have both the internal and external audit mechanism with audit committee monitoring the process. These companies are encouraged to implement CSR programs and to report on their social and environmental impact.

South Africa

The Financial Services Board (FSB) is the regulator of the securities market in South Africa, and the King Code of Governance for South Africa provides guidelines for CG practices in the country. South Africa has a strong corporate governance framework, which is influenced by the King Code, and it is considered as one of the best practice in Africa. Companies are required to disclose financial and non-financial information to shareholders and the public on a regular basis. Companies are expected to comply or explain with all relevant laws and regulations, including those related to anti-corruption and money laundering.

Global Practices: Learnings for BRICS

Global corporate governance practices refer to the set of rules, regulations, and guidelines that govern the actions and behavior of companies and their management. These practices are designed to ensure that companies operate in an ethical and transparent manner and that the interests of shareholders and other stakeholders are

protected. BRICS countries (Brazil, Russia, India, China, and South Africa) can learn several key principles from global corporate governance practices to improve the transparency and accountability of their companies.

- **Ownership and management:** BRICS countries can emphasize the importance of separating ownership and management to ensure that the interests of shareholders and management are aligned.
- **Disclosure and transparency:** To improve the disclosure and transparency of financial and non-financial information to shareholders and the public.
- **Risk management:** To implement robust risk management systems to identify and mitigate potential risks.
- **Shareholder rights:** To promote the active participation of shareholders in the decision-making process by attending and voting in annual general meetings and other shareholder meetings.
- **Audit and internal control and compliance:** To have a strong internal control system and to have their financial statements audited by an independent auditor.

Table-5.1: Observation - Global Practices: Learnings for BRICS

Parameters	Highlights	Brazil	Russia	India	China	South Africa
Board Information						
Boards Composition	Majority are IDs	Yes (H)	Yes (H)	Yes (H)	Yes (H)	Yes (H)
Board diversity	Presence of foreign nationals	Yes (M)	Yes (M)	Only in private sector listed companies (H)	Only in private sector listed companies (H)	Yes (H)
Board level committees	Majority Committee Chairman are IDs	Yes (M)	Yes (H)	Yes (H)	Yes (H)	Yes (M)
Audit committee	Financial expertize	Yes (H)	Yes (H)	Yes (H)	Yes (H)	Yes (H)
Nomination committee	Majority members are IDs	Yes (M)	Yes (H)	Yes (H)	Yes (M)	Yes (M)
ESG & CSR Committee	Majority members are IDs	Yes (H)	Yes (H)	Yes (H)	Yes (H)	Yes (H)

Risk Management and other Committee		Yes(L)	Yes (M)	Yes (M)	Yes (M)	Yes (M)
Board members qualification and skill	Highly skilled/experienced/global exposure	Yes (H)	Yes (H)	Yes (H)	Yes (H)	Yes (H)
Shareholders information						
Shareholders grievance redressal committee		Yes (H)	Yes (H)	Yes (H)	Yes (H)	Yes (H)
Protection of Rights of Shareholders		Yes (M)	Yes (M)	Yes (M)	Yes (M)	Yes(L)
Transparency & disclosure		Yes (M)	Yes (H)	Yes (H)	Yes (H)	Yes (M)
Regulatory mechanism		Yes (M)	Yes (M)	Yes (H)	Yes (H)	Yes (M)

(High / Moderate / Low)

BRICS need to understand the contrasting governance environments in developed countries and adopt best corporate governance practices enabling the companies to standards thus by improving the business environment, legal and regulatory standards leading to raising the quality of corporate governance in their countries.



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