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Good Governance and Various Committees on Corporate Governance in India

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ABSTRACT

The framework that directs and controls businesses is known as corporate governance, according to the Cadbury Report (1992). A corporation is an entity typically a collection of individuals or a business that has been granted permission by the state to function as a single unit (a legal entity, or a legal person in a legal context), and that has been officially recognised as such by the law for certain purposes. Being a legal entity, a company exists independently of its owners, known as stockholders. With the majority of a real person's rights and obligations, a company is regarded as a "person". A company pays income taxes but is not permitted to vote or run for public office. A stock exchange is where publicly traded companies trade their stock. A public corporation may have hundreds, perhaps millions, of shareholders. Privately held companies often have a small number of owners and their stock Is not traded on an exchange. An organization's system of control and operation, as well as the procedures by which it and its members are held accountable, are all included in governance. Governance includes administration, compliance, ethics, and risk management. A useful definition of "corporate governance" is given by the OECD, which states that it is "the system by which business corporations are directed and controlled."

Keywords: *SOX Act : Sarbanes Oaxley Act ; DCA : Department of Company Affairs.*

I. INTRODUCTION

A collection of procedures, guidelines, and practices known as corporate governance guarantee that a business is run in the best interests of all parties involved. It is the framework that governs how businesses are run. Its goal is to advance corporate accountability, transparency, and justice. In other words, 'good corporate governance' is simply 'good business'. It ensures:

- Adequate disclosures and effective decision making to achieve corporate objectives;

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- Transparency in business transactions;
- Statutory and legal compliances;
- Protection of shareholder interests;
- Commitment to values and ethical conduct of business.[5]

In other words, corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It deals with conducting the affairs of a company such that there is fairness to all stakeholders and that its actions benefit the greatest number of stakeholders. Corporate governance refers to the set of regulations, procedures, and policies that regulate how a company is run. A company's numerous stakeholders, including shareholders, senior management, suppliers, consumers, financiers, the government, and the community, must all have their interests balanced. This is the essence of corporate governance. Corporate governance covers almost every aspect of management, from action plans and internal controls to performance measurement and corporate disclosure, since it also offers the framework for achieving a company's goals. Investors value a company's corporate governance because it demonstrates its direction and integrity as a business. Establishing confidence with investors and the community is facilitated by effective corporate governance. Consequently, corporate governance gives market players a long-term investment opportunity, which supports financial viability.

(A) Need of Corporate Governance

- Corporate Performance
- Enhanced Investors Trust
- Better Access To Global Market
- Combating Corruption
- Easy Finance From Institutions
- Enhancing Enterprise Valuation
- Reduced Risk Of Corporate Crisis And Scandals
- Accountability

[5] Deepankar Sharma, Law of Corporate Governance p. 1 , Central Law Publications, 2022.

II. Good corporate governance

Good corporate governance means that the processes of disclosure and transparency are followed so as to provide regulators and shareholders as well as the general public with precise and accurate information about the financial, operational and other aspects of the company. Corporate governance is a term that means many things and the bottom line for good corporate governance is the dual aim of pursuing profits and doing so in a transparent and accountable manner. [3] When a business follows the fundamentals of strong corporate governance : fairness, accountability, responsibility, and transparency—it typically outperforms its competitors and attracts investors, who can help fund the company's continued expansion.

- Fairness

Fairness refers to equal treatment, for example, all shareholders should receive equal consideration for whatever shareholdings they hold. In addition to shareholders, there should also be fairness in the treatment of all stakeholders including employees, communities and public officials. The fairer the entity appears to stakeholders, the more likely it is that it can survive the pressure of interested parties.

- Accountability

Corporate accountability refers to the obligation and responsibility to give an explanation or reason for the company’s action and conduct.

- Responsibility

The Board of Directors are responsible for overseeing the management of the business, affairs of the company, appointing the chief executive and monitoring the performance of the company. In doing so, it is required to act in the best interests of the company. Accountability goes hand in hand with responsibility. The Board of Directors should be made accountable to the shareholders for the way in which the company has carried out its responsibilities.

- Transparency

A principle of good governance is that stakeholders should be informed about the company's activities, what it plans to do in the future and any risks involved in its business strategies. Transparency means openness, a willingness by the company to provide clear information to shareholders and other stakeholders. Organisations should clarify and make publicly known the roles and responsibilities of the board and management to provide shareholders with a level of accountability. Transparency ensures that stakeholders can have confidence in the decision-making and management processes of a company.

(A) Elements of good Corporate Governance

While corporate governance basically lays down the framework for creating long-term confidence between companies and the external providers of capital. There are numerous elements of corporate governance which are mentioned below:

i. Transparency in Board processes and independence in the functioning of Boards. The Board should provide effective leadership to the company and management to realize sustained prosperity for all stakeholders. It should provide independent judgment for achieving company's objectives.

ii. Accountability to stakeholders with a view to serve the stakeholders and account to them at regular intervals for actions taken, through strong and sustained communication processes.

iii. Impartiality to all stakeholders. iv. Social, regulatory and environmental concerns.

v. Clear and explicit legislation and regulations are fundamentals to effective corporate governance.

vi. Good management environment that includes setting up of clear objectives and suitable ethical framework, establishing due processes, clear enunciation of responsibility and accountability, sound business planning, establishing clear boundaries for acceptable behaviour, establishing performance evaluation measures. vii. Explicitly approved norms of ethical practices and code of conduct are communicated to all the stakeholders, which should be clearly understood and followed by each member of the organization.

vii. The objectives of the corporation must be clearly recognized in a long-term corporate strategy including an annual business plan along with achievable and measurable performance targets and milestones.

III. CORPORATE GOVERNANCE - MAJOR DEVELOPMENTS AT NATIONAL LEVEL

The term "corporate governance" refers to the openness of management practices in the public and private sectors of business and industry, both of which are considered corporate entities. A set of guidelines known as "corporate governance" strives to enhance a company's reputation, productivity, efficacy, and social responsibility. "Naresh Chandra," a former cabinet secretary, stated that responsibility at all management levels is necessary to uphold governance norms. Therefore, the foundation of corporate governance is primarily contributed by corporate

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conduct and culture, which are built on qualities of transparency and self-regulation. The corporate sector, both domestically and internationally, is forced to actively pursue “Excellence in Corporate Governance” to the greatest degree feasible in the current globalisation and liberalisation environment. At both the national and international levels, corporate governance has evolved over time and changed course in response to shifting circumstances. The Confederation of Indian Industry (CII) made a modest start in India in the area of good corporate governance, which is detailed below. Following that, a number of committees, including the Narayana Murthy Committee, the Naresh Chandra Committee, and the Kumar Mangalam Birla Committee, were established to make suggestions in this area. All of these initiatives brought the Indian corporate sector’s attention to the urgent need to develop new governance standards in order to maintain and grow the country’s industries. They also aimed to form corporate boards in a way that would allow them to manage the company’s affairs more effectively and hold shareholders accountable. Lastly, they achieved operational transparency by disclosing both financial and non-financial data in annual and other periodic reports.

1. CII Code of Desirable Corporate Governance

"Corporate governance deals with laws, procedures, practices and implicit rules that determine a company's ability to take informed managerial decisions vis-à-vis its claimants in particular, its shareholders, creditors, customers, the State and employees," according to the Confederation of Indian Industry (CII)'s definition of the term in India. The goal of "good" corporate governance is widely agreed upon to be maximising long-term shareholder value.

In 1996, CII took a special initiative on Corporate Governance, the theme of such initiative was to develop and promote a code for Corporate Governance to be adopted and followed by Indian Companies, be it in the Private Sector or Public Sector, Banks or Financial

Institutions, all of which are corporate entities. A National Task Force was set up with Mr. Rahul Bajaj, as the Chairman and including members from industry, the legal profession, media and academia. This Task Force presented the draft guidelines and Code for Corporate Governance in April 1997 at the National Conference and Annual session of CII. After reviewing the various suggestions and the developments which have taken place in India and abroad, the Task Force finalized the Desirable Corporate Governance Code.[6]

2. Kumar Mangalam Birla Committee

In India, the idea of corporate governance has been gaining traction for a while now. The subject

6Deepankar Sharma, Law of Corporate Governance p. 105, Central Law Publications, 2022.

is no longer exclusive to academic settings and is becoming more widely acknowledged due to its applicability and fundamental significance in business and finance. The stock exchange, financial institutions, intermediaries, mutual funds, and interested parties who might be privy to insider information. Under the direction of Shri Kumar Mangalam Birla, a distinct committee that was appointed by SEBI is handling this in-depth. To encourage and elevate the standards of good corporate governance, the Securities and Exchange Board of India (SEBI) established a committee in early 1999. The group was chaired by Shri Kumar Mangalam Birla, a member of the SEBI Board. The committee's report represents the first official and thorough attempt to develop a "Code of Corporate Governance" in light of the current governance landscape in Indian corporations and the status of the capital markets.

The purpose of the committee was:

- To suggest suitable amendments to the listing agreement executed by the stock exchanges with the companies and any other measures to the standards of corporate governance in the listed improve companies, in areas such as continuous disclosure of material information, both financial and non-financial, manner and frequency of such disclosures, responsibilities of independent and outside directors.
- To draft a code of corporate best practices; and
- To suggest safeguards to be instituted within the companies to deal with insider information and insider trading.

Mandatory and non-mandatory recommendations

The committee divided the recommendations into two categories, namely, mandatory, and non-mandatory. The recommendations which are essential for corporate governance can be defined with precision and which can be enforced through the amendment of the listing agreement could be classified as mandatory. Others, which are either desirable or which may require change of laws, may, for the time being, be classified as non-mandatory.

(A) Mandatory Recommendations

- Applies to listed companies with paid up capital of Rs. 3 crore and above
- Composition of board of directors' optimum combination of Executive & NonExecutive Directors
- Audit Committee-With 3 Independent Directors with one having financial and accounting knowledge.

- Remuneration Committee
- Board Procedures- At least 4 Meetings of the Board in a year with maximum gap of 4 months between 2 Meetings. To review operational plans, capital budgets, quarterly results, minutes of Committees meeting director shall not be a member of more than 10 Committee and Shall not act as Chairman of more than 5 Committees across all companies.
- Management Discussion and Analysis Report covering industry Structure, opportunities, threats, risks, outlook, internal control system.
- Information sharing with shareholders.

(B) Non-Mandatory Recommendations

- Role of chairman
- Remuneration Committee of Board
- Shareholders' right for receiving half yearly financial performance postal ballot covering critical matters like alteration in memorandum etc.
- Sale of whole or substantial part of the undertaking
- Corporate restructuring
- Further issue of capital
- Venturing into new businesses.

The main recommendations of the Committee are:

a) The board of a company should have an optimum combination of executive and nonexecutive directors with not less than 50% of the board comprising the non-executive directors. In case, a company has a non-executive chairman, at least one-third of board should be comprised of independent directors and in case, a company has an executive chairman, at least half of the board should be independent.

b) Independent directors are directors who apart from receiving director's remuneration do not have any other material pecuniary relationship or transaction with the company, its promoters, management or subsidiaries, which in the judgement of the board may affect their independence of judgement.

c) A director should not be a member in more than ten committees or act as chairman of more than five committees across all companies in which he is a director. It

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should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

d) The disclosures should be made in the section on corporate governance of the annual report:

i. All elements of remuneration package of all the directors, i.e., salary, benefits, bonus, stock options, pension etc.

ii. Details of fixed component and performance linked incentives along with the performance criteria.

iii. Service contracts, notice and period, severance fees; iv. Stock option details, if any, and whether issued at a discount as well as the period over which accrued and exercisable.

e) In case of appointment of a new director or re-appointment of a director, the shareholders must be provided with the information:

i. a brief resume of the director. ii. nature of his experience in specific functional areas; and

ii. names of companies in which the person also holds the directorship and the membership of committees of the board.

f) Board meetings should be held at least four times in a year, with a maximum times gap of 4 months between any two meetings. The minimum information (specified by the committee) should be available to the board.

g) A qualified and independent audit committee should be set up by the board of the company in order to enhance the credibility of the financial disclosures of a company and promote transparency. The committee should have minimum three members, all being non-executive directors, with majority being independent, and with at least one director having financial and accounting knowledge. The chairman of the committee should be an independent director and he should be present at AGM to answer shareholder queries.

h) The board should set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration package for executive directors including pension rights and any compensation payment. The committee should comprise of at least three directors,

all of who should be non-executive directors, the chairman of the committee being an independent director.

i) A board committee under the chairmanship of a non-executive director should be formed to specifically look into the redressal of shareholder complaints like transfer of shares, non-receipt of balance sheet, declared dividends etc., The committee should focus the attention of the company on shareholders' grievances and sensitize the management of redressal of their grievances.

j) The companies should be required to give consolidated accounts in respect of all their subsidiaries in which they hold 51% or more of the share capital.

k) Disclosures must be made by the management to the board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company at large. All pecuniary relationships or transaction of the non-executive directors should be disclosed in the annual report.

l) As part of the Directors' Report or as an additional thereto, a management discussion and analysis report should form part of the annual report to the shareholders.

m) The half-yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders.

n) The company should arrange to obtain a certificate from the auditors of a company regarding compliance of mandatory recommendations and annex the certificate with the Directors' Report, which is sent annually to all the shareholders of the company.

o) There should be a separate section on corporate governance in the annual reports of companies, with a detailed compliance report on corporate governance.

As per the committee, the recommendations should be made applicable to the listed companies, their directors, management, employees and professionals associated with such companies, in accordance with the timetable proposed in the schedule given later in this section. Compliance with the code should be both in letter and spirit and should always be in a manner that gives precedence to substance over form. The ultimate responsibility for putting the recommendations into practice lies directly with the board of directors and the management of the company.

3. Naresh Chandra Committee Report On Corporate Audit And Governance

The third significant corporate governance project in India since the mid-1990s is the Naresh Chandra Committee. In November 2002, the committee delivered its findings on audit and

corporate governance. On January 21, 2002, the Naresh Chandra Committee was established by the Department of Company Affairs (DCA) of the Ministry of Finance and Corporate Affairs of the Union Government of India. Mr. Naresh Chandra serves as the chairman of this esteemed advisory body.

The Ministry of Corporate Affairs had appointed a high-level committee in August 2002 to examine various corporate governance issues. The committee had been entrusted to analyse and recommend changes, if necessary, in diverse areas such as:

1. The statutory auditor-company relationship so as to further strengthen the professional nature of this interface.
2. The need, if any, for rotation of statutory audit firms or partners.
3. The procedure for appointment of auditors and determination of audit fees.
4. Restrictions, if necessary, on non-audit fees;
5. Independence of auditing functions;
6. Measures required to ensure that the management and companies actually present 'true and fair' statement of the financial affairs of companies;
7. The need to consider measures such as certification of accounts and financial statements by the management and directors.
8. The necessity of having a transparent system of random scrutiny of audited accounts;
9. Adequacy of regulation of chartered accountants, company secretaries and other similar statutory oversight functionaries;
10. Advantages, if any, of setting up an independent regulator similar to the Public Company Accounting Oversight Board in the Sarbanes Oaxley Act (SOX Act), and if so, its constitution; and
11. Role of independent directors, and how their independence and effectiveness can be ensured.

The Committee's recommendations relate to:

1. Disqualifications for audit assignments;
2. List of prohibited non-audit services;
3. Independence Standards for Consulting, Other Entities that are Affiliated to

Audit Firms;

4. Compulsory Audit Partner Rotation;
5. Auditor's disclosure of contingent liabilities;
6. Auditor's disclosure of qualifications and consequent action;
7. Management's certification in the event of auditor's replacement;
8. Auditor's annual certification of independence;
9. Appointment of auditors;
10. Setting up of Independent Quality Review Board;
11. Proposed disciplinary mechanism for auditors;
12. Defining an independent director;
13. Percentage of independent directors;
14. Minimum board size of listed companies;
15. Disclosure on duration of board meetings/committee meetings;
16. Additional disclosure to directors;
17. Independent directors on Audit Committees of listed companies;
18. Audit Committee charter;
19. Remuneration of non-executive directors;
20. Exempting non-executive directors from certain liabilities;
21. Training of independent directors;
22. SEBI and Subordinate Legislation;
23. Corporate Serious Fraud Office; etc.

4. N R Narayan Murthy Committee's Report On Corporate Governance.

While analysing the financial statements of companies and the reports on corporate governance, SEBI observed that their quality was not uniform. So SEBI thought of reviewing the existing code of corporate governance. It called for SHRI NARAYAN MURTHY for the same, thus a committee was set up under him. SEBI wanted to review the performance of corporate governance and bring more of transparency and integrity about the market within the companies so that they do not respond to unwanted rumours and other price sensitive information. Co-

founder N. R. Narayana Murthy is a well-known Indian multinational company that offers services and consulting in information technology. Even if he has made a substantial contribution to the Indian business and technological sectors, it's possible that following my last update, particular committees led by him were formed.

Mandatory recommendations discussed were:

- Audit committee of each PUBLIC LISTED companies should review their:

i.) Financial statements and draft audit report, including quarterly/half yearly information.

ii.) Management discussion and analysis of financial condition and the results of operations.

iii.) Report relating to compliance with laws and risk management.

iv.) Management letters of internal control weaknesses issued by records of related party transactions which should be formally approved and rectified by the Audit Committee.

- Proceeds from initial public offerings:

i.) The companies raising money through initial offering, they should disclose to the audit committee the uses/application of funds under major heads on a quarterly basis.

- Risk Management
- Its necessary for the company to know their Risks involve as there are many stakeholders and shareholders who invest in and expect from the company.
- Every quarter, documenting the business risks faced by the company, measures to address and minimize such risk, and any limitations to the risk-taking capacity of the firm should be approved by the BOARD.
- Compensation to non-executive directors to be approved by the shareholders in general meeting.
- Requirement of proper disclosures of details of compensation.
- Whistle blower policy to be in place in a company (freedom to company's personnel to approach the audit committee without necessarily informing the superiors if they observed an unethical or improper practice, protection for the complainant from

retaliation etc.

Non mandatory recommendations discussed were:

- Moving to a regime providing for unqualified corporate financial statements.
- Training of board members.
- Evaluation of non-executive director's performance by a peer group comprising the entire board of directors.

When NARAYAN MURTHY reports were submitted to SEBI, it praised him by saying, "The suggestion contained in the Narayan Murthy Committee's report is more elaborate and this would encourage a meaningful discussion at the board level periodically and the company will have the benefit of advice from board members. Later SEBI approved modifications in Clause-49 of Listing. Consent to implement the suggestions in the Corporate Governance report of the Shri N.R. Narayan Murthy Committee. In this context, SEBI sent a circular to all stock exchanges on August 26, 2003. The new subclause and the subclause in accordance with the current clause 49m are both included in the amended clause-49, and its provisions took effect on April 1, 2004.

5. J.J. Irani Committee (2005)

The J.J. Irani Committee was constituted by the Government of India in December, 2004 to evaluate the comments and suggestions received "concept paper' and provide recommendations to the Government in making a simplified modern law. The Committee submitted its report to the Government in May 2005, which is under consideration till date.

The main features of its recommendations pertaining to corporate governance are as follows:

(a) The (new) company law should provide for minimum number of directors necessary for various classes of companies. There need not be any limit to the maximum numbers of directors in a company. This should be decided by the companies or by its Articles of Association. Every company should have at least one director resident in India to ensure availability in case of any issue regarding accountability of the board.

(b) Both the managing director as also the whole-time directors should not be appointed for more than five years at a time.

(c) No age limit may be prescribed in the law. There should be adequate disclosure of age of the directors in the company's document. In case of a public

company, appointment of directors beyond a prescribed age (say) seventy years should be subject to a special resolution passed by the shareholders.

(d) A minimum of one-third of the total strength of the board as independent directors should be adequate, irrespective of whether the chairman is executive or non-executive, independent or not. A director to be independent should satisfy certain conditions laid down by the Committee.

(e) The total number of directorships, any one individual may hold, should be limited to a maximum of fifteen.

(f) Companies should adopt remuneration policies that attract and maintain talented and motivated directors and employees for enhanced performance. However, this should be transparent and based on principles that ensure fairness, reasonableness and accountability. There should be a clear relationship between responsibility and performance vis-a-vis remuneration. The policy underlying directors' remuneration should be articulated, disclosed and understood by investors/ stakeholders.

(g) There need not be any limit prescribed to sitting fees payable to non-executive directors including independent directors. The company with the approval of shareholders may decide on remuneration in the form of sitting fees and/or profit related commissions payable to such directors for attending board and committee meetings and should disclose it in its director's remuneration report forming part of the annual report of the company.

(h) The requirement of the Companies Act, 1956 to hold a board meeting every three months and at least four meetings in a year should continue. The gap between two board meetings should not exceed four months. Meetings at short notices should be held only to transact emergency business. In such meetings, the mandatory presence of at least one independent director should be required in order to ensure that only well considered decisions are taken. If even one independent director is not present in the emergency meeting, then decisions taken in such meeting should be subject to ratification by at least one independent director:

(i) Majority of the directors of the audit committee should be independent directors if the company is required to appoint independent directors. The chairman of the committee should be independent. At least one member of the

audit committee should have knowledge of financial management or audit or accounts. The recommendation of the committee, if overruled by the board should he disclosed in the Directors' Repot along with the reasons for overruling.

(j) There should be an obligation on the board of public listed company to constitute a remuneration committee, comprising non-executive directors including at least one independent director. The chairman of the committee should be an independent director. The committee will determine the company's policy as well as specific remuneration packages for its managing/executive directors/senior management.

(k) The rights of minority shareholders should be protected during general meetings of the company. There should be extensive use of postal ballot including electronic media to enable shareholders to participate in meetings. Every company should be permitted to transact any item of business through postal ballot, except the items of ordinary business, viz., consideration of annual accounts, reports of directors and auditors, declaration of dividends, appointment of directors, and appointment and fixation of remuneration of the

(l) All non-audit services may be pre-approved by audit committee. An audit firm should be prohibited from rendering certain non-audit services as specified by the committee,

(m) Public listed companies should be required to have a regime of internal financial controls for their own observance. Internal controls should be certified by the CEO and the CFO of the company and mentioned in the Directors Report.

(n) Detail of transactions of the company with its holding or subsidiary or associate companies in the ordinary course of business and transacted on an arm's length basis should be placed periodically before the board through the audit committee. A summary of such transaction should form part of the annual report of the company.

(o) Every director should disclose to the company on his directorships and shareholdings in the company and in other companies?

6. Uday Kotak Committee (2017):

Twenty-one-member Committee on corporate governance headed by banker Uday Kotak has submitted its report to the Securities and Exchange Board of India (SEBI). The panel was

constituted by SEBI in June 2017. It was given four months to submit its recommendations. In its suggestions it has recommended major overhaul of corporate governance norms for listed firms.

Major Recommendations of Uday Kotak Committee:

- **Separation of the roles:** Roles of chairman and managing director at listed firms should be separated and chairmanship should be limited to only non-executive directors. Listed firms with more than 40% public shareholding should have separate roles of chairperson and MD/CEO with effect from April 1, 2020. After 2020, SEBI may examine extending requirement to all listed entities with effect from 2022.
- **Minimum board strength:** It should be increased to six members and at least one woman should be apported as independent director. At least five board meeting for listed firms should be held in year up from current practice of four meetings. Firms' board should at least once a year discuss succession planning and risk management.
- **Independent Directors:** At least half of board members to be independent directors at listed companies, while all directors must attend at least half of board meetings. Public shareholders' nod must be mandatory for non-executive directors over seventy-five years of age.
- **Shareholder meeting and cash flow statement:** Top hundred firms by market capitalisation should webcast shareholder meeting and all listed firms should have cash flow statement every six months. It should be mandatory disclosure of quarterly consolidated earnings by listed firms.
- **Credit ratings:** Updated list of all credit ratings obtained by the listed entity must be made available at one place, which would be very helpful for investors and other stakeholders.
- **Minimum remuneration:** Independent directors must get minimum remuneration of Rs five lakh per annum and sitting fee of Rs 20,000-50,000 for each board meet. It should be mandatory for firms to seek public shareholders' approval for annual remuneration of executive directors from promoter family if amount is above Rs. five crore or two and half per cent of firm's net profit.
- **Risk management and IT committee:** Top five hundred listed companies should have risk management committee of boards for cyber security. In addition, listed entities must constitute an information technology committee that will focus on

digital and technological aspects.

IV. CONCLUSION

The corporate governance structure delineates the allocation of rights and obligations among various stakeholders, including the board, management, shareholders, and other relevant parties, and delineates the protocols and guidelines for reaching decisions concerning corporate matters. By doing this, it also offers the framework for establishing the goals of the organisation and the methods for achieving them as well as performance monitoring.

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