Module 4: Governance & Ethical Leadership

Governance & Ethical Leadership refers to the systems, structures, principles, and behaviours through which an organisation is directed, controlled, and held accountable in an ethical, transparent, and responsible manner. It ensures that leaders act with integrity, fairness, and accountability while making decisions that balance the needs of stakeholders—including employees, customers, investors, communities, and the environment.

Governance establishes the **framework of policies, controls, roles, and decision-making processes**, while ethical leadership ensures that these processes are executed with **honesty, moral courage, responsibility, and respect for ethical values**. Together, they drive organisational trust, compliance, long-term sustainability, and ethical business conduct.

Topics Covered:

- Corporate Governance Principles
- Board Diversity & Accountability
- Anti-Corruption and Whistle-blower Policies
- ESG Risk Management & Internal Audits
- Case Study: The Infosys Corporate Governance Framework

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1. Corporate Governance Principles

1. What is Corporate Governance? (Foundation)

Corporate governance refers to the **system of rules, practices, processes, and structures** that guide how a company is directed and controlled. It defines the relationship among the management, board of directors, shareholders, employees, regulators, and other stakeholders.
A strong corporate governance system ensures that the company is:

- **Accountable**
- **Transparent**
- **Fair**
- **Ethically managed**
- **Responsible to stakeholders**

Corporate governance is essential for protecting investors, reducing risk, improving performance, and ensuring long-term sustainability.

2. Core Corporate Governance Principles

Corporate governance is not just a set of rules—it is the architecture of accountability, the ethical backbone of an organisation, and the system that ensures long-term sustainability. At its core, governance defines *who makes decisions, how decisions are made, and how power is monitored, balanced, and held responsible*.
Deep corporate governance protects organisations from fraud, failure, reputational collapse, and unethical conduct while creating the foundation for trust, compliance, and strategic success.

Below are the **eight core principles**, explored in the deepest way.

1. Accountability – The Heart of Governance

Accountability ensures that every individual in the organisation—especially those in power—is answerable for their decisions, actions, and omissions.

Deep Importance

- Prevents concentration of power and abuse by senior management.
- Ensures decisions align with organisational purpose, values, and stakeholder interests.
- Creates a culture where leaders cannot hide behind hierarchy or ambiguity.

Mechanisms

- Clearly documented roles, responsibilities, and charters
- Board oversight over the CEO and executives
- Internal audits, external audits, compliance reviews

- Approval chains and decision logs

Deep Risk Without Accountability

- Fraud (e.g., Satyam scam)
- Corruption, missing funds, inflated numbers
- Management overpowering the board
- Lack of ownership over mistakes

Accountability transforms leadership into stewardship, not entitlement.

2. Transparency – The Foundation of Trust

Transparency involves timely, accurate disclosure of all material information—financial, operational, human capital, ESG-related, and risk-related.

Deep Importance

- Prevents manipulation of information that can mislead investors or regulators.
- Enhances decision-making by offering stakeholders full visibility.
- Reduces rumour, speculation, and uncertainty.

Examples of Transparency Practices

- Publishing audited financials
- Detailed ESG disclosures (GRI, BRSR, SASB, TCFD)
- Disclosure of related-party transactions
- Clear reporting of executive compensation
- Whistle-blower protection policies

Deep Risks Without Transparency

- Accounting fraud
- Insider trading
- Collusion between management and auditors
- Shareholder distrust
- Investor withdrawal

Transparent companies earn premium valuations and market credibility.

3. Fairness – Equity in Power and Opportunity

Fairness ensures that all stakeholders—especially minority shareholders and vulnerable groups—are treated justly and equitably.

Deep Importance

- Protects investors from oppression by majority shareholders

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- Ensures equal voting rights and access to information
- Prevents favouritism, nepotism, and preferential business deals

Manifestation

- Equal voting rights
- Non-discriminatory policies
- Fair treatment in recruitment, wages, loans, and supplier contracts
- Independent board committees

Hidden Risks Without Fairness

- Minority shareholders being overruled in critical decisions
- Unethical related-party transactions
- Management awarding contracts to connected parties
- Loss of investor trust and legal action

Fairness is governance's ethical compass.

4. Responsibility – Long-Term Stewardship

Responsibility means leadership must act ethically, sustainably, and with a long-term vision—not just short-term profits.

Deep Importance

- Ensures compliance with all laws, regulations, and ethical norms
- Protects the organisation from reputational, legal, and systemic risks
- Aligns corporate decisions with environmental and social responsibilities

Responsible Leadership Includes

- Ensuring financial sustainability
- Climate risk management
- Human rights due diligence
- Stakeholder consultation
- Ethical supply chain oversight

Deep Risks Without Responsibility

- Environmental disasters (e.g., oil spills)
- Labour violations (child labour, unsafe workplaces)
- Legal penalties, bans, and shutdowns
- Reputational crises have been damaging the brand for years

Responsibility ensures corporations act as productive members of society.

5. Risk Management & Internal Controls – The Defence System

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This principle ensures companies identify, assess, and mitigate risks proactively across all operations.

Deep Importance

- Protects the company from financial collapse
- Minimises operational disruptions
- Reduces exposure to ESG, climate, cyber, legal, and reputational risks

Risk Management Framework Should:

- Identify strategic, operational, financial, compliance, and ESG risks
- Use tools like ERM (Enterprise Risk Management)
- Establish Board-level risk committees
- Maintain internal control systems to prevent fraud

Examples of Key Controls

- Segregation of duties
- Audit trails
- Periodic risk reviews
- Cybersecurity protocols
- Disaster recovery systems

Deep Risks Without It

- Data breaches
- Fraud and embezzlement
- Compliance failures
- Supply chain breakdowns
- Financial instability

Companies with strong risk frameworks survive crises better than their competitors.

6. Ethical Conduct & Integrity – The Moral Operating System

Ethical conduct ensures that leaders and employees act with honesty, integrity, fairness, and moral judgment.

Deep Importance

- Prevents bribery, corruption, kickbacks, and unethical lobbying
- Cultivates a culture where doing the right thing is non-negotiable
- Supports whistleblowing and accountability

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Ethical Governance Tools

- Code of Conduct
- Anti-corruption and anti-bribery policies
- Conflict-of-interest declarations
- Whistleblower protection systems
- Transparent procurement processes

Deep Impact of Unethical Leadership

- Cripples organisational culture
- Causes reputational collapse
- Leads to financial penalties and criminal charges

Ethical leadership is the backbone of trust and long-term credibility.

Ethical governance = good reputation + investor trust.

7. Stakeholder Engagement – Inclusive and Participatory Governance

Modern governance moves beyond shareholder capitalism to **stakeholder capitalism**.

Stakeholders Include

- Employees
- Investors & shareholders
- Customers
- Suppliers
- Regulators
- Communities
- Environment

Deep Importance

- Ensures company decisions consider broader social and environmental impact
- Reduces stakeholder conflicts
- Builds community trust and social license to operate

Examples

- Grievance redressal mechanisms
- Regular stakeholder meetings
- ESG reporting
- Integrating community feedback into strategy

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Deep Risks Without Stakeholder Focus

- Worker strikes
- Consumer boycotts
- Community protests
- Government penalties

Stakeholder governance ensures resilience and long-term legitimacy.

8. Board Independence – The Check & Balance Mechanism

Board independence ensures decisions are unbiased, objective, and free from influence by management or dominant shareholders.

Deep Importance

- Checks management power and prevents misuse
- Enhances the quality of strategic decisions
- Ensures good oversight of audits, remuneration, and risk

What Independence Means

- Independent directors free from conflicts of interest
- Ability to challenge management decisions
- Adequate representation of independent committees

Deep Risks Without Independence

- Insider domination
- Conflicts of interest
- Related-party misuse
- Fraud is going undetected
- Biased decision-making

Independent directors are guardians of governance integrity.

3. Global Corporate Governance Frameworks – Deeper Insight

A. OECD Principles

Known as the global “gold standard,” covering:

- Shareholder rights
- Equity and fairness
- Role of stakeholders
- Disclosure & transparency
- Board responsibilities

B. SEBI (India) Corporate Governance Norms

- Board composition rules (at least 50% independent in certain cases)
- Mandatory Audit, NRC, Risk committees
- Related-party transaction oversight
- BRSR reporting

C. UK Corporate Governance Code

Focus on:

- Board leadership & purpose
- Division of responsibilities
- Composition, succession, evaluation
- Audit, risk & internal control
- Stakeholder engagement

D. IFC/World Bank Standards

Useful for emerging markets and MSMEs.

4. The Strategic Value of Corporate Governance

A. Higher Investor Confidence

Investors trust companies with strong governance, leading to better valuation and lower capital costs.

B. Sustainability & ESG Integration

Governance is the anchor that enables environmental and social commitments.

C. Resilience in Crisis

Governance determines whether a company survives or collapses during shocks (pandemics, fraud, market volatility).

D. Enhanced Reputation

Ethically governed companies are trusted, respected, and preferred by customers and partners.

E. Long-term Value Creation

Strong governance focuses on future growth, innovation, and risk mitigation—not short-term gains.

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5. Global Corporate Governance Benchmarks

OECD Principles of Corporate Governance

Widely used international framework.

IFC Corporate Governance Methodology

Used by development banks and global investors.

SEBI (India) Corporate Governance Regulations

Applicable to the listed Indian companies.

UK Corporate Governance Code

Strong emphasis on board independence and stakeholder relationships.

2. Board Diversity & Accountability

Board diversity and accountability are twin pillars of modern corporate governance. Diversity brings different perspectives, experiences and skills to board deliberations; accountability ensures directors act responsibly and transparently on behalf of shareholders and stakeholders. Together they improve decision-making, reduce governance risk, and strengthen long-term value creation.

1. What is Board Diversity?

Board diversity means a board composed of members who differ in meaningful ways that affect governance quality and strategy. Dimensions include:

- **Demographic diversity:** gender, age, ethnicity, nationality, disability status.
- **Cognitive & experiential diversity:** education, career background (finance, operations, technology, sustainability), functional experience, sector exposure.
- **Diversity of thinking:** problem-solving styles, cultural perspectives, risk tolerance.
- **Tenure & generational mix:** balancing institutional knowledge with fresh viewpoints.

Diversity ≠ tokenism. Effective diversity is both **representational** (who is on the board) and **functional** (how their differences influence decisions).

2. Why Board Diversity Matters (Business & Governance Rationale)

- **Better decision-making:** Diverse boards consider more alternatives, reduce groupthink and surface blind spots.

- **Improved oversight of complex risks:** Boards with finance, cyber, supply-chain, and sustainability expertise better supervise modern risks (climate, technology, reputational).
- **Stronger stakeholder legitimacy:** Reflecting customer, employee and community demographics strengthens social license to operate.
- **Enhanced performance:** Empirical studies show correlations between board diversity and long-term financial and innovation outcomes.
- **Talent & reputation advantages:** Companies with diverse boards attract broader investor interest and top talent.

3. What is Board Accountability?

Board accountability means directors are answerable for corporate strategy, risk management, compliance, stewardship of capital and ethical behaviour. Key elements:

- **Fiduciary duties:** duty of care (informed decision-making) and duty of loyalty (acting in company's interest).
- **Transparency & disclosure:** clear reporting on governance, remuneration, risks and material issues.
- **Independent oversight:** independent directors, audit and risk committees, external audit.
- **Performance evaluation:** regular board, committee and director assessments.
- **Remuneration alignment:** pay structures that align board/executive incentives with long-term performance and ESG outcomes.
- **Stakeholder channels & grievance mechanisms:** mechanisms to surface concerns, protect whistle-blowers, and respond to stakeholder issues.

Accountability converts board guidance into observable behaviour and measurable outcomes.

4. How Diversity & Accountability Interact

- Diverse boards produce richer questioning and oversight—but only if **accountability mechanisms** ensure all voices are heard and used.
- Conversely, accountability without diversity risks narrow, homogenous oversight. The ideal board combines both: varied perspectives plus strong governance discipline.

5. Practical Components & Best Practices

A. Board Composition & Skills Matrix

- Maintain a **skills matrix** that maps required board competencies (e.g., finance, digital, sustainability, legal, international markets, supply chain, HR).
- Use the matrix to identify gaps and guide director recruitment.

B. Formal Board Diversity Policy

A policy should define objectives (e.g., gender, skills, geographic representation), selection criteria, timelines for targets, and reporting requirements.

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Typical elements:

- Purpose and scope
- Diversity objectives (e.g., target % women within X years)
- Board nomination process and search protocol
- Consideration of cognitive and experiential diversity
- Reporting and review cadence

C. Recruitment & Nomination Practices

- Use independent external search firms with mandates for diverse candidate slates.
- Adopt "**Rooney Rule**"-type practices (require diverse shortlists).
- Consider term limits and mandatory retirement ages to renew composition.

D. Board Induction & Development

- Structured onboarding for new directors to understand business, culture, and risks.
- Continuous director education on emerging risks (cybersecurity, climate science, human capital, DEI).
- Mentoring arrangements between long-tenured and newer directors.

E. Independence & Committee Structure

- Maintain a strong core of **independent non-executive directors**.
- Independent chairs or separation of Chair & CEO roles strengthens accountability.
- Key committees: Audit, Risk, Nomination & Remuneration, ESG/Sustainability—each with clear charters and independent membership.

F. Performance Evaluation & Succession

- Annual board and committee evaluations (external every 2–3 years) to assess effectiveness.
- Transparent director re-election processes tied to performance.
- Robust CEO and board succession planning embedded in strategy.

G. Remuneration & Incentives

- Tie a portion of executive and, where appropriate, director remuneration to long-term strategic and ESG targets (e.g., sustainability KPIs, employee well-being metrics).
- Disclose remuneration policy and rationale clearly.

H. Disclosure & Stakeholder Engagement

- Transparent reporting on board composition, diversity metrics, recruitment processes, and board evaluation outcomes.
- Engage institutional investors and key stakeholders on governance priorities and rationale.

I. Grievance & Whistle-blower Mechanisms

- Independent channels for employees, suppliers and other stakeholders.
- Board oversight of whistle-blower handling and remediation.

6. Measurables — KPIs & Metrics for Board Diversity & Accountability

Diversity KPIs

- % female directors; % from under-represented ethnic groups; age distribution.
- % directors with specified expertise (e.g., cyber, sustainability).
- % independent directors; average tenure and turnover.
- Board gender pay gap (if applicable across exec levels).

Accountability KPIs

- Frequency of board/committee meetings and attendance rates.
- Results of board and director evaluations (internal/external).
- Number and resolution time of governance incidents (e.g., conflicts of interest, complaints).
- Alignment of executive pay to long-term ESG metrics (% of LTIP tied to ESG).
- Time from grievance receipt to board-level review and remedial action.
- Disclosure completeness index: governance reporting quality assessed against frameworks (GRI, BRSR, TCFD/ISSB).

7. Implementation Roadmap — Practical Steps for Boards

1. **Conduct a governance health check:** skills, diversity, independence, committee charters, policies.
2. **Develop/refresh a board diversity & inclusion policy** with measurable targets and timelines.
3. **Create a skills matrix** aligned to strategic objectives and emerging risks.
4. **Adopt diverse search protocols** and update nomination committee terms of reference.
5. **Institute regular board evaluations** with independent reviewers every 2–3 years.
6. **Link compensation** (exec & selected board incentives) to long-term sustainability outcomes.
7. **Publish a transparent report** on board composition, evaluation outcomes, and succession plans.
8. **Provide ongoing director training**; prioritise digital literacy, climate risk and human capital governance.
9. **Monitor progress quarterly** and update targets as strategy evolves.

8. Common Challenges & How to Overcome Them

- **Tokenism:** Appointing a few diverse directors without empowering them. *Fix:* embed diversity into nomination and committee roles, provide real responsibilities.

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- **Pipeline shortages:** Especially for underrepresented groups in certain sectors. *Fix:* develop succession pipelines, sponsor executive leadership programs and mentorship.
- **Cultural resistance:** Boards accustomed to homogeneous thinking. *Fix:* leader-led change, demonstrate performance benefits of diversity, and use independent evaluations.
- **Short-termism in accountability:** Focus on quarterly metrics rather than long-term stewardship. *Fix:* link incentives to multi-year goals and sustainability KPIs.
- **Data limitations:** Poor data on diversity across dimensions. *Fix:* collect, verify and disclose more granular board and leadership data.

9. Policy & Regulatory Landscape (Conceptual)

Regulators and institutional investors worldwide increasingly expect disclosure of board diversity policies, targets, and outcomes, and some jurisdictions require minimum representation thresholds. Boards should anticipate evolving requirements and build transparency and target-setting into governance practice well before mandates appear.

10. Sample Board Diversity Policy — Short Template (Essentials)

Purpose: promote effective board composition reflecting skills, experience and demographics to meet strategic needs.
Scope: applicable to Board, Nomination Committee, and external search partners.
Objectives: achieve at least X% female representation and broaden under-represented group participation within Y years; ensure a minimum Z independent directors.
Processes: use diverse candidate shortlists; require skills matrix review before appointments; conduct annual demographic and skills reporting.
Monitoring: quarterly update to Board; public disclosure in annual report; external review every 3 years.

11. Case Illustrations (How It Plays Out in Practice)

- A board that added directors with digital & cybersecurity backgrounds improved oversight of a cloud migration and mitigated a major cyber incident.
- A company that set measurable gender targets and invested in leadership development saw improved succession readiness and higher retention of top talent.
- Linking 15–20% of long-term incentives to sustainability targets (emissions reduction, supply-chain audits) improved management focus on non-financial risks.

12. Closing — Why Boards Should Act Now

The combination of faster technological change, rising climate and social risks, and active investor expectations makes board diversity and accountability **non-negotiable**. Boards that proactively diversify and strengthen accountability will be better placed to navigate uncertainty, capitalise on opportunities, and preserve long-term enterprise value

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3. Anti-Corruption and Whistle-blower Policies

1. Introduction: Why Anti-Corruption & Whistle-blower Policies Matter

Corruption is one of the most serious threats to corporate integrity, governance, and long-term sustainability. It manifests in bribery, fraud, extortion, favouritism, bid-rigging, conflict of interest, financial manipulation, and abuse of power.
To prevent this, organisations implement **Anti-Corruption Policies (ACP)** and **Whistle-blower Policies (WBP)**—two of the strongest tools for ensuring transparency, ethical conduct, and accountability.

These policies:

- Protect the organisation from legal, financial, and reputational risks
- Build investor, regulator, and customer trust
- Encourage employees to report wrongdoing without fear
- Strengthen the ethical culture and governance framework

Together, ACP and WBP form the backbone of corporate governance and ethical leadership.

2. Anti-Corruption Policy (ACP):
An **Anti-Corruption Policy** formally defines the company's zero-tolerance stance toward corrupt practices and establishes the rules, controls, and procedures to prevent, detect, and respond to corruption.

2.1 What is Corruption? (Comprehensive understanding)

Corruption includes (but is not limited to):

A. Bribery

Paying, receiving, or offering value to influence business decisions.

B. Kickbacks

Improper payments returned to someone as part of a deal.

C. Fraud

Manipulation of financial statements, falsified records, theft of assets.

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D. Conflicts of Interest

Personal interests are interfering with professional duties.

E. Nepotism & Favouritism

Giving jobs, contracts or benefits based on personal relationships.

F. Facilitation Payments

Small payments are made to speed up routine government work (illegal in many countries).

G. Money Laundering

Concealing illegal funds through legitimate transactions.

H. Extortion & Coercion

Using threats to obtain benefits.

These forms are explicitly prohibited in ACPs.

2.2 Core Objectives of an Anti-Corruption Policy

- Set **clear rules** of acceptable and unacceptable behaviours
- Protect against **legal risks** (FCPA, UK Bribery Act, Prevention of Corruption Act)
- Reduce **fraud** and financial irregularities
- Strengthen **ethical decision-making**
- Ensure **high integrity** in procurement and contracting
- Maintain **transparent financial processes**
- Build trust among employees, suppliers, and investors

2.3 Components of a Comprehensive Anti-Corruption Policy

A. Clear Zero-Tolerance Statement

No bribery, no corruption, no facilitation payments—regardless of business pressure.

B. Scope & Applicability

Applies to:

- All employees
- Directors
- Contractors
- Agents
- Consultants

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- Suppliers
- Joint venture partners

C. Prohibited Practices

List of unacceptable actions with examples:

- Gift/bribe exchange
- Favouritism in procurement
- Manipulating financial records
- Political donations without approval
- Insider trading

D. Gifts, Hospitality & Entertainment Policy

Rules on:

- Acceptable value limits
- Disclosure requirements
- Prohibited gifts (cash, lavish items)
- Vendor gifts and entertainment

E. Third-Party Due Diligence

Because most corruption risk lies with:

- Agents
- Distributors
- Logistics partners
- Contractors
- Government intermediaries

Includes:

- Screening
- Background checks
- Contract clauses
- Ongoing monitoring

F. Procurement Process Controls

- Competitive bidding
- Transparent vendor selection
- Segregation of duties
- Audit trails

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G. Accounting & Financial Controls

- No off-book accounts
- Accurate record-keeping
- Dual approvals for high-value payments
- Regular audit reviews

H. Political Contributions & Charitable Donations

Allowed only with:

- Pre-approval
- Documentation
- Transparency

I. Breach Management & Disciplinary Actions

Clear steps for investigation, disciplinary actions, and reporting to authorities.

2.4 Anti-Corruption Training & Culture

Continuous training is essential:

- Annual mandatory e-learning
- Scenario-based training
- High-risk group training (procurement, sales, finance)
- Tone from the top (leadership communication)

A strong anti-corruption culture reduces incidents and improves governance scores.

3. Whistle-blower Policy (WBP):

A **Whistle-blower Policy** provides employees and stakeholders a safe, confidential, and protected way to report concerns or misconduct without fear of retaliation.

3.1 Purpose of Whistle-blower Policies

- Detect unethical practices early
- Prevent fraud, safety issues, and governance failures
- Encourage a "speak-up" culture
- Protect individuals who raise concerns
- Ensure prompt and fair investigation

3.2 What Can be Reported? (Wide Scope)

A whistle-blower can report:

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- Bribery/corruption
- Fraud and theft
- Sexual harassment
- Unsafe practices / OHS violations
- Discrimination or abuse
- Financial manipulation
- Data privacy breaches
- Environmental violations
- Supplier misconduct
- Retaliation against employees

3.3 Key Features of a Strong Whistle-blower Policy

A. Confidential & Anonymous Reporting Channels

Options include:

- Third-party helplines
- Anonymous hotlines
- Email portals
- Online reporting forms
- Suggestion boxes
- Dedicated ethics officer

B. Non-Retaliation Guarantee

The organisation must assure:

- No firing
- No demotion
- No harassment
- No intimidation
- No discrimination

Whistle-blowers must be **protected** from any negative consequences.

C. Clear Investigation Process

Process must be:

- Time-bound
- Fair and unbiased
- Managed by the Ethics Committee or Ombudsperson
- Followed by corrective actions

D. Documentation & Record-Keeping

Every case must be recorded, tracked, and closed with proper evidence.

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E. Escalation Mechanisms

If the issue is about senior management, whistle-blowers can escalate to:

- Audit Committee
- Independent directors
- Board-level ethics committee

F. Whistle-blower Communication

Employees must be informed about:

- Their rights
- How to report
- What happens after reporting

G. Training & Awareness

- Posters, mailers, e-learning
- Inclusion in onboarding
- Confidentiality assurances

4. How Anti-Corruption & Whistle-blower Policies Work Together

Anti-Corruption Policy → Prevents unethical actions
Whistle-blower Policy → Detects and **reveals** hidden violations

Together they ensure:

- Ethical culture
- Early detection of misconduct
- Reduced legal & reputational risk
- Strong governance compliance

They form a "protective shield" for the company.

5. Real-World Implications & Risks Without These Policies

Without strong ACP & WBP, organisations may face:

Legal Consequences

- Heavy fines
- Jail time for executives
- Bans on business operations
- Loss of licenses

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Financial Losses

- Fraud
- Over-billing
- Fake invoices
- Procurement scams

Reputational Damage

- Loss of investors
- Customer distrust
- Media scandals
- Regulatory scrutiny

Employee Fear Culture

- Silence and cover-ups
- Retaliation
- Low morale
- Talent flight

These policies protect companies on all levels.

6. Global Standards & Laws (Deep Governance Layer)

Anti-corruption policies align with:

A. International Laws

- **FCPA (U.S.)** – Foreign Corrupt Practices Act
- **UK Bribery Act** – Strictest anti-bribery law globally
- **UN Convention Against Corruption**
- **Prevention of Corruption Act (India)**
- **OECD Anti-Bribery Convention**

B. ESG Reporting Standards

- GRI 205 (Anti-Corruption)
- BRSR – Business Responsibility and Sustainability Reporting
- SASB Governance Metrics
- ISO 37001 – Anti-Bribery Management Systems

C. Governance Best Practices

- Board-level audit committees
- Independent investigations
- Regular compliance reviews

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7. Key Elements to Include in the Company's Anti-Corruption & Whistle-blower Policies

Anti-Corruption Policy Includes:

- Zero-tolerance statement
- Definitions of bribery, fraud, etc.
- Clear rules for gifts/hospitality
- Procurement controls
- Third-party due diligence
- Reporting obligations
- Monitoring & audits
- Penalties for violations

Whistle-blower Policy Includes:

- Purpose and scope
- Confidential reporting channels
- No retaliation clause
- Detailed investigation process
- Oversight by Audit Committee
- Communication strategy
- Annual reporting of cases

4. ESG Risk Management & Internal Audits

1. Introduction: The Strategic Importance of ESG Risk Management

ESG Risk Management is no longer a voluntary CSR add-on. It has become:

- A **board-level responsibility**
- A **global reporting requirement** (BRSR, ISSB, EU-CSRD, TCFD)
- A **key investor decision factor** (BlackRock, MSCI, S&P)
- A **core component of enterprise value and resilience**

ESG risks can cause:

- Plant shutdowns
- Investor withdrawals
- Supply-chain collapse
- Reputational crises
- Regulatory penalties
- Loss of talent
- Increased cost of capital

Companies face **transition risks** (policy changes, carbon taxes), **physical climate risks** (floods, drought), **social risks** (labour violations), and **governance risks** (corruption).

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Therefore, ESG Risk Management must integrate deeply with the organisation's **Enterprise Risk Management (ERM)** framework.

2. What Is ESG Risk Management? A 360° Deep Understanding

ESG Risk Management is the **systematic identification, evaluation, prioritisation, mitigation, monitoring, and reporting of ESG-related risks** across the full value chain of an organisation.

ESG Risk Management is the structured, ongoing process of:

1. **Identifying** ESG-related risks across operations and supply chain
2. **Assessing** the likelihood and impact of each risk
3. **Prioritising** critical risks requiring immediate response
4. **Mitigating** through policies, controls, and operational measures
5. **Monitoring** with internal audits, KPIs, and governance oversight
6. **Reporting** transparently to stakeholders (BRSR, GRI, ISSB, SASB, TCFD)

It blends:

- Sustainability management
- Corporate governance
- Compliance
- Risk frameworks
- Operational controls
- Supply-chain management
- Environmental & social impact assessments

ESG risks influence **financial performance**, **brand perception**, **operational efficiency**, **legal stability**, and **future readiness**.

3. Detailed Types of ESG Risks

A. Environmental Risks (E-Risks)

These originate from natural systems, resource use, and ecological impacts.

1. Climate Transition Risks

- Carbon taxes
- Emission caps
- Mandatory disclosure requirements
- Shifting consumer preferences
- Investor divestment from high-carbon sectors

2. Physical Climate Risks

- Flooding

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- Heatwaves
- Drought
- Hurricanes
- Coastal erosion
- Wildfires

These disrupt factories, supply chains, logistics, and insurance costs.

3. Pollution & Waste Risks

- Air emissions violations
- Water pollution (industrial discharge)
- Hazardous waste mismanagement
- Plastic waste obligations

4. Resource Scarcity Risks

- Water shortages for plants
- Energy price volatility
- Raw material shortages

5. Biodiversity & Land Use Risks

- Deforestation-linked supply chains
- Loss of high conservation value forests
- Mining impacts

Environmental risks bring **legal penalties, operational disruption, clean-up costs, and brand damage**.

B. Social Risks (S-Risks)

These originate from human capital, labour practices, community relations, and customer safety.

1. Human Rights Risks

- Child labour
- Forced labour
- Migrant worker exploitation
- Conflict minerals

2. Occupational Health & Safety (OHS) Risks

- Fatalities
- Machinery accidents
- Chemical exposure

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- Fire hazards
- Heat stress

3. Labour Compliance Risks

- Wage and hour violations
- Harassment & discrimination claims
- Union conflict

4. Supply Chain Human Rights Risks

- Hidden subcontracting
- Wage theft
- Unsafe factories
- Informal labour

5. Community Impact Risks

- Land acquisition disputes
- Community protests
- Environmental justice issues

6. Customer Health & Safety Risks

- Unsafe products
- Contamination
- Faulty design
- Data privacy breaches

Social risks become **media crises, lawsuits, shutdowns, and investor boycotts**.

C. Governance Risks (G-Risks)

These arise from internal decision-making, leadership ethics, controls, and transparency.

1. Corruption, Bribery & Fraud

- Procurement bribery
- Kickbacks
- Embezzlement
- Financial manipulation

2. Weak Board Oversight

- CEO dominance
- Lack of independent oversight
- Conflicts of interest

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3. Weak Risk Controls

- Poor cybersecurity
- Weak data protection
- Inadequate internal audit

4. Disclosure Risks

- Greenwashing
- Misleading ESG reports
- Inaccurate carbon data

5. Regulatory Non-compliance

- Failing environmental or labour audits
- Violation of government permits
- Penalties by regulators

Governance failures can collapse a company (e.g., Satyam, Wells Fargo, Enron).

4. ESG Risk Management Framework — The Most Detailed Version

A world-class ESG Risk Management system involves **eight deeply integrated steps**.

STEP 1: ESG Risk Universe Identification

This step involves mapping **all possible ESG risks** through:

A. Materiality Assessment

Identify significant ESG topics based on stakeholder expectations and business impact.

B. Risk Workshops

Cross-functional discussions with:

- EHS
- HR
- Finance
- Supply Chain
- Legal
- Community relations

C. Regulatory Landscape Analysis

Scan for upcoming laws:

- Carbon tax

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- Extended Producer Responsibility
- Labour codes
- Biodiversity requirements

D. Supply Chain Mapping

Identify risk exposure in:

- Tier 1 suppliers
- Tier 2 subcontractors
- Raw material sources

E. Climate Science Inputs

Use IPCC, TCFD scenarios:

- 1.5°C, 2°C, 4°C pathways
- Transition risk modelling

F. Technology Trends

Track emerging cyber risks, digital ethics issues, and AI governance concerns.

The output is a **comprehensive ESG risk register**.

STEP 2: ESG Risk Assessment

Assessment must consider:

A. Probability (Likelihood)

1–5 scale: rare → almost certain.

B. Impact Dimensions

- Financial impact
- Operational disruption
- Legal consequences
- Reputational damage
- Stakeholder impact
- Long-term sustainability impact

C. Quantitative Methods

- Sensitivity analysis
- Scenario modelling
- Monte Carlo simulations
- Climate stress tests

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D. Qualitative Methods

- Interviews
- Expert scoring
- Industry benchmarking
- Policy analysis

Each risk is scored into categories:

- Critical
- High
- Medium
- Low

STEP 3: Risk Prioritisation

Criteria used:

- Does it threaten business continuity?
- Is it linked to compliance failures?
- Is it high media visibility?
- Is it linked to vulnerable workers or ecosystems?
- Does it affect large revenue segments?
- Is the board exposed to liability?

Special attention goes to:

- Child labour
- Carbon emissions
- Governance misconduct
- Waste/environmental violations

STEP 4: Mitigation Planning

A. Policies & Codes

- ESG policy
- Human rights policy
- Anti-corruption policy
- Supplier code of conduct
- OHS policy

B. Operational Controls

- Wastewater treatment plants
- Renewable energy installations
- PPE & safety protocols
- Ethical sourcing audits

C. Technology Controls

- Energy management software
- Emissions monitoring sensors
- Supply chain traceability tools

D. Behavioural Controls

- Training & awareness
- Leadership accountability mechanisms
- Whistle-blower protection

E. Financial Controls

- ESG-linked budgets
- Carbon reduction investments
- Green procurement criteria

STEP 5: Integration with ERM

ESG must be embedded into:

- Enterprise Risk Management (COSO/ISO 31000)
- Board-level risk appetite statements
- Strategic planning
- Capital allocation
- M&A evaluations
- CEO scorecards

Without integration, ESG becomes an isolated silo.

STEP 6: Monitoring & Performance Measurement

Uses:

A. ESG KPIs

Examples:

- Scope 1/2/3 emissions
- LTIFR (injury rates)
- Gender diversity ratios
- Supplier compliance %
- Anti-corruption training coverage

B. Dashboards

Digital dashboards are updated monthly.

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C. Climate KPIs

- Carbon intensity per unit
- Renewable energy %
- Climate risk exposure index

Monitoring ensures risks do not escalate.

STEP 7: Internal Audits — The Backbone of Assurance

Internal audits provide **independent verification** of ESG systems, controls, and data.

7.1 What Internal ESG Audits Evaluate

Environmental Audits

- Carbon calculation methodology
- Effluent, emissions compliance
- Waste handling & EPR compliance
- Environmental permit validity
- Supply chain environmental risks

Social Audits

- Human rights compliance
- Wages & working hours
- OHS systems
- Harassment/DEI policies
- Labour contractor practices

Governance Audits

- Anti-bribery controls
- Board independence
- Conflict of interest monitoring
- Grievance transparency
- Fraud detection systems

7.2 ESG Internal Audit Tools

- Physical site inspections
- Unannounced visits (for supply chain)
- Worker interviews
- Document sampling
- KPI verification
- Third-party certifications review
- IT system logs
- Carbon data sampling

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- Heat maps
- Benchmarking

7.3 Audit Outputs

Audits produce:

- Non-compliance lists
- Severity scores
- Root cause analysis
- Corrective action plans
- Audit closure timelines
- Senior management escalation

7.4 Internal Audit Governance Structure

- Internal Audit Team
- Chief Audit Executive
- Audit Committee (Board)
- ESG/Sustainability Committee
- Risk Committee

Audits report directly to the **Board Audit Committee** for independence.

STEP 8: Reporting & ESG Disclosure Assurance

Reports follow:

- BRSR (India)
- GRI
- SASB / ISSB
- CDP
- TCFD
- Integrated Reporting Framework

Audits ensure ESG data is:

- Accurate
- Complete
- Comparable
- Transparent
- Verified

External assurance providers perform:

- Limited assurance
- Reasonable assurance
On ESG metrics.

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10. Common Challenges in ESG Risk Management

- Lack of ESG data maturity
- Siloed functions
- Limited ESG expertise in internal audits
- Greenwashing temptation
- Supply chain opacity
- Fast-changing regulations
- Leadership misalignment
- Inconsistent global standards
- Weak stakeholder engagement
- Lack of board understanding of climate science

11. Benefits of Strong ESG Risk & Audit Systems

A. Financial Benefits

- Lower cost of capital
- Higher investor confidence
- Reduced operational disruptions

B. Governance Benefits

- Strong internal controls
- Transparency
- Ethical leadership

C. Operational Benefits

- Improved resource efficiency
- Better safety performance
- Less supply chain risk

D. Strategic Benefits

- Future regulatory readiness
- Competitive advantage
- Stronger brand trust

5. Case Study: The Infosys Corporate Governance Framework

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1. Introduction: Why Infosys is a Global Benchmark in Corporate Governance

Infosys is widely recognised as one of India's and the world's strongest governance-driven organisations. Since its founding in 1981, the company has consistently prioritised:

- **Transparency**
- **Board independence**
- **Ethical leadership**
- **Stakeholder-centric decision-making**
- **Robust internal controls**
- **Voluntary disclosures beyond legal requirements**

Infosys has won multiple global awards for governance excellence and is often cited by academicians, regulators, and investors as a model for *clean, transparent, and ethical corporate governance*.

The company's governance culture was shaped by founders like **Narayana Murthy**, who emphasised:

"Performance leads to recognition. Recognition leads to respect. Respect leads to power. But power must be exercised responsibly."

2. Governance Philosophy of Infosys

Infosys' corporate governance philosophy is driven by **four pillars**:

1. Transparency

The company discloses more information than legally required, including voluntary ESG and governance metrics.

2. Accountability

Clear roles for the board, committees, leadership, and internal governance functions.

3. Fairness

Equitable treatment of shareholders, including minority and institutional investors.

4. Responsibility

Commitment to ethics, compliance, and long-term sustainability—not short-term gains.

This philosophy is embedded in policies, leadership behaviours, and operational practices.

3. Infosys Board Structure

Infosys has one of the **most independent and professionally structured boards** in India.

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3.1 Board Composition

- A majority of **independent directors**
- Diverse mix of experts: finance, technology, governance, economics, sustainability
- Separation of **Chairperson** and **CEO/MD** roles (best governance practice)
- Independent Chairman in several governance cycles
- Gender diversity and international expert representation

3.2 Role of Independent Directors

They ensure:

- Objective decision-making
- Conflict-free oversight
- Protect shareholder interests
- Checks and balances on management authority

Infosys was one of the **first Indian companies to voluntarily adopt international corporate governance norms**, similar to NYSE and Nasdaq standards.

3.3 Director Training & Development

New directors undergo:

- Detailed induction programs
- Technology orientation (AI, cyber risks, cloud)
- Risk governance workshops
- Global compliance understanding

Continuous training ensures board competence on emerging ESG risks.

4. Governance Policies & Ethical Frameworks

Infosys follows a **policy-driven governance model**, backed by rigorous compliance.

4.1 Key Policies

- **Code of Business Conduct and Ethics (COBCE)**
- **Whistle-blower & Anti-Retaliation Policy**
- **Anti-Bribery & Anti-Corruption Policy (ABAC)**
- **Insider Trading Policy**
- **Data Privacy & Information Security Policies**
- **Human Rights Policy**
- **Supplier Standards & Responsible Sourcing Code**

4.2 Tone at the Top

Leadership reinforces an ethical culture by:

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- Regular ethical communication
- Zero-tolerance corruption stance
- Transparent disclosure of conflicts of interest
- Trackable integrity KPIs

Infosys' internal culture strongly supports honesty, compliance, and ethical leadership.

5. Board Committees: Architecture of Governance

Infosys uses specialised committees for deeper oversight:

1. Audit Committee (One of Infosys' strongest)

- Oversees internal audits, financial controls, and fraud risks
- Evaluates statutory auditor independence
- Supervises whistle-blower investigation reports
- Reviews related-party transactions

2. Nomination & Remuneration Committee

- Appoints & evaluates directors
- Structures performance-linked compensation
- Ensures fairness and transparency in executive pay

3. Risk Management Committee

- Reviews enterprise risks, including ESG
- Oversees cyber risk, supply chain risk, compliance risk
- Monitors strategic risks and resilience

4. CSR & ESG Committee

- Oversees environmental initiatives
- Approves social development projects
- Reviews ESG performance, disclosures, climate actions

5. Stakeholders Relationship Committee

- Handles investor communication
- Addresses shareholder grievances
- Ensures equitable treatment

This committee structure reflects **global best practices in governance**.

6. Internal Controls, Audit Systems & Transparency

Infosys is known for its **robust internal control ecosystem**.

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A. Internal Audit Team

- Independent reporting directly to the **Audit Committee**
- Risk-based audit planning
- ESG audits (environment, safety, supply chain)
- Continuous compliance review

B. Financial Transparency

Infosys was the **first Indian company** to voluntarily adopt:

- **US GAAP reporting**
- **IFRS** alongside Indian accounting standards
- Quarterly detailed disclosures
- Analyst briefings and investor calls

C. Whistle-blower Protection

- Anonymous channels
- Third-party operated systems
- Board-level oversight
- High-profile investigations handled transparently

Example: Infosys proactively disclosed whistle-blower allegations in 2019, demonstrating strong governance despite potential reputational risk.

7. ESG Governance & Sustainability Integration

Infosys integrates ESG deeply into its governance strategy.

Environmental Governance

- Achieved **carbon neutrality in 2020**, ahead of many global tech peers
- Renewable energy expansion
- Green buildings
- Water recycling & zero-waste campuses

Social Governance

- Industry-leading diversity programs
- Employee well-being initiatives
- Large-scale community investments through **Infosys Foundation**
- Educational programs (Infosys Springboard, CSR schools, digital literacy)

Governance (G)

- No tolerance for bribery
- Detailed compliance monitoring

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- Transparent ESG reporting (GRI, SASB, Integrated Reporting)

8. Managing Conflicts of Interest

Infosys's governance framework includes:

- Mandatory conflict disclosure for directors & executives
- Restrictions on related-party transactions
- Annual declarations
- Board-level scrutiny

Infosys historically criticised nepotism and resisted family-led influence, setting itself apart from many Indian conglomerates.

9. Crisis Handling & Governance Transparency (Real Examples)

Infosys is known for transparent crisis management.

A. Infosys CFO Exit Incident (2015)

Handled with:

- Clear disclosures
- Media transparency
- Board-level oversight

B. Whistle-blower Allegations (2019)

The company:

- Disclosed allegations to stakeholders
- Initiated independent external investigation
- Published summarised findings
- Demonstrated accountability

C. Past CEO Transitions

Infosys's CEO transitions, though publicised, were handled with strong governance, avoiding prolonged uncertainty.

These examples strengthened investor trust.

10. Governance Innovations & Leadership Practices

Infosys stands out for:

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- Early adoption of ESG disclosure norms
- Leadership compensation linked to performance
- Employee stock ownership fostering shared accountability
- Annual board-effectiveness assessments
- Cybersecurity governance with board training
- Transparent succession planning

Infosys often goes **beyond compliance**, embracing global governance excellence.

11. Governance KPIs at Infosys

Governance KPIs tracked:

- Board meeting attendance
- Diversity representation
- Whistle-blower case resolution time
- Audit closure rates
- Independence ratio of the board
- ESG performance metrics
- Ethics training completion %
- Carbon emissions & renewable energy %
- Supplier compliance %

KPIs ensure governance remains measurable & accountable.

12. Why Infosys is a Corporate Governance Role Model

Infosys is viewed as a governance leader because it:

- Prioritises integrity over short-term gains
- Maintains board independence & strong committees
- Practices radical transparency
- Upholds strict ethical codes
- Integrates ESG into the governance system
- Ensures accountability at every level
- Engages stakeholders proactively
- Uses internal audits aggressively to prevent risk
- Demonstrates responsible leadership during crises

It represents **Indian corporate governance at global best-practice standards**.

Quiz Questions & Answers

1. Which principle of corporate governance ensures clarity of roles and responsibility with accountability for decisions?

A. Transparency
B. Accountability
C. Stakeholder engagement
D. Independence
Answer: B

2. Transparency primarily refers to:

A. Ensuring top-level secrecy
B. Accurate, timely disclosure of material information
C. CEO dominance over decisions
D. Selective reporting to shareholders
Answer: B

3. Which principle protects minority shareholders from majority abuse?

A. Fairness
B. Responsibility
C. Sustainability
D. Risk assurance
Answer: A

4. Risk management as a governance principle focuses on:

A. Hiring only new employees
B. Identifying and mitigating financial, operational & ESG risks
C. Increasing board compensation
D. Eliminating independent directors
Answer: B

5. Ethical conduct in governance requires:

A. Only legal compliance
B. Avoiding bribery, conflicts of interest, and misrepresentation
C. Maximising profits at all costs
D. Minimal internal controls
Answer: B

6. A core element of responsible governance is:

A. Short-term profit maximisation
B. Long-term stewardship and sustainable decision-making
C. Avoiding regulatory reporting
D. Reducing board oversight
Answer: B

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7. Which principle ensures impartial and objective decision-making?

A. Independence of the board
B. Compensation policies
C. CSR committees
D. Employee welfare programs
Answer: A

8. Boards that lack diversity risk:

A. Higher innovation
B. Greater groupthink and blind spots
C. Strong stakeholder trust
D. Stronger risk mitigation
Answer: B

9. Which of the following is a governance failure?

A. Strong internal controls
B. Transparent reporting
C. Conflict of interest in board decisions
D. Detailed audit trails
Answer: C

10. Corporate Governance ensures:

A. Unchecked CEO authority
B. Ethical decision-making & stakeholder trust
C. Hidden transactions
D. Selective transparency
Answer: B

11. Board diversity is MOST effective when:

A. Diversity is symbolic or tokenistic
B. Diverse voices actively influence decisions
C. All directors have similar backgrounds
D. The board is entirely promoter-driven
Answer: B

12. Cognitive diversity refers to differences in:

A. Nationality
B. Thinking styles, experiences & problem-solving approaches
C. Company departments
D. Tenure duration
Answer: B

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13. Accountability in boards requires:

A. No oversight
B. Clear roles, disclosure, and performance evaluation
C. Eliminating independent committees
D. CEO's monopoly on decisions
Answer: B

14. A strong board accountability structure includes:

A. Undefined responsibilities
B. Regular board evaluations and clear performance metrics
C. No audit committee
D. Ignoring conflicts of interest
Answer: B

15. A board skills matrix is created to:

A. Track cafeteria usage
B. Map needed competencies and identify gaps
C. Evaluate customers
D. Reduce board independence
Answer: B

16. Which committee ensures fair appointment and evaluation of directors?

A. CSR Committee
B. Nomination & Remuneration Committee
C. Sales Committee
D. Marketing Committee
Answer: B

17. A diverse board strengthens governance because it:

A. Encourages homogeneous thinking
B. Identifies blind spots and reduces strategic risk
C. Ensures personal favouritism
D. Reduces ethical oversight
Answer: B

18. Which promotes accountability at the board level?

A. Executive-only board
B. Independent directors & external evaluations
C. No disclosures
D. Avoiding whistle-blower reports
Answer: B

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19. A major barrier to board diversity is:

A. Use of external search firms
B. Token appointments without real influence
C. Board training programs
D. Regular skill refreshers
Answer: B

20. Linking board compensation to ESG performance improves:

A. Short-term earnings only
B. Ethical conduct and long-term value
C. Conflicts of interest
D. Risk concentration
Answer: B

21. Anti-corruption policies are designed to:

A. Help employees hide misconduct
B. Prevent bribery, fraud & conflicts of interest
C. Encourage facilitation payments
D. Reduce transparency
Answer: B

22. A core feature of a strong anti-corruption policy is:

A. Unlimited gift acceptance
B. Zero-tolerance stance on bribery
C. Ignoring financial controls
D. Avoiding third-party checks
Answer: B

23. Whistle-blower policies allow employees to:

A. Report unethical practices safely and confidentially
B. Hide safety violations
C. Avoid communication channels
D. Retaliate against management
Answer: A

24. Which is a typical corruption red flag?

A. Documented procurement processes
B. Off-book accounts and undisclosed payments
C. Transparent vendor audits
D. Ethical training
Answer: B

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25. Whistle-blower non-retaliation means:

A. Employees may lose bonuses
B. No punishment for reporting misconduct
C. Reports must go through managers only
D. Anonymous reporting is banned
Answer: B

26. Third-party due diligence in anti-corruption focuses on:

A. Vendor holiday plans
B. Screening agents, distributors & contractors
C. Employee birthdays
D. Office layout
Answer: B

27. Which tool strengthens anti-corruption compliance?

A. Fake invoices
B. Segregation of duties
C. Cash-only transactions
D. Unrecorded gifts
Answer: B

28. A whistle-blower channel should NOT:

A. Allow anonymous reporting
B. Be overseen by the Audit Committee
C. Intimidate or punish informants
D. Support external reporting
Answer: C

29. Anti-corruption training is essential for:

A. Finance, procurement & sales teams
B. Only interns
C. Customers
D. None
Answer: A

30. A company with strong whistle-blower practices will:

A. Hide investigations
B. Resolve reported issues with transparency & fairness
C. Discourage reporting

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D. Delay corrective actions
Answer: B

31. ESG Risk Management involves:

A. Only environmental risks
B. Identifying, assessing, mitigating & monitoring ESG risks
C. Ignoring social & governance issues
D. Focusing only on profit
Answer: B

32. Which is an environmental (E) risk?

A. Wage theft
B. Carbon emission penalties
C. Corruption scandals
D. Cybersecurity breaches
Answer: B

33. A key part of social (S) risk management is:

A. Forced labour
B. OHS (Occupational Health & Safety)
C. Insider trading
D. Tax planning
Answer: B

34. ESG Internal Audits provide:

A. Independent assurance of ESG controls and data
B. Just financial analysis
C. Marketing insights
D. No link to governance
Answer: A

35. ESG risks must be integrated into:

A. Business continuity only
B. Enterprise Risk Management (ERM) systems
C. CEO's private decisions
D. Advertising campaigns
Answer: B

36. Which is a governance (G) risk?

A. Water scarcity
B. Bribery & conflict of interest
C. Machine accidents

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D. Biodiversity loss
Answer: B

37. A climate risk mitigation strategy includes:

A. Ignoring carbon footprint
B. Renewable energy usage
C. Hidden emissions data
D. Data falsification
Answer: B

38. A key tool for ESG risk monitoring is:

A. Worker interviews
B. Heat maps, KPIs & dashboards
C. Social media rumours
D. Random assumptions
Answer: B

39. Internal audit findings should:

A. Be ignored
B. Led to corrective action plans
C. Be hidden from the board
D. Be used to punish whistle-blowers
Answer: B

40. Scenario analysis is used to assess:

A. Future climate & transition risks
B. Supply chain discounts
C. Employee birthday schedules
D. TV advertisements
Answer: A

41. Infosys is globally recognised for:

A. Low governance standards
B. Transparent, ethical, and independent governance practices
C. Dominant founder-led boards
D. Weak disclosures
Answer: B

42. Which board practice does Infosys follow?

A. Complete CEO control
B. Separate Chairperson and CEO roles
C. No independent directors

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D. No audit committees
Answer: B

43. Infosys' whistle-blower system is:

A. Non-existent
B. Anonymous, third-party managed, and board-supervised
C. Punitive
D. Only for management
Answer: B

44. A major reason Infosys is seen as a governance leader is:

A. Avoiding ESG disclosure
B. Voluntary global reporting standards and strong internal controls
C. Not training directors
D. Hiding conflicts of interest
Answer: B

45. Infosys' governance system emphasises:

A. Minimal regulation
B. Strong ethics, transparency, risk oversight & sustainability
C. High corruption tolerance
D. Weak stakeholder engagement
Answer: B

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