

*We study the evolution of corporate governance (CG) practices in Brazil over 2010-2019, using a country-specific Brazil Corporate Governance Index (BCGI) validated in prior work. We study separately firms in high-governance and low-governance legal regimes, in a single country. CG improved considerably in Brazil over 2010-2015, with much smaller changes over 2015-2019. Positive CG changes are much more common than negative changes. Some firms made only minimal changes, despite low initial CG levels. We also study which firm financial factors predict both CG levels and changes in levels. None of the firm financial variables we study consistently predicts CG levels. However, for CG changes, a measure of equity financing need predicts CG improvements in the first half of the sample period, but only for firms in the lower governance regime, not for firms in the higher regime. This is the first article to find evidence for firm financial characteristics predicting CG changes, consistent with theoretical predictions, including stronger effects for firms in the lower governance regime*