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R95 **Russian Economy in 2021. Trends and outlooks**. **(Issue 43)** / [V. Mau et al; scientific editing by Kudrin A.L., Doctor of sciences (economics), Radygin A.D., Doctor of sciences (economics), Sinelnikov-Murylev S.G., Doctor of sciences (economics)]; Gaidar Institute. – Moscow: Gaidar Institute Publishers, 2022. – 568 pp.: illust.

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The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 43th issue. This publication provides a detailed analysis of the most significant trends in the Russian economy, global trends in the social and economic development. The work contains 6 big sections that highlight different aspects of Russia’s economic development, which allow to monitor all angles of ongoing events over a prolonged period: global economic and political challenges and national responses, economic growth and economic crisis; the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The work is based on an extensive array of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

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6.3. Corporate governance during the coronavirus crisis: a course towards diversification of interests and its slowdown in implementation of its principles[1]

6.3.1. The role of the COVID-19 pandemic in the evolution of corporate governance. Recognition of stakeholder interests

In April 2020, more than half of the world population lived in countries where strict restrictions on movement were being imposed, disrupting peoples lives, business activity and international mobility. These containment measures resulted in a sharp decline in total consumption and in a shrinking of trade. The global economy lost 4.3%, which is 6 times the scale of the global recession of 2008—2009.[2] Global foreign direct investment (FDI), which is considered to be a catalyst for economic development and corporate governance improvement, fell by 42% in 2020[3] relative to 2019. The decline was experienced in the main by developed countries, where these particular investment flows plummeted by 69% (in Europe, the decline amounted to 101%; in the USA, to 49%). In transition economies, FDI declined by 77%. In the developing countries, FDI lost about 12% on average.[4]

Unlike previously experienced financial shocks and economic crises, the consequences of the current crisis are not economically based: they were caused by an external shock. The unprecedented inequality in starting conditions determined the outcomes of the crisis, which divided economies, industries and individuals into those who became either winners or losers as a result of the crisis. Thus, certain industries suffered because their goods and services could not be effectively sold during lockdowns (tourism, retail trade, etc.). Others, on the contrary, gained great advantages in the new circumstances (such as suppliers of hygiene products and online stores). The pandemic continues to increase this inequality.

1 This section was written by: *Apevalova Ye.A.*, Senior Researcher at the Center for Institutions Analysis and Financial Markets, IAES, RANEPA; *Polezhaeva N.A.*, Candidate of Legal Sciences, Senior Researcher at the Center for Institutions Analysis and Financial Markets, IAES, RANEPA.

2 Global economic prospects. Chapter 1. Global outlook. URL: https://openknowledge.worldbank.org/bitstream/handle/10986/34710/9781464816123-Ch01.pdf

3 Overview. Foreign Direct Investment for Development: Maximising Benefits, Minimising Costs. URL: https://www.oecd-ilibrary.org/docserver/9789264199286-sum-ru.pdf?expires=1640524248&id=id&accname=guest&checksum=BAEF3298F2923502BD36D51B651469D0

4 Global Investment Trend Monitor, No. 38. URL: https://unctad.org/webflyer/global-investment-trend-monitor-no-38

Over the course of the 20th century, two types of changes were identified in corporate governance.

First, the crisis that followed the Great Depression and World War II laid down the deep structural framework of corporate governance. The need to address the arising political problems, among other things, translated into the formation of several different corporate governance systems:[1]

— the Anglo-US model, which places a greater emphasis on shareholder values;
— the German and Japanese models, which share some basic features, namely the focus on the interests of key stakeholders, reliance on internal control methods, and a high concentration of ownership;
— the family governance (Latin) model, which is also characterized by concentrated ownership, but as far as the interests of stakeholders are concerned, it is characterized by conflicting relations between employers and employees.

It should be noted that the Russian corporate governance model was evolving during the privatization phase in 1989—1994, so it combines the features of several governance systems (highly concentrated ownership, special control mechanisms, the prevalence of insider ownership where ownership and management rights are combined).[2]

Secondly, the period of relative political calm at the end of the 20th century made it possible to focus directly on the effectiveness of corporate governance. In the 1990s, against the backdrop of protracted recessions in Germany and Japan, the US economy, with its more dynamic approach, was leading the way. This factor, as well as the growing influence of major regional stock exchanges and institutional investors from the UK and the USA, the increasing incomes and market capitalization of multinational corporations (mainly based in the UK and the USA), and massive international financial flows, created the motivation for convergence with the Anglo-US corporate governance model focused on the interests of external investors, which seemed then to be an integral part of the globalization and financialization processes going on across the world economy.

However, in the 21st century, the 2008—2009 financial and economic crisis clearly revealed the imperfections of the shareholder model of corporate governance (for example, the lack of proper attention to long-term goals and the interests of related parties other than shareholders and the strong relationships with key stakeholders coupled with insufficient flexibility in the German model).[3]

While no major changes in corporate governance can be expected to occur in the nearest future, the COVID-19 pandemic once again highlighted the weaknesses of the shareholder model and emphasized some of the already existing trends:

1. The striving for sustainability, which can be expressed as follows:

1 *Dementieva, A.G.* Corporate Governance Models in the Context of Globalization. M.: MGIMO University, 2011. 180 p. (In Russian).

2 *Orekhova S.V., Kudin L.Sh.* Russian Model of Corporate Governance: Evolution, Specifics, Efficiency Problems. Bulletin of Chelyabinsk State University. 2019. No. 3 (425). Pp. 140–152.

3 *Clarke T.* The continuing diversity of corporate governance: Theories of convergence and variety. Ephemera: Theory & Politics in Organization. 2016. Vol. 16(1). Pp. 19–52.

- abandoning the practices that could be risky during a crisis, for example just-in-time cross-border deliveries that are effective during normal periods;
- merging companies into networks (corporate, financial, or government-related) in order to increase the chances of survival;
- developing the practices designed to prevent the spread of disease among companies' staff. However, this is fraught with the possibility of discrimination, because companies will try to avoid hiring people belonging to risk groups (such as individuals with chronic illnesses or those older than a certain age).[1]

2. The resurgence of corporate nationalism (state-owned companies, "golden share"), which may occur due to the desire to avoid becoming dependent on foreign investors with political motives.

3. The expansion of corporate goals towards related parties (stakeholders),[2] which may accelerate due to increasing inequality, mass layoffs resulting from galloping digitalization (which makes investment in human capital unnecessary), and climate change.

The proponents of the shareholder model of corporate governance believe that stakeholderism,[3] which has been spurred in its development by the coronavirus crisis, will eventually fail to withstand competition due to its inefficiency.[4] Meanwhile, the Business Roundtable (BRT), a nonprofit lobbyist association whose members are chief executive officers of major US companies, views companies as complex, dynamic ecosystems that include diverse interacting elements, and not as static hierarchies focused on shareholder primacy. In this connection, the Business Roundtable affirms in its Statement the essential role that corporations can play in improving society when CEOs are truly committed to meeting the needs of all stakeholders.[5]

However, a company's commitment to a particular corporate governance model by no means implies its better preparedness for dealing with crises. Thus, US hi-tech companies (including Meta? Facebook, Amazon, Apple, Microsoft and Alphabet (Google)) have been among the most successful in the world since the onset of the COVID-19 pandemic due to their ability to rapidly generate innovations. It can be assumed that the shareholder model of corporate governance makes it possible for companies operating in the traditional industries successfully to

1 *Gelter M., Puaschunder J.M.* COVID-19 and Comparative Corporate Governance (January 25, 2021). European Corporate Governance Institute - Law Working Paper No. 563/2021. URL: https://ssrn.com/abstract=3772965

2 Creditors, suppliers, employees, society as a whole, etc.

3 *Mayer C.* Shareholderism Versus Stakeholderism – a Misconceived Contradiction. A Comment on 'The Illusory Promise of Stakeholder Governance' by Lucian Bebchuk and Roberto Tallarita (June 3, 2020). European Corporate Governance Institute - Law Working Paper No. 522/2020. URL: https://ssrn.com/abstract=3617847

4 *Gindis D., Veldman J., Willmott H.* Convergent and divergent trajectories of corporate governance. Competition & Change. 2020. Vol. 24 (5). Pp. 399-407; *Pargendler M.* Controlling Shareholders in the Twenty-First Century: Complicating Corporate Governance Beyond Agency Costs (November 12, 2019). European Corporate Governance Institute — Law Working Paper No. 483/2019. URL: https://ssrn.com/abstract=3474555

5 Our Commitment. https://opportunity.businessroundtable.org/ourcommitment/

survive in times of crisis, while other corporations may benefit, for example, from generating innovations.

4. Digitalization, which has long penetrated corporate governance. By now, corporate governance has come to grips with some new technologies like blockchain, electronic registries, electronic document management, and electronic voting. Companies are trying to include in their boards of directors, experts with experience and competencies in the field of innovation and digital technologies, and to treat cyber risks as part of their risk management systems.[1] Another area of particular interest is experimenting with the use of artificial intelligence in management.[2]

However, digitalization not only provides the possibility of remote exercise of corporate rights and management, which is important for preventing the spread of the virus. It has given rise to platform-based companies that rely in their functioning on new technologies. In the context of the COVID-19 pandemic, digital platform businesses (including Apple, Alibaba, Sber, and Yandex) were able not only to go on performing, but to expand their activities to meet the "digital" needs of their clients, thus taking over the empty niches vacated by traditional companies that had failed promptly to adapt to the new conditions. The traditional shareholder model of corporate governance no longer suits platform-based companies, which unite and promote cooperation between several related parties, seeking to increase their involvement.[3] Thus, the governance of digital platform businesses largely has to do with the expansion of corporate goals towards the interests of stakeholders.

6.3.2. The impact of the coronavirus crisis on corporate governance practices in Russian companies

One of the possible methods to assess the impact of the COVID-19 pandemic on corporate governance (CG) practices is to determine the level of companies' compliance with corporate governance principles.

The Russian Code of Corporate Governance (hereinafter the CCG) was adopted in 2014, that is, after the global economic crisis of 2008—2009, and so the coronavirus crisis became its first serious test. The compliance of companies with the CCG has been monitored by the Bank of Russia through the comply or explain approach, where both the implementation of a rule and a reasonable explanation for its non-implementation can be two appropriate ways to comply with it. The regulator reviews the CG compliance reports submitted by all public joint-stock

1 Corporate Governance in the Covid Era: Cybersecurity and High Tech Considerations. URL: https://gaap.ru/articles/Corporativnoe-upravlenie-v-epohu-covida/

2 *Apevalova, E.A., Polezhaeva, N.A., Radygin, A.D.* The standards and practices of corporate governance: relevant current trends. Russian Economy in 2019. Trends and Outlooks (Issue 41). [V. Mau et al.; eds. Kudrin, A.L., Doctor of Economic Sciences; Radygin, A.D., Doctor of Economic Sciences; Sinelnikov-Murylev, S.G., Doctor of Economic Sciences]; Gaidar Institute, Moscow. 2020. P. 486–498.

3 *Polezhaeva, N.A.* Platform companies: features of the business model and corporate governance. Russian Economy in 2020. Trends and Outlooks (Issue 42). [Eds. Kudrin, A.L., Doctor of Economic Sciences; Mau, V.A., Doctor of Economic Sciences; Radygin, A.D., Doctor of Economic Sciences; Sinelnikov-Murylev, S.G., Doctor of Economic Sciences]; Gaidar Institute, Moscow. 2021. P. 533–556.

companies (PJSC) put on Level 1 and Level 2 lists of the Moscow Exchange (QL1 and QL2), as well as by Level 3 (QL3) companies. However, in its Reviews of Corporate Governance Practices at Russian Public Companies released at the end of each year, the regulator has been taking into account only the reports drawn up in accordance with the established specific Form[1] (*Table 8*).

It should be noted that the Bank of Russia, as well as other institutions that analyze the compliance of Russian companies with the corporate governance principles, mainly use in their research open-source information provided in disclosed corporate documents (such as annual reports and statements of material facts), and do not always properly verify its credibility. In its 2017 annual Review, the Bank of Russia referred to the discrepancies revealed during its random inspections of some of the companies that had submitted their corporate governance compliance self-assessment reports as “an alarming signal”.

Table 8

The number of PJSCs put on Level 1, Level 2, and Level 3 lists of the Moscow Exchange that used the Corporate Governance Compliance Report Form

Year	Level 1 and 2 PJSCs, total (Moscow Exchange’s list)	Level 1 and 2 PJSCs using Corporate Governance Compliance Report Form			Level 3 PJSCs, total	Level 3 PJSCs using Corporate Governance Compliance Report Form
		Total	Level 1	Level 2		
2015	99	84 (85%*)	56	28	—***	—
2016	84	78 (93%)	49	29	—	—
2017	75	72 (96%)	44	28	—	—
2018	65	63 (97%)	41	22	155	132 (85%**)
2019	64	61 (95%)	40	21	151	135 (89%)
2020	66	64 (97%)	41	23	149	133 (89%)

* % of all Level 1 and 2 PJSCs.
**% of all Level 3 PJSCs.
****prior* to 2018, Level 3 PJSCs were not included in annual Reviews.

Source: based on annual Reviews of Corporate Governance Practices at Russian Public Companies for 2015, 2016, 2017, 2018, 2019, and 2020. URL: https://www.cbr.ru/issuers_corporate/analitics/

The results of the Bank of Russia’s monitoring were released for the first time in its Review of Corporate Governance Practices at Russian Public Companies for 2015. As of the end of February, the latest available annual review is for 2020.[2]

Over the six years after the introduction of the CCG (period 2014—2019), by the onset of the pandemic, some noticeable positive changes in the implementation of CG principles and the quality of explanations for non-compliance (including partial non-compliance) in the group of Level 1 and 2 PJSCs (*Fig 5*, *6* and *7*) were observed:

— in terms of the implementation level, a stable positive trend persisted;

1 Letter of the Bank of Russia No. IN-06-52/8 dated February 17, 2016 “On disclosure, in the annual report of a public joint-stock company, of the report on its compliance with the principles and recommendations of the Corporate Governance Code”. URL: http://www.cbr.ru/

2 Review of Corporate Governance Practices at Russian Public Companies for 2020. URL: https://www.cbr.ru/Collection/Collection/File/39590/Review_corp_3011021.pdf

- the average number of principles that were fully complied with rose by 20 p.p. (from 58% to 78%);
- the relative share of principles that were in non-compliance decreased by 2.5 times (from 15% to 6%);
- a positive dynamic was also observed with regard to chapters and principles in compliance (Chapters II, I, VII, IV);
- in terms of the quality of explanations for non-compliance with CG principles, a moderately positive trend was maintained;
- the average quality level of the explanations increased almost 2 times (from 33% to 63%);
- the number of PJSCs with high-quality explanations increased by 20 p.p. (from 6% to 26%);
- the number of PJSCs offering explanations that needed to be significantly improved shrank by 55 p.p. (from 80% to 25%).

In 2020, the average level of implementation of CG principles by Level 1 and Level 2 PJSCs decreased for the first time (by 1 p.p. on the pre-pandemic year 2019), to 77%. As before, the average quality level of explanations for non-compliance with CG principles stood at 63% (*Fig. 5* and *6*).

Chapter II (on the board of directors) continues to be the one in least compliance. Only one company (2% of all PJSCs) reported its full compliance with its principles (*Fig. 7*).

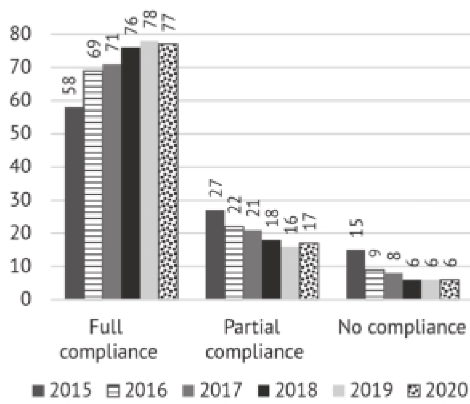

Fig. 5. The average level of compliance with CG principles by Level 1 and Level 2 PJSCs, %

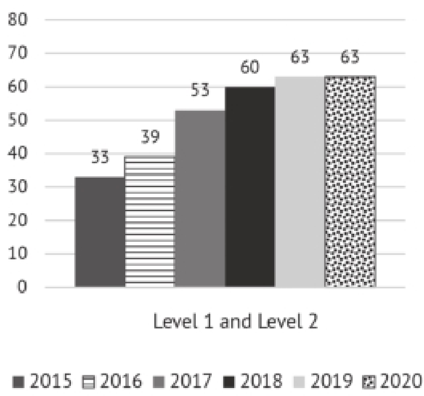

Fig. 6. The average quality level of explanations for non-compliance with CG principles by Level 1 and Level 2 PJSCs, %

Source: based on the annual Review of Corporate Governance Practices at Russian Public Companies for 2020. URL: https://www.cbr.ru/Collection/Collection/File/39590/Review_corp_3011021.pdf

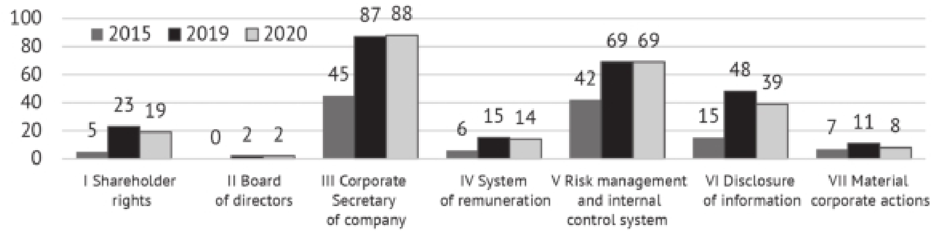

Fig. 7. The relative shares of Level 1 and Level 2 PJSCs reporting their full compliance with the principles set forth in specific chapters of the CCG, %

Source: based on the annual Review of Corporate Governance Practices at Russian Public Companies for 2020. URL: https://www.cbr.ru/Collection/Collection/File/39590/Review_corp_3011021.pdf

The principle in least compliance among those set forth in Chapter II is principle 2.7.4, which concerns the adoption of decisions by a qualified majority vote or by a majority vote of all elected board members. Only 33% of all PJSCs comply with it.

Negative dynamics is noted with regard to the introduction of the following principles:

a) 2.8.5, that committees should be chaired by independent directors and meetings attended by an invited third party; in 2020, the number of companies reporting their full compliance with this principle was 6% less than in 2019 (44% in 2019, and 38% in 2020);

b) 2.9.1, on evaluation of quality of the board of directors' work and its results during its intramural meeting (54% in 2019, and 48% in 2020). This happened because of the impossibility of holding an intramural board meeting during the COVID-19 pandemic.

Nevertheless, in 2020, the dynamics of the implementation of the majority of principles set forth in Chapter II was positive. As before, the best compliance was reported with regard to principle 2.2.2, that the chairman of the board of directors must be available to communicate with the company's shareholders; principle 2.6.2, that the rights and duties of board members should be clearly stated and documented in the company's internal documents; and principle 2.7.1, that meetings of the board of directors must be held as needed, with due account of the company's scope of activities and its then current goals. These principles are complied with by 98% of companies.

Chapter I, on shareholder rights, is likewise one that is least in compliance. Moreover, the number of PJSCs that reported their full compliance in 2020 shrank in 2019, from 23% to 19%. This can largely be explained by the necessity, in the context of the COVID-19 pandemic, to hold general meetings of shareholders in absentia, thus making it difficult to implement a number of principles, e.g., 1.1.6, that the procedures for holding a general meeting should provide equal opportunity to all individuals present to express their opinions and ask questions that might be of interest to them.

The number of companies reporting their full compliance with all the principles of Chapter VI, on disclosure of information about the company, also decreased markedly on 2019, from 48% to 39%, which happened because of the negative dynamics in their implementation of principle 6.2.1, whereby a company should disclose information in accordance with the principles of regularity, consistency and timeliness (decline from 79% to 67%), and principle 6.3.1, concerning the exercise by shareholders of their right to access relevant documents and information (decline from 87% to 72%).

Level 3 companies were included by the Bank of Russia in its annual review for the first time in 2018. According to the results of three years' reviews, there has been an rise in the number of companies reporting their compliance with an increasing number of CG principles; in 2020, the average compliance level was 51%, which is 1 p.p. above the index of the pre-pandemic year 2019. The data on compliance of Level 3 companies with certain chapters of the CCG are presented in *Fig. 8*. The relative share of companies that need to significantly improve the explanations for their non-compliance is 73%, just as in 2019.

The large-scope TopCompetence national study, which addressed the specific features of corporate governance at Russia's 100+ large companies listed on the Moscow Exchange (RUCGI),[1] also demonstrated that, in 2020, the average level of compliance with the key corporate governance principles altered only slightly relative the pre-pandemic year 2019 (52.06% in 2020; 52.18% in 2019). As before, there was an obvious dependence of the compliance level on the listing and capitalization levels. The Level 2 and Level 3 companies, whose capitalization was below Rb200 bn, were less active in their compliance with CG principles (*Fig. 9, 10*).

The least compliance has been observed with regard to those key principles that have to do with the work of a company's board of directors:

— providing the company with a feasible method of informing its board of directors or its audit committee about the facts of violation of the law, internal procedures and the company's code of ethics (complied with by only 8% of companies);

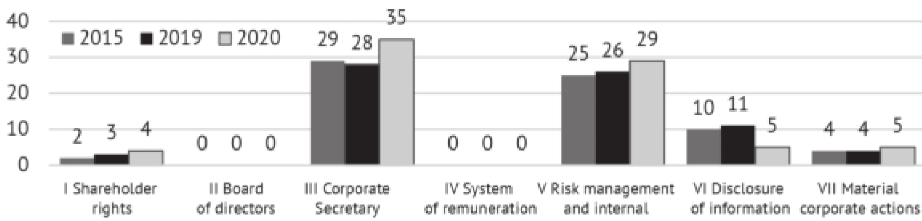

Fig. 8. The relative share of Level 3 PJSCs reporting their full compliance with the principles set forth in specific chapters of the CCG, %

Source: based on the annual Review of Corporate Governance Practices at Russian Public Companies for 2020. URL: https://www.cbr.ru/Collection/Collection/File/39590/Review_corp_3011021.pdf

1 National Corporate Governance Index 2020. URL: http://cgindex.ru/2020/12/03/нику-2020/

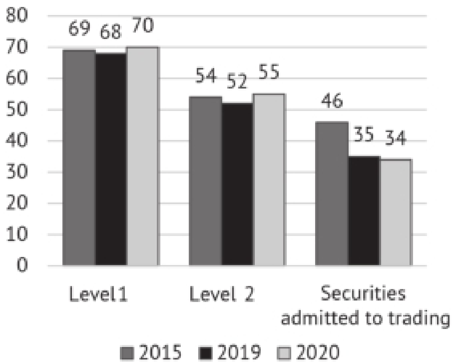

Fig. 9. The dynamics of the level of compliance with key CG principles depending on listing level, %

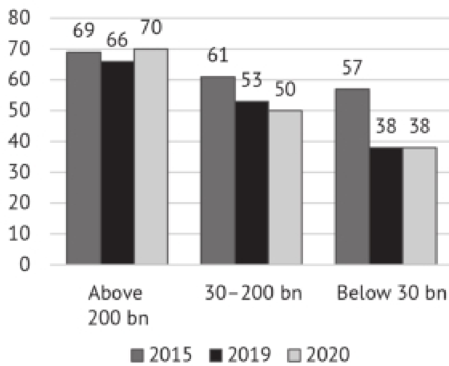

Fig. 10. The dynamics of the level of compliance with key CG principles depending on capitalization level, %

Source: National Corporate Governance Index 2020. URL: http://cgindex.ru/2020/12/03/нику-2020/

- implementing, over the course of a reporting year, educational, training and retraining programs for board members (complied with by only 9% of companies);
- presenting on the company's website and in its annual report biographical information concerning the corporate secretary, similar to the biographical details of members of the board of directors and executive officers of the company (12%);
- developing and implementing the company's policy on remuneration and reimbursement of costs incurred by its board members (12%);
- disclosing the company's policy on remuneration due to members of its executive bodies and other key managers (12%).

Because of the low level of compliance with the last two principles, some questions may arise as to the reasonable size of the remuneration due to board members. In 2020, the average annual remuneration of a board member doubled on 2019 and amounted to Rb161.3 mn, while the average annual remuneration of an executive increased 1.14 times and amounted to Rb10.62 mn (*Fig. 11*). At the same time, 3% of companies do not disclose any information on remuneration, and only 13.5% of them provide details concerning remuneration components. It should be noted that in 2020, 21% of companies paid no remuneration to members of their boards of directors. This can be explained in part by the fact that the coronavirus situation turned out to be beneficial for some businesses. Meanwhile, some companies preferred to allocate available funds to measures designed to ensure their sustainability and to social goals.

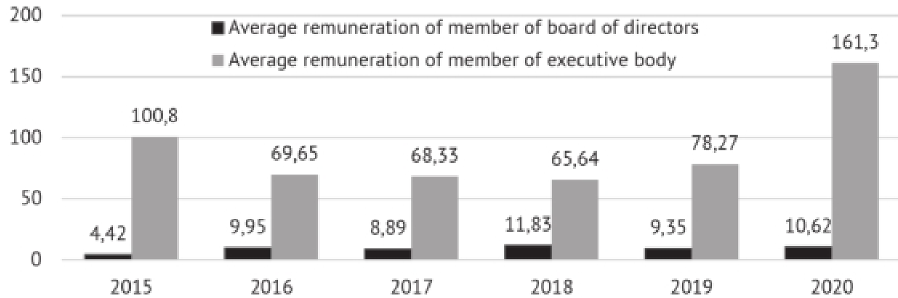

Fig. 11. Average remuneration of members of boards of directors and executive bodies, millions of rubles

Source: National Corporate Governance Index 2020. URL: http://cgindex.ru/2020/12/03/нику-2020/

The joint study on the impact of the COVID-19 pandemic on the activities of boards of directors of 30 Russian companies,[1][2] released in 2020 by EY[3] and the Skolkovo Club of Independent Directors, also revealed shortcomings of boards' composition and practices (*Fig. 12*), the most common of which are as follows:

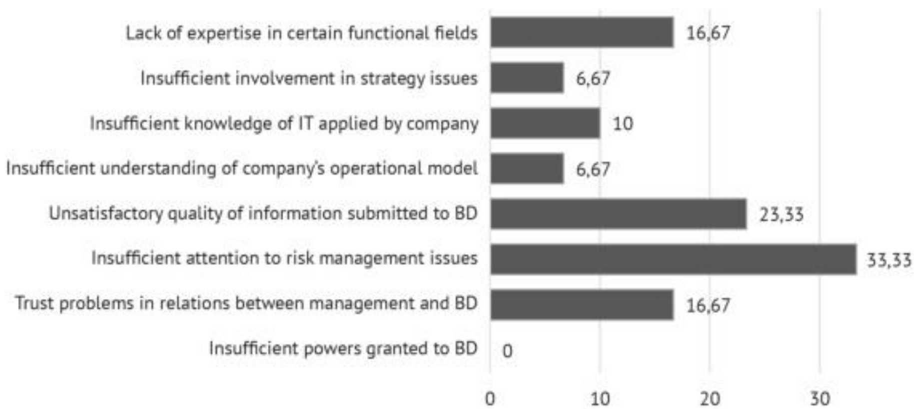

Fig. 12. Shortcomings in the composition and practices of boards of directors (BD) revealed by the crisis situation, %

Source: Impact of COVID-19 Pandemic on Board of Directors. Presentation of survey results. URL: https://assets.ey.com/content/dam/ey-sites/ey-com/ru_ru/news/2020/08/ey-and-skolkovo-board-of-directors-survey-2020.pdf

1 30% are public companies; 63.33% are not state-owned ones.
2 Impact of COVID-19 Pandemic on Board of Directors. Presentation of survey results. URL: https://assets. ey. com/content/dam/ey-sites/ey-com/ru_ru/news/2020/08/ey-and-skolkovo-board -of-directors-survey-2020. pdf
3 EY is the name of a global organization and may refer to one or more of the companies that make up Ernst & Young Global Limited. EY is an international leader in audit, tax, strategy, transactions and consulting.

— insufficient attention of the board of directors to business risks (noted by 33.33% of directors)
— low quality of information provided for consideration to the board of directors (noted by 23.33% of directors).

At the same time, none of the interviewed directors mentioned that the board was granted insufficient powers.

In addition to these shortcomings in the boards'operations, the Bank of Russia also points out the following problems:[1]

— a company can distribute profits in favor of controlling individuals by methods other than dividends and liquidation value;[2]
— there is insufficient information on the recommendations concerning distribution of profits submitted by the board of directors to the general meeting of shareholders;
— shareholders have no understanding of the reasons behind the decisions that no dividends should be paid on shares of a particular category, including in the presence of a dividend policy, where the key role in development and implementation was played by the board of directors.

Nevertheless, although the pandemic has had an evident effect on the practices of boards of directors, both the directors and researchers believe that this will not translate into any significant changes in corporate governance, but will significantly affect the companies in the strategic and technological aspects of their business activities (*Fig. 13*). Thus, on average, 89% of directors expect

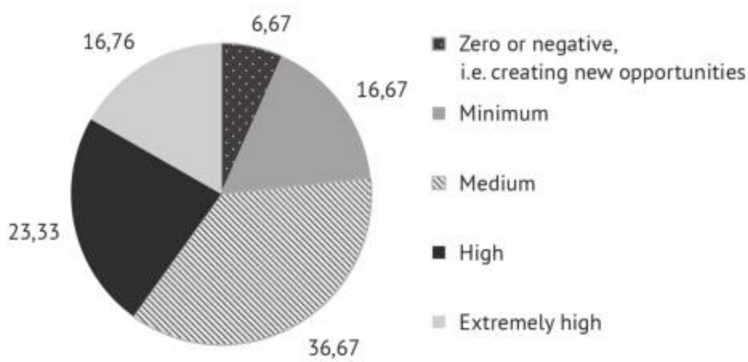

Fig. 13. Assessment of the degree of threats created by the COVID-19 pandemic and related economic shocks for the business activity of companies, %

Source: Impact of COVID-19 Pandemic on Board of Directors. Presentation of survey results. URL: https://assets.ey.com/content/dam/ey-sites/ey-com/ru_ru/news/2020/08/ey-and-skolkovo-board-of-directors-survey-2020.pdf

1 Review of Corporate Governance Practices at Russian Public Companies for 2019 года. URL: https://www. cbr. ru/Collection/Collection/File/31741/Review_corp_14122020. pdf

2 For example, through transfer pricing; by making intra-group interest-free loans; unjustified provision by the controlling body of the company's services at inflated prices; sponsorship by a charitable organization that is supervised by the company's controlling shareholder, etc.

no changes in the practices of forming the board and determining its powers or the role of key shareholders in company management. At the same time, 25% of directors on average spoke, for example, of the increased involvement of the board and key shareholders in decision-making on strategic issues, and 83% of respondents believe that the board of directors will now analyze business risks and the activities of the company as a whole more carefully.

By way of summing up, we should note that, because we do not know when the COVID-19 pandemic will actually end, we cannot at this point reliably determine the scale of its consequences. However, they have already exceeded the indicators of the global economic crisis of 2008-2009. Among the main causes of the crisis of 2008-2009 were the violations in the field of corporate governance that gave rise to excessive risk-taking: the information on risks was not reported to companies' boards of directors and executive bodies, the boards did not establish proper indicators for monitoring the implementation of business strategy, the information on expected risk factors and the system of control and risk management was not properly disclosed, etc. As a result, that crisis revealed the need for reforms in the field of corporate governance, and so existing regulatory acts were revised, and new ones were adopted, including corporate governance codes, and structural changes were made. In contrast to the collapse of 2008-2009, the current economic crisis was triggered by an external cause, and therefore no significant changes in corporate governance can be expected to take place in the near future.

However, the COVID-19 pandemic is not going to pass without leaving its mark on corporate governance. It has sped up reform in some of its areas, including revival of corporate nationalism, expansion of corporate goals towards stakeholders and digitalization. A common feature of all these trends is the recognition of the interests of a wider range of stakeholders. This direction of development is by no means new, it is one of the basic principles of corporate governance set forth by the OECD.

In Russia, it is necessary to stimulate the expansion of corporate goals towards the interests of stakeholders. Internal corporate social responsibility (social partnership in labor relations), which is expressed in the inclusion of employee representatives in the management bodies of a company or endowing them with shares in its authorized capital, at present is less widespread in Russia than in more developed countries, but it is considered to be a promising prospect because experience has shown that the joint efforts of employers and employees can help in dealing more efficiently with crisis situations in the economy, including those triggered by the COVID-19 pandemic. In order to develop corporate social responsibility, it is necessary to promote the practical implementation of the provisions stipulated in Chapter 8 of the Labor Code of the Russian Federation, which addresses the participation of employees in the management of an organization and stipulates an open list of forms of participation, especially the participation of employee representatives in the distribution of an organization's profits and in meetings of the collegial executive body with the right of advisory vote.[1]

1 *Gutnikov O.V.* Corporate law development trends at the present time // Journal of Russian Law. 2020. No. 8. P. 59–73.

External corporate social responsibility aimed at external stakeholders (such as preparedness to help in crisis situations, responsibility to consumers, charity activities, and environmental protection) is just in the early phase of its development. The coronavirus crisis has demonstrated the readiness of some Russian companies to provide active help in the interests of society at large. Thus, Norilsk Nickel allocated Rb10.5 bn to measures designed to combat COVID-19; Sberbank also launched various measures, including the SberUnity anti-crisis support platform for small and medium-sized businesses. However, when compared with the USA, where the financial assistance provided by the top five tech companies totaled $1,252.5 mn, the input Russian companies to the fight against the pandemic looks modest.[1]

A comparative analysis of the level of compliance of Russian companies with the Corporate Governance Code in 2019 and 2020, i.e. before and after the onset of the pandemic, also confirms that so far, COVID-19 has not had a significant impact on corporate governance.

In 2020, compared to the pre-pandemic year 2019, the average level of compliance with the principles stipulated in the CCG by 64 public joint-stock companies, put on Level 1 and Level 2 lists of the Moscow Exchange and reviewed by the Bank of Russia, decreased by 1 p.p. to 77%. According to data released by TopCompetence on Russia's 100+ large companies listed on the Moscow Exchange (by capitalization), the average level of their compliance with key CG principles indeed increased but only slightly, from 52.06% to 52.18%. Considering that in recent years the level of compliance with corporate governance principles by Level 1 and Level 2 PJSCs has been rising at a slow pace (69% in 2016; 71% in 2017; 76% in 2018; 78% in 2019), the dynamics of changes occurring in 2019—2020 is by no means significant. The negative dynamics of compliance with a number of principles (for example, 1.1.6, 2.8.5, and 2.9.1) can largely be explained by the impossibility of holding meetings in person in the context of the COVID-19 pandemic.

1 *Polezhaeva N.A., Apevalova E.A.* Contribution of large corporations to the fight against COVID-19: digest monitoring for April 9–23, 2020 // Monitoring of Russia's economic outlook: trends and challenges of socio-economic development. 2020. No 11 (113). May. Ed. Gurevich V.S., Drobyshevsky S.M., Kolesnikov A.V., Mau V.A., Sinelnikov-Murylev S.G.; Gaidar Institute for Economic Policy, Russian Academy of National Economy and Public Administration under the President of the Russian Federation. P. 44–58.