
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

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Corporate Governance Disclosure

Presented by

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Corporate Governance Disclosure

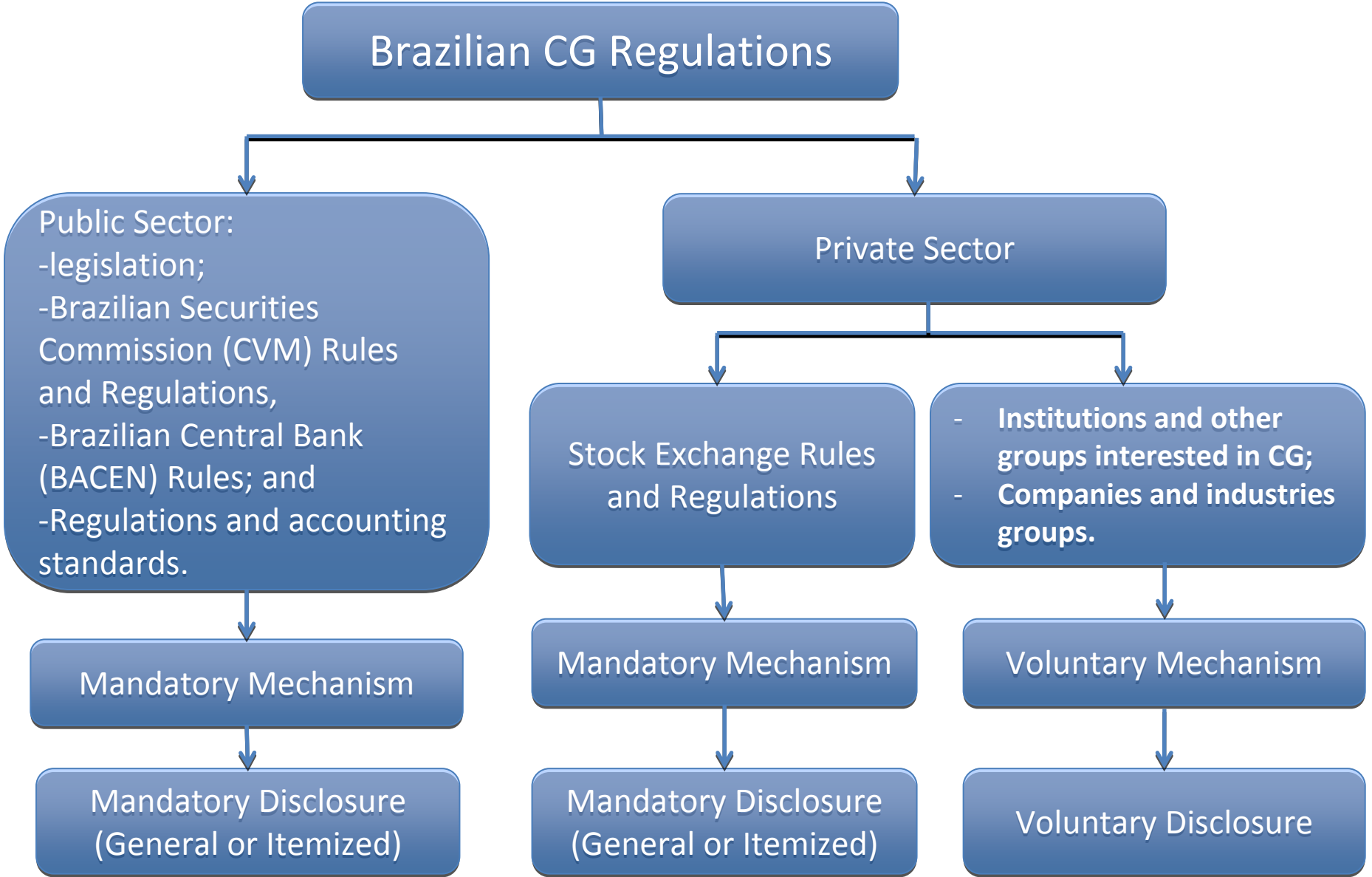
Presented by

Marcelle Colares Oliveira, PhD

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Emergence and evolution of BPCG mechanism and disclosure in Brazil

Figure 1 - Brazilian models of voluntary and mandatory CG regulations

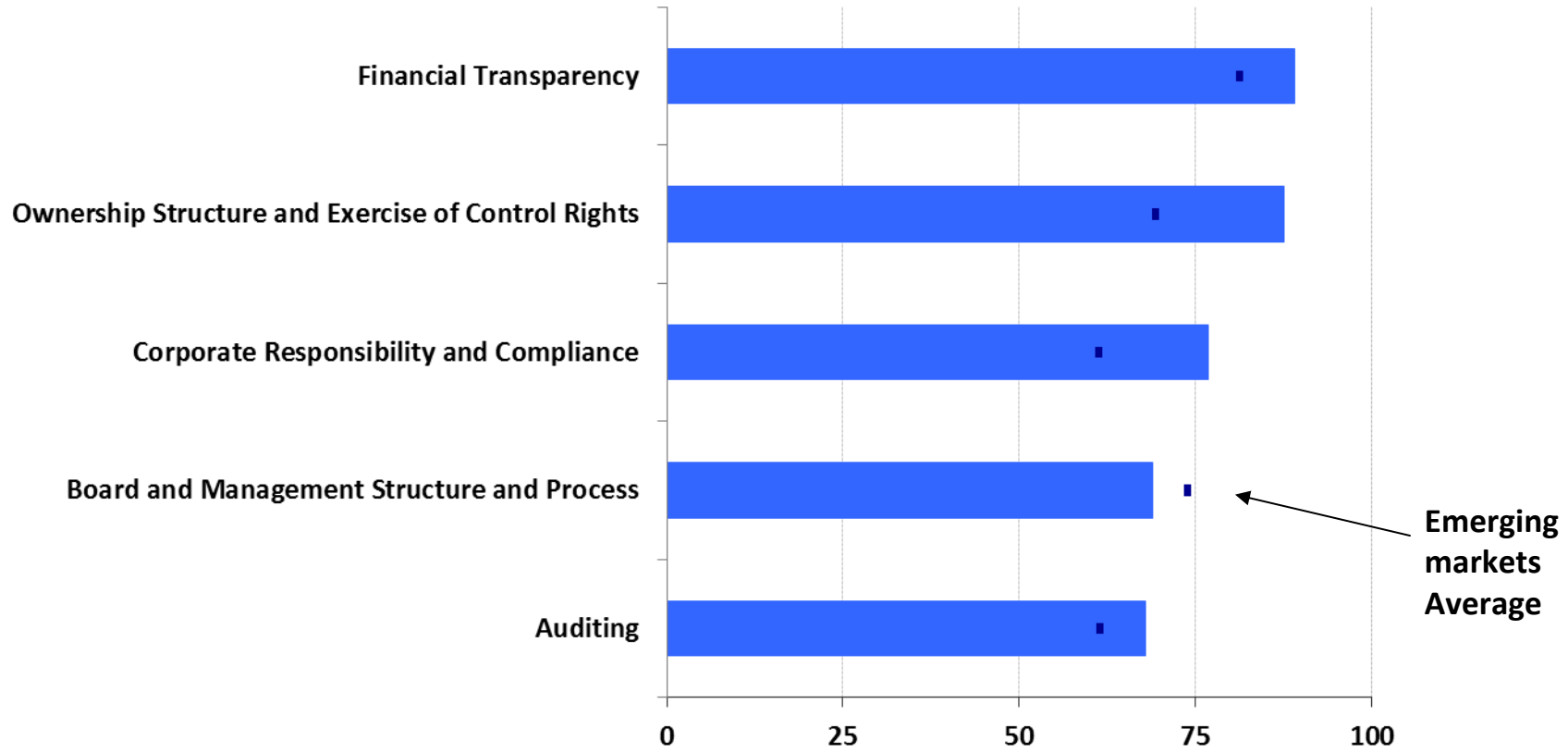


Source: adapted from UNCTAD (2011)

A. CG Disclosure by IBOVESPA Companies

Main findings overview

Figure 2 – Average of CG Disclosure by Group of Indicators



Source: research data

B. CG Disclosure by IBOVESPA Companies

Main findings overview

The top ten most frequently disclosed items belongs to the following groups of indicators:

- Financial Transparency,**
- Ownership structure**
- Board Structure.**

They are mainly those required by mandatory regulations.

The bottom least frequently disclosed items are those that the disclosure isn't required.

These findings reinforce the tradition of Brazilian code law system.

C. Disclosure by IBOVESPA Companies by CG Indicators

1. Financial Transparency - 89% In Average

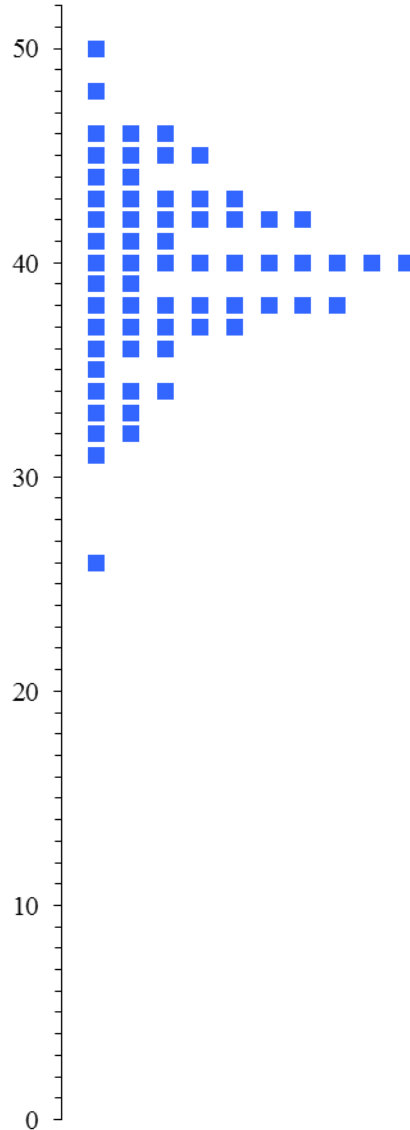
2. Ownership Structure and Control Rights - 88% In Average

3. Corporate Responsibility and Compliance - 77% In Average

3. Board and Management Structure and Process - 69% In Average

5. Auditing - 68% In Average

D. Reporting by enterprise



Brazilian companies are required to disclose 31 items.

In average, IBOVESPA companies disclose 76% from 52 recommended by ISAR.

Conclusions and policy options

- The corporate governance reporting has become a common practice among large leading enterprises in Brazil.
- This situation can be credited, at least in part, to the more intensive edition of mandatory and voluntary documents on CG practices and disclosure by institutions from the public and private sector institutions in the last five years.
- This highlights the importance of these institutions and the Capital Markets on the improvement of the CG in Brazil and the successful efforts achieved by them in this sense.
- These efforts results are the requirement of 31 from the 52 ISAR recommended CG practices and disclosure.
- Even so, there is much to do to reach a full and detailed disclosure.

Conclusions and policy options

- Some indicators of corporate governance are not subject of the kind of full and detailed disclosure recommended by ISAR or even by the Brazilian requirements or recommendations.
- Most companies in this study were found to disclose 76% of the indicators recommended by ISAR, in average.
- The most frequently disclosed corporate governance indicators are those closely related to financial reports and those imposed by mandatory requirements from public sector institutions like corporate law and CVM instructions.
- Thus, there is still room for the harmonization of CG disclosure.
- Policy options to consider:
 - single recommended standard for CG disclosure;
 - Adoption of a ‘report or explain’ approach.

Thank you!

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