

Work Methodology

June 2023

PROPOSED WORK
METHODOLOGY FOR
NEW CORPORATE GOVERNANCE
CODE IN MAURITIUS
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Content

Work Methodology

Part 1: Text Analysis Methodology in Narrative Reporting

Part 2: Project Management: Agile Six Sigma

Agile Six Sigma

Define the opportunity for improvement

Measure the performance of the existing processes

Analyze the process to find the defects and root causes

Improve processes by addressing the root causes of the need for change

Control improved processes and assess incorrect deviations

Comparison Analysis from Other Corporate Governance Codes

NCCG Mauritius

KING IV

NDC

The UK's Strategic Report

The US Securities and Exchange Commission

The Operating Financial Review in Australia

Listing requirements of Johannesburg

Listing requirements of Sustainable Stock Exchanges

Appendix

CV

Background of NET Africa

Work Methodology

Secondary Research: Text Analysis Methodology in Narrative Reporting

Content Analysis

Content analysis, a widely recognized social science research methodology, was employed to analyze textual data from the National Code of Corporate Governance (NCCG) Mauritius, alongside other corporate governance frameworks. These include:

- **EU Directive 2022/2462** on corporate sustainability reporting
- **KING IV Code of Corporate Governance**
- **NDC (Nationally Determined Contributions) frameworks**
- **UK Strategic Report**
- Governance and reporting requirements of major stock exchanges, such as:
 - **Nasdaq**
 - **Johannesburg Stock Exchange (JSE)**
 - **Shanghai Stock Exchange (SSE)**
- **Task Force on Climate-related Financial Disclosures (TCFD)**

PHASE 2: DRAFTING ON NEW CODE

Part 2: Project Management

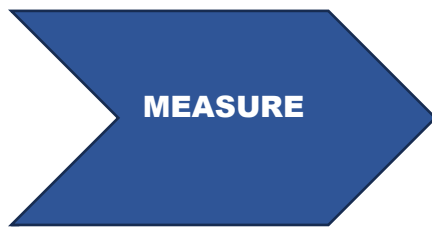
Agile Six Sigma

- **Define the opportunity for improvement**
 - Focus on the customer – clearly identify clients' needs and identify the driver pushing their need for change.
 - Team needs to understand the quality of recommendations we are making, and the quality of the code of governance we are presenting.
- **Measure the performance of the existing processes**
 - Outline the current Governance code. Once you've done this, analyze and gather data on the current process to see if there are certain areas that can be optimized.
- **Analyze the process to find the defects and root causes**
- **Improve processes by addressing the root causes for the need for change**
- **Control improved processes and assess incorrect deviations**





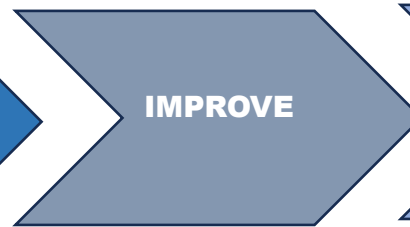
- What is the problem?**
- What is the scope?**
- What key metric is important?**
- Who are the stakeholders?**



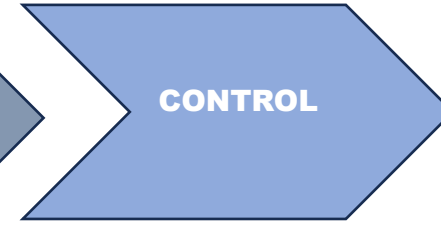
- What is available?**
- Is the data accurate?**
- How should we stratify the data?**
- What graphs should we make?**



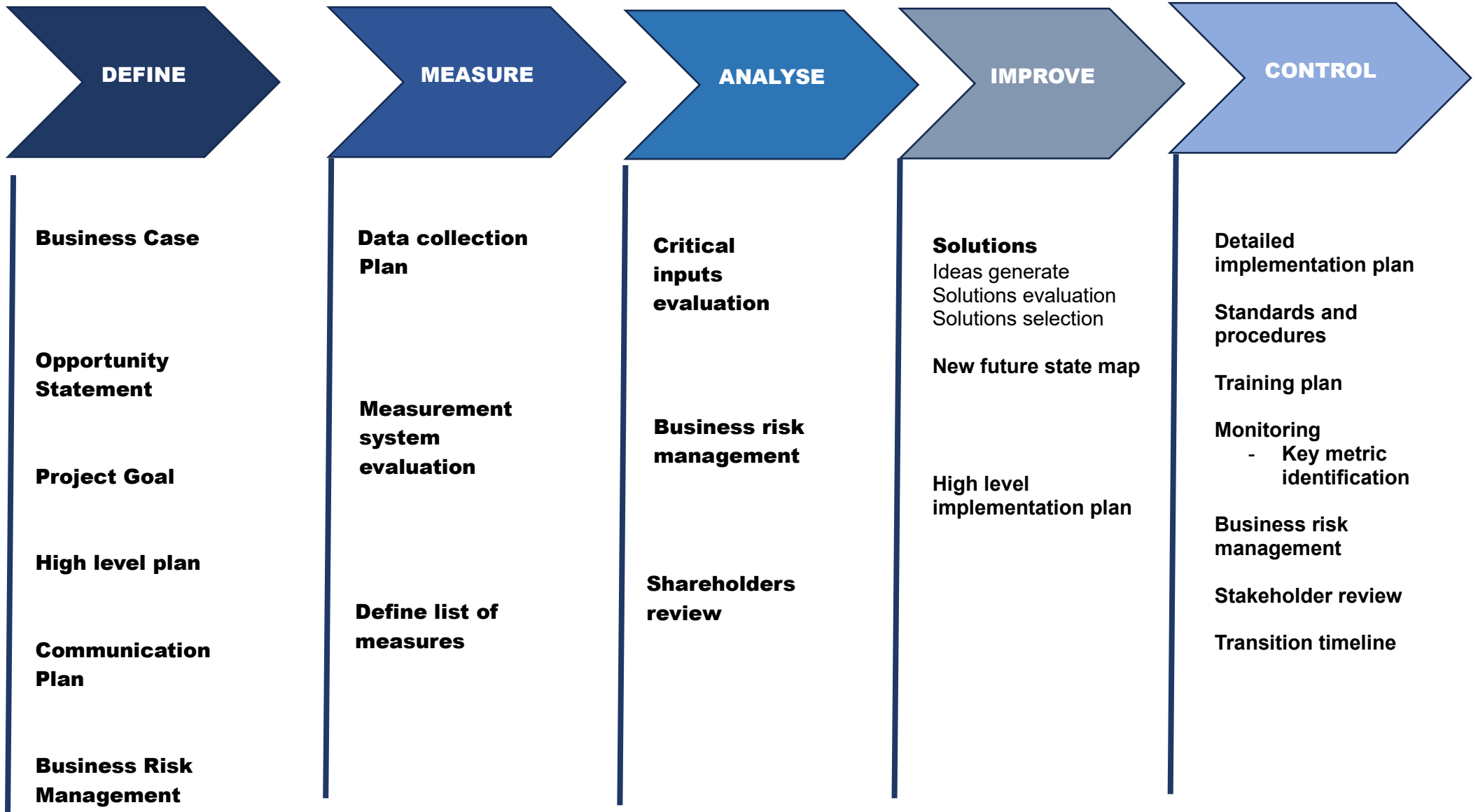
- What are the root causes of the problem?**
- Have the root causes been verified?**
- Where should we focus our efforts?**
- What clue have we uncovered?**



- Do we have the right solution?**
- How will we verify that the solutions work?**
- Have the solutions been piloted?**
- Have we reduced variation?**



- What do we recommend?**
- Is there support for our suggestions?**
- What is our plan to implement?**
- Are results sustainable?**



FAST TRACK SOLUTION DUE TO TIME CONSTRAINTS

DEFINE: To review the National Code of Corporate Governance for Mauritius (2016), to incorporate therein additional ‘**Environmental**’ and ‘**Social**’ dimensions. The project entails the [revision of the 2016 Code](#) in alignment with the nationally determined ESG priorities and the **UN Sustainable Development Goals**. With regard to climate action, for example, Mauritius has set its Nationally Determined Contributions to reduce its carbon footprint and adapt to climate impacts.

MEASURE:

The outcome of the environmental analysis of the 2016 code using text analysis methodology

Climate change = 0	Risk management = 42	LULUCF = 0	Physical Risk = 0
Adaptation = 0	Risk = 97	Agriculture = 0	Acute Risk = 0
biodiversity = 0	Independent assurance = 2	Transport = 0	Chronic Risk = 0
circular economy = 0	Verification = 0	Energy = 1	Transition = 0
pollution = 0	Sustainability = 8	Waste = 0	Market Risk = 0
waste = 0	Metric = 2	Tourism = 0	Reputation = 13
ecosystem = 0	Water = 1	Coastal zone = 0	Targets = 4
ESG = 1	Emissions = 2	Vulnerability = 0	Goals = 3
KPI = 1	Scope 1-3 = 0	Assessment = 30	Policy and legal = 0
Impact = 13			
Oversight = 9			

The outcome of social analysis of the 2016 code using text analysis methodology

Training = 23

Employee retention = 0

Culture = 7

Injury = 0

Health = 10

Diversity = 14

Discrimination = 2

Harassment = 1

Disability = 1

Stakeholders = 62

Social = 18

Human Rights = 1

Community = 6

Safety = 7

Ethics = 42

Whistleblowing = 0

Gender = 10

Participation = 5

Engagement = 35

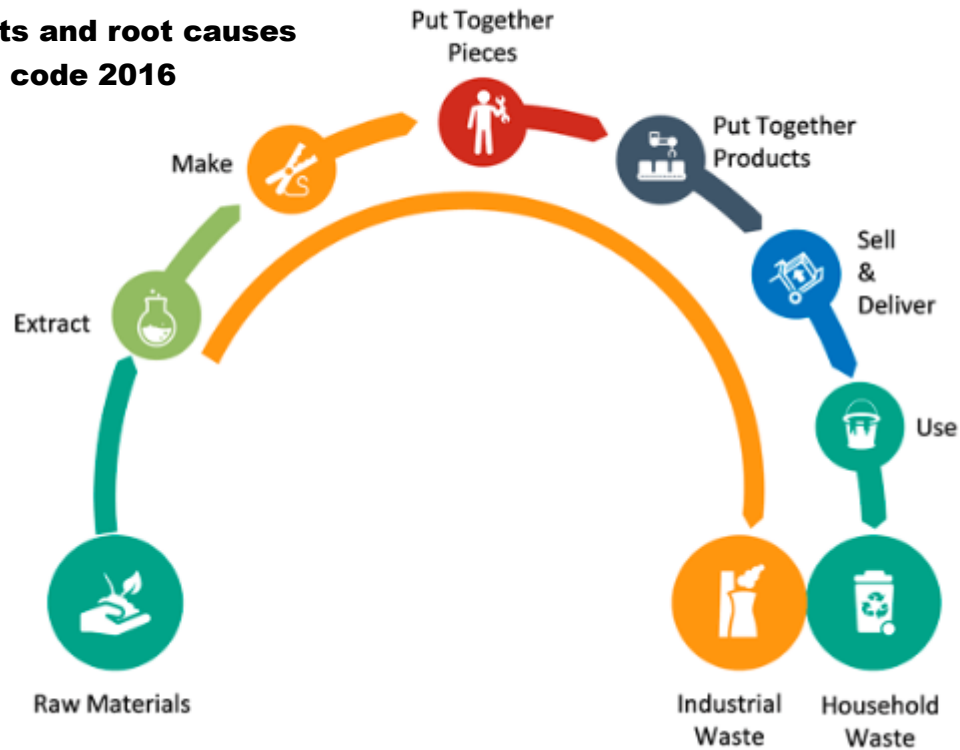
Employee = 29

Employee turnover = 0

ANALYSE: To analyse the process to find the defects and root causes

LINEAR ECONOMY

Defects and root causes of the code 2016



Using the text analysis methodology, the following keywords are completely omitted from the governance code 2016:

(i) Mitigation, including as regards scope 1, 2, 3 GHG emissions; (ii) adaptation; (iii) water and marine resources; (iv) resource use and the circular economy; (v) pollution; (vi) biodiversity; (vii) ecosystems, (viii) climate change are critical but omitted from the current code.

The current code promotes a linear economy, this is the defect and root cause of the problem.

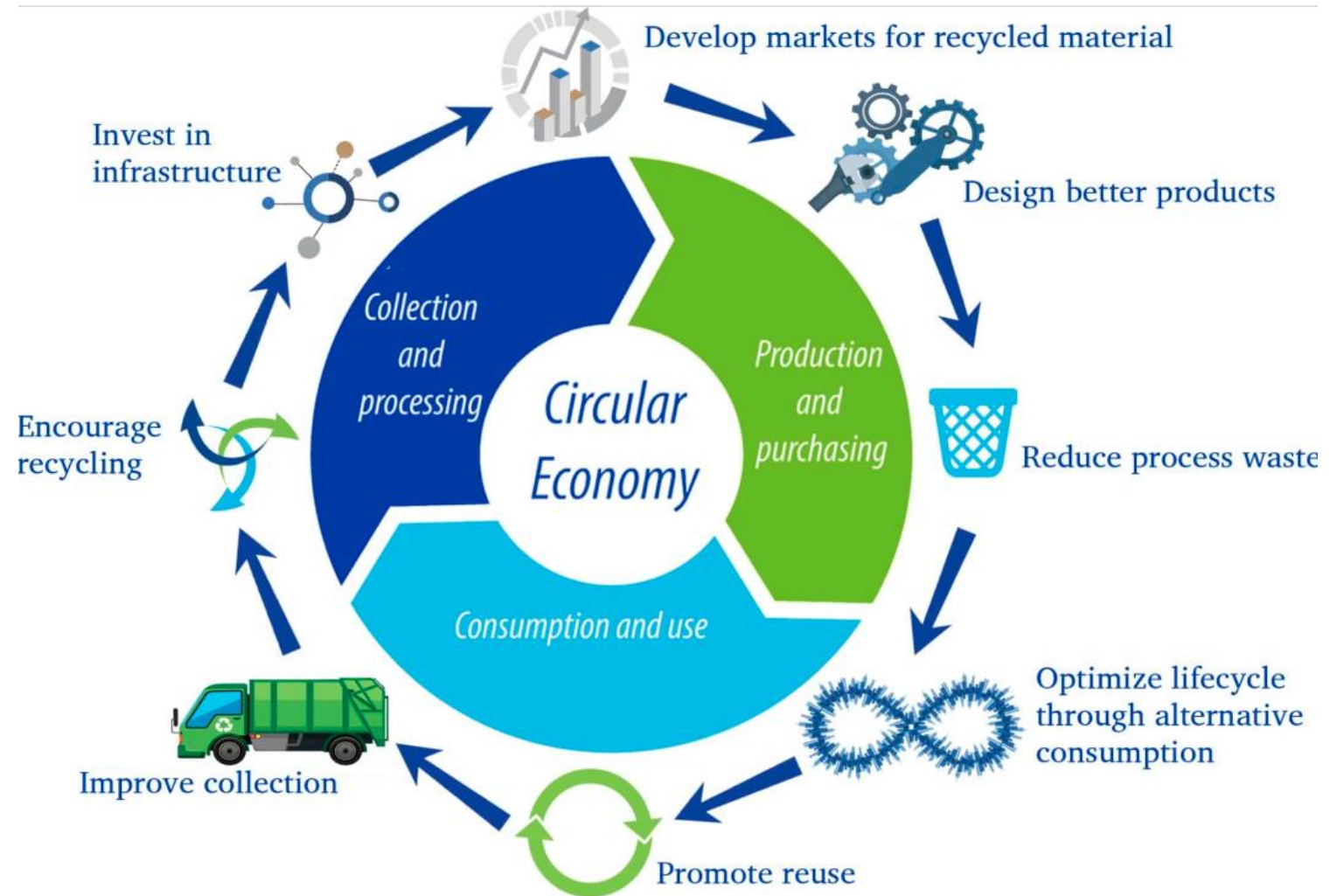
IMPROVE: processes by addressing the root causes of the need for change by promoting a circular economy.

2030 Agenda for Sustainable Development

PEOPLE
PLANET
PROSPERITY
PEACE
PARTNERSHIP

TRIPLE BOTTOM LINE

PEOPLE
PLANET
PROFIT



RECOMMENDATIONS

- Integrate ESG into the corporate governance code
 - Disclose quality narrative that includes
 - For example: Social: dialogue or consultation with staff/customers/stakeholders we need outcomes from social engagement, including feedback received, or commentary on whether the board acted on any of the issues raised and how decisions align with company strategy, or culture, purpose and values.
 - ESG not disclosed in isolation
 - Information on environmental, employee, social, community and human rights matters should not be considered in isolation but should be integrated throughout the report where appropriate and, in particular, considered when disclosing the entity's strategy and business model, principal risks and uncertainties and KPIs.
- ERM for ESG
 - For example,ERM for each area identified ESG including Gender Equality, Decent Work Conditions) Gender Equality (SDG 5). Ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

CEO Pay Ratio / Gender pay ratio / Employee turnover / Gender diversity / Temporary worker ratio / Non-discrimination/injury rate/health and safety/child & forced labour / human rights

ANALYSIS OF OTHER CORPORATE GOVERNANCE CODES

GOVERNANCE CODE	SOCIAL	ENVIRONMENTAL	RISK	INVESTMENT	ASSURANCE	EXECUTIVE PAY / KPI/ ESG	SIZE
EU Directive	Gender & Diversity, Pay Gap,	(i)mitigation, including as regards scope 1, 2, 3 GHG emissions; (ii) adaptation; (iii) water and marine resources; (iv) resource use and the circular economy; (v) pollution; (vi) biodiversity and ecosystems;	Risk Management Frameworks		Sustainability Reports / strategy / Integrated risk management / Stakeholder engagement / governance & board compliance / Sustainability metrics & targets / Sustainability education & training	ESG links to executive pay	Differentiation of compliance based on size
NCCG Mauritius	Diversity, gender = 10 times/ disability=1, gender balance on board / community = 6 Human rights = 1	Climate change =0 /Adaptation =0, biodiversity = 0/ circular economy = 0 / pollution = 0 / waste = 0/ecosystem = 0	Risk management = 42 / Risk =97 Frameworks = 4 (vague)	Investment = 11	Assurance = 16 Sustainability = 8 Verification =0 Metric = 2 Compliance = 59 Integrated Reporting Council Framework (2013) = 12 Independent assurance =2	The board shall determine the compensation of the executive and non-executive = 17 ESG = 1 KPI = 1	Size = 18
KING IV	Diversity /gender/targets for diversity/community = 16 /representation/race/culture/ sector supplements – governance code for municipalities/NGOs/ retirement funds/Small and medium enterprises / state-owned entities	Climate change = 3 /biodiversity =1 / pollution = 1/waste =3/marine = 0/ GHG emissions =0 /		UNPRI/CRISA/	Internal auditors, internal forensic fraud examiners, and auditors, safety and process assessors, and statutory actuaries, Regulatory inspectors	Recommends an account be provided of the performance measures and targets used as a basis for awarding variable executive compensation. Executive pay should not just be linked to finance alone but also to other capitals. Executive Remuneration should be linked to the six capitals	Size of turnover and workforce

GOVERNANCE CODE	SOCIAL	ENVIRONMENTAL	RISK	INVESTMENT	ASSURANCE	EXECUTIVE PAY / KPI/ ESG	SIZE
NDC	<p>Gender mainstreaming the Government of Mauritius. All climate change adaptation projects are designed to integrate gender.</p> <p>Domestic institutional arrangements, public participation and engagement with local communities and</p> <p>indigenous peoples, in a gender-responsive manner;</p>	<p>The Climate Change Act was gazetted on 28 November 2020 and it entered into force on 22 April 2021. Mauritius aims to reduce overall GHG emissions by 40% in 2030. Mauritius confirms its commitment to implement policies and measures on LULUCF and Agriculture sectors in line with its national policy and strategy documents on climate change and sustainable development.</p> <p>This economy-wide emissions reduction target comprises sector-specific mitigation targets for energy, transport, waste, and Industrial Processes and Product Use (IPPU). Mauritius' actions on adaptation are centered around the 2021 Updated National Climate Change Adaptation Policy Framework that focuses on the potential of nature-based solutions for adaptation and provides a new policy orientation in key adaptation sectors to build resilience. sectors namely; Fisheries (Blue Economy), Tourism, Biodiversity (Terrestrial and Marine), Forestry, Agriculture, and Coastal Zone; Absolute economy-wide emissions reduction target. Energy excluding. NDC vision - An awareness-raising strategy and communication plan has been prepared to sensitize various stakeholders (women association, youth leaders, senior citizens, fishers, planters, academia, professionals, students, private sector, civil society, and NGOs) on the NDC. a whole-of-nation effort to address climate change. the National Disaster Risk Reduction and Management Act of 2016. Vulnerability Assessment and Analysis in the Agriculture</p>	<p>Risk frameworks to address specific policy gaps in specific sectors of high climate risk. Vulnerability assessments.</p> <p>Disaster Risk Reduction and Management</p> <p>Disaster Risk Reduction and Management Policy, Strategic Framework and Action Plan reports, which are closely aligned with the Sendai Framework for Disaster Risk Reduction 2015-2030 and provide a pathway for achieving the internationally agreed priorities for action and targets in the Sendai Framework.</p> <p>Impacts, risks and vulnerabilities, as appropriate.</p> <p>According to the country's disaster risk profile (DRP Mauritius, 2016), flooding is the second-largest risk after cyclones, causing 20 per cent of direct economic losses associated with disasters and will experience on average around 22 million USD yearly direct losses from flooding. The risk of flash floods has increased significantly with urbanization and development causing the disruption of the natural drainage system. Flash floods account for 26.2 percent of nationally reported losses in terms of mortality between 1990 and 2014. In 2002, 200 flood prone areas were identified compared to 450 in 2019 (DRM: A Capacity Diagnosis, 2020).</p> <p><i>Landslides</i></p> <p>Mauritius has several areas identified as high-risk for landslides, with incidences over the past years having led to the destruction of housing and infrastructure. These climate change effects may lead to water scarcity, negatively impact agricultural productivity, reduce terrestrial and marine biodiversity. Extreme weather events and rising sea levels are also likely to affect infrastructure and tourism. Apart from vast socioeconomic impacts, the health</p>	<p>Adaptation and resilience-building efforts will focus on tangible and intangible investments, infrastructure, capacity building, and project-based initiatives and interventions.</p> <p>The priority is placed on defending the existing physical and cultural assets and resources, and developing good practices</p>			<p><u>Fairness:</u></p> <p>Given the size of Mauritius' economy and its population, on a global scale the GHG emissions are insignificant (0.01 % of the global average). Nonetheless, Mauritius is, and always has been, well below world average in terms of carbon intensity (CO₂/capita). As a Small Island Developing State (SIDS), and a country particularly vulnerable to climate change effects, Mauritius has to continue to develop its economy, all while increasing the intensity and scale of climate change adaptation actions. Mauritius' long-standing commitment to renewable energies will continue to</p>

		<p>sector. The updated NDC identifies ambitious mitigation measures to combat climate change in priority sectors (Energy, Transport, Waste, IPPU, Agriculture and LULUCF).</p> <ul style="list-style-type: none"> • Implementation of the provisions of the Climate Change Act which include coordination of climate change adaptation and mitigation, research, and reporting as well as education, training, and public awareness • Environmental Impact Assessment (EIA) and monitoring • Pollution prevention and control • Integrated coastal zone management • Sustainable Development • Education, Training, and Public Awareness on the environment • Solid waste management • Beaches and shoreline development • coordination of activities for promoting of clean technology in the Refrigeration and Air Conditioning sector for the protection of the Ozone layer <p>A vulnerability assessment of the relevant sectors for both Mauritius and Rodrigues</p> <p>Specific sector risk frameworks</p>	<p>of the population might be put at risk by climate change effects due to an increase in frequency of vector-borne diseases, thereby adversely affecting people's lives and livelihoods, ecosystem services and the economy.</p> <p>the Sendai Framework for Disaster Risk Reduction 2015-2030 UN Convention to combat drought and Desertification (UNCCD) Convention Biological Diversity (CBD) Sustainable Development Goals, 2030</p>				<p>contribute to a decrease in emissions compared to a BAU scenario.</p>
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GOVERNANCE CODE	SOCIAL	ENVIRONMENTAL	RISK	INVESTMENT	ASSURANCE	EXECUTIVE PAY / KPI/ ESG	SIZE
The UK's Strategic Report /	<p>Disclosures on gender diversity. Breakdown of the gender of the number of people it employs, disclose the gender mix the of entity's senior executive pipeline</p> <p>Entities must disclose information about the environment, employees, social, community, human rights,</p> <p>Information on environmental, employee, social, community and human rights matters should not be considered in isolation but should be integrated throughout the report where appropriate and, in particular, considered when disclosing the entity's strategy and business model, principal risks and uncertainties and KPIs.</p> <p>Questions for boards to consider - Social and community matters: Is the entity's business dependent on relationships with certain communities? Does the entity perform a strategically important role in society – by providing essential or critical services for example? Respect for human rights: How does the entity's business model ensure protection of human rights? Where are the areas of risk to those rights? How does this vary in the different geographical locations in which the entity operates?</p>		<p>A description of its principal risks / To describe the principal risks the entity faces and how they might affect its future prospects.</p> <p>Explain links between principal risks, uncertainties, and key performance indicators</p> <p>entity's principal risks and its ability to meet its objectives may provide relevant information.</p> <p>an entity should consider the risks and opportunities arising from factors such as climate change and the environment, and where material, discuss the effect of these trends on the entity's future business model and strategy.</p> <p>The strategic report must include a description of the principal risks and uncertainties facing the entity³³ and should include an explanation of how they are managed or mitigated.</p> <p>Principal risks should include, but are not necessarily limited to, those risks that could result in events or circumstances that might threaten the entity's business model, future performance, solvency or liquidity, or result in significant value erosion</p> <p>In determining which risks are the principal risks, entities should consider the potential impact and probability of the related events or circumstances arising and the timescale over which they may occur.</p> <p>Where the entity is facing long-term systemic risks which may have a material effect on the entity's ability to generate and preserve value in the long term, the strategic report could explain the potential impact on the entity's strategy</p>		there is clarity regarding the information that is and is not subject to audit.	<p>Providing independent information on an entity's KPIs in the strategic report and the drivers of directors' remuneration in the directors' remuneration report components will be informative</p> <p>The use of KPIs that also form part of directors' current or future incentive plans in the analysis of principal risks, strategy and performance will provide a clearer indication of how these matters might affect or have affected executive remuneration</p>	<p>The requirements vary depending on the size and type of entity.</p> <p>The level of information disclosed should be consistent with the size and complexity of the business</p>

			<p>and business model if those risks crystallise.</p> <p>Risks arising from climate change could include the risks and opportunities facing the entity's operations from a transition to a low carbon economy, the physical risks to the entity's operations posed by climate change, for instance direct damage to assets or supply chain disruption, and could also include the risks that the entity's operations contribute to climate change risk. These different types of risk may not be relevant for every entity, but directors should consider each category and report on those that constitute principal risks.</p> <p>The transition risk related to climate change and associated changes in legislation may cause an entity to make changes to its business model, adapt its products and production processes or alter the markets in which it is engaged. In these situations, the entity's strategy and business model could explain how climate change might influence the entity's business in the future and the potential effects of climate change on the development, performance, position or future prospects of the entity.</p> <p>The descriptions of the principal risks and uncertainties facing the entity should be specific so that a shareholder can understand why they are material to the entity. This might include a description of the likelihood of the risk, an indication of the circumstances under which the risk might be most relevant to the entity and its possible effects. An explanation of how the principal risks and uncertainties are managed or mitigated should also be included to enable shareholders to assess the impact on the future prospects of the entity. the extent to which the matter has an effect on an entity's tangible assets, intangible assets or other sources of value, such as key stakeholder relationships (including any reputational risks) or other factors that</p>				
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			<p>may contribute to the entity's long-term success.</p> <p>The strategic report must include a description of the principal risks arising in connection with the entity's operations and, where relevant and proportionate – a description of its business relationships, products and services which are likely to cause adverse impacts in those areas of risk, and a description of how it manages⁵¹ and mitigates⁵² the principal risks.</p> <p>Risks arising from climate change could include the risks and opportunities facing the entity's operations from a transition to a low carbon economy, the physical risks to the entity's operations posed by climate change, for instance direct damage to assets or supply chain disruption, and could also include the risks that the entity's operations contribute to climate change risk. These different types of risk may not be relevant for every entity, but directors should consider each category and report on those that constitute principal risks.</p> <p>The transition risk related to climate change and associated changes in legislation may cause an entity to make changes to its business model, adapt its products and production processes or alter the markets in which it is engaged. In these situations, the entity's strategy and business model could explain how climate change might influence the entity's business in the future and the potential effects of climate change on the development, performance, position or future prospects of the entity.</p> <p>An explanation of how the principal risks and uncertainties are managed or mitigated should also be included to enable shareholders to assess the impact on the future prospects of the entity.</p>				
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			<p>Where relevant, the description of the principal risks and uncertainties facing the entity should include linkage to and discussion of the entity's strategy and/or business model. Any linkage to accounting estimates and judgements disclosed in the notes to the financial statements, the going concern statement, trends or factors from the external environment described elsewhere in the strategic report, or any other linked disclosure in the annual report, could also be highlighted and, where relevant, discussed.</p> <p>An entity may be reliant on the continuity of products from areas of the world where there is political uncertainty. Where such circumstances may disrupt the supply of essential materials and this is a principal risk or contributes to a principal risk, an entity could describe the business relationship, the products affected, and how it manages that risk.</p> <p>the extent to which the matter has an effect on an entity's tangible assets, intangible assets or other sources of value, such as key stakeholder relationships (including any reputational risks) or other factors that may contribute to the entity's long-term success;</p> <p>It may be that an entity has a framework for managing a number of risks rather than specific processes relating to each policy area. In this case, the entity could describe its framework, how breaches of policy are identified, the escalation procedures relating to breaches of policy and the outcome of those escalation procedures.</p> <p>climate-related financial disclosures to be made by those entities that are within its scope. The required disclosures are: (a) a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities; (b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities; (c) a description of how processes for identifying, assessing, and</p>				
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			managing climate-related risks are integrated into the company's overall risk management process; (d) a description of— (i) the principal climate-related risks and opportunities arising in connection with the company's operations, and (ii) the time periods by reference to which those risks and opportunities are assessed; (e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy; (f) an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios; (g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and (h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based				
GOVERNANCE CODE	SOCIAL	ENVIRONMENTAL	RISK	INVESTMENT	ASSURANCE	EXECUTIVE PAY / KPI/ ESG	SIZE
Nasdaq	ERM for each area identified Gender Equality, Decent Work Conditions) Gender Equality (SDG 5). Ensuring women's full and effective participation and equal opportunities for leadership at all levels of	GHG emissions / Emissions intensity /Energy usage/energy intensity/energy mix/water usage / environmental operations/climate oversight/board/climate	Inclusion of material ESG indicators in enterprise risk management (ERM) systems	Investors often use assurance as a metric to determine the "investment worthiness" of			Firms of all sizes, in virtually all sectors, are wrestling with both the reporting burdens and

	<p>decision-making in political, economic, and public life.</p> <p>CEO Pay Ratio / Gender pay ratio Employee turnover / Gender diversity / Temporary worker ratio Non-discrimination / injury rate/health and safety/child & forced labour / human rights</p>	oversight/management/climate risk mitigation	<p>Does your Board of Directors oversee and/or manage climate-related risks? Yes/No</p> <p>Increased awareness and understanding of climate-related risks and opportunities within the company resulting in better risk management and more informed strategic planning [TCFD]</p> <p>Does your Senior Management Team oversee and/or manage climate-related risks? Yes/No</p> <p>Climate-related investment (on the risk or opportunity side) demonstrates an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact the business over time [TCFD]</p>	self-reported ESG data.			<p>bottom-line opportunities that ESG can provide.</p> <p>Improve ESG engagement for small- and medium-sized business enterprises</p>
Listing requirements of Johannesburg Stock Exchange	Social and ethics committee	<p>description of key environmental issues;</p> <p>Environmental management program</p>	<p>Risk Committee for implementing risk management policy in accordance with industry standards</p> <p>adequate spread of portfolio risk</p>		<p>Assurance engagement</p> <p>The reporting accountant shall conduct the engagement in accordance with the relevant standards issued by the International Auditing and Assurance Standards Board (IAASB)</p> <p>International Standards on Assurance Engagements (ISAEs) and International Standards on Related Services (ISRSs).</p>		
GOVERNANCE CODE	SOCIAL	ENVIRONMENTAL	RISK	INVESTMENT	ASSURANCE	EXECUTIVE PAY / KPI/ ESG	SIZE
Listing requirements of			The TCFD framework explicitly states that material climate risks should be				

Sustainable Stock Exchanges			<p>disclosed in financial filings, and doing so is essential if climate change is to be truly integrated into business strategy.</p> <p>Board Risk Committee presented with clearly identified non-financial risk framework as part of Group ERM, including climate-related risks.</p> <p>Physical risks – direct damage or indirect impacts</p> <p>Acute physical risks – extreme weather events, typhoons, floods, extreme temperature fluctuations.</p> <p>Chronic physical risks – sustained higher temperatures that may cause sea level rise or chronic heat waves.</p> <p>Transition risks to lower-carbon economy. Extensive policy, legal, technological and market changes to address mitigation and adaptation requirements. Transition risks can occur due to the speed and focus of these changes. Risks such as financial and reputational risks.</p> <p>Policy and legal risks – climate related regulation and policy changes such as adoption of energy-efficiency requirements may impact operational costs and product demand.</p> <p>Market risks – supply and demand for certain commodities, products and services may change as climate-related risks and opportunities are increasingly taken into account.</p> <p>Reputational risk – consumer expectations on whether the company has made the transition to a low carbon economy or not may affect the company's reputation.</p> <p>Companies to identify and disclose potential impacts of climate-related risks</p>				
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			<p>and opportunities in the following four areas:</p> <p>Governance –</p> <p>Strategy –</p> <p>Risk Management -</p> <p>Metrics and Targets -</p>				
GOVERNANCE CODE	SOCIAL	ENVIRONMENTAL	RISK	INVESTMENT	ASSURANCE	EXECUTIVE PAY / KPI/ ESG	SIZE
FRC	<p>SOCIAL - CULTURE</p> <p>Where companies engaged their workers in reviewing corporate culture, purpose, values or desired behaviours, most reported on the positive impact of such an approach.</p> <p>Reporting on wider stakeholder engagement is generally of a good standard. However, there is often insufficient narrative on the outcomes from the engagement, including feedback received, or commentary on whether the board acted on any of the issues raised and how decisions align with company strategy, or culture, purpose and values.</p> <p>To improve disclosures, demonstrating how the company’s culture, is aligned to its purpose, values and strategy.</p> <p>Leadership - attain positive culture through honest conversations, psychological safety and by building trust.</p> <p>Bringing together - recruitment and training, diversity and inclusion, communication and engagement.</p>	<p>Environmental committees / working groups or environmental task forces at executive or management level.</p>	<p>Risk – quality of disclosure</p> <p>We looked closely for the disclosure of actions and outcomes resulting from governance policies, procedures and activities. The better disclosures included specific examples and case studies.</p> <p>Companies should disclose the effects of their policies and procedures by highlighting the outcomes and impacts of their initiatives/ actions and explaining how these relate to company purpose, strategy and values.</p> <p>Better disclosures included case studies and reporting on actions and outcomes through the lens of the reported area – as opposed to reporting on a single issue in isolation:</p> <p>Disclosures are informative if they go beyond general statements stating that a meeting/event occurred.</p> <p>Businesses generally continue to give generic statements that lack a full explanation of engagement.</p> <p>Companies are urged to give the highest quality disclosures possible, explaining the process of engagement with local communities and linking it to wider business strategy.</p>				

	<p>Explaining in a meaningful way the alignment between corporate culture, purpose, values and strategy also continues to be a challenge for many companies.</p> <p>Disjointed reporting on corporate purpose, values, strategy and culture, or reporting that lacks examples of impact.</p> <p>Develop a culture framework –</p> <p>The board should assess and monitor culture.</p> <p>Conduct a culture assessment and continue to monitor.</p> <p>culture assessment and monitoring:</p> <ul style="list-style-type: none"> • culture/people dashboards • HR, internal audit and executive reports • whistleblowing and exit interviews • designated NED, employee forum/ roundtables and other listening mechanisms • direct engagement, including site visits and Q&A sessions. <p>Examples of culture metrics:</p> <p>Days of training, / sustainability, and climate metrics/targets/applications per vacancy/employee retention</p> <p>Conduct a culture report.</p> <p>Culture assurance by external consultants.</p>		<p>While we have seen an improvement in the disclosure of diversity policies, we continue to highlight that policies should include objectives and targets, and link to company strategy, along with actions taken to implement the policy and progress on achieving objectives.</p> <p>Directors review principal risks biannually • At least twice a year, senior managers meet with representatives from the risk committee</p> <ul style="list-style-type: none"> • The chief risk officer reports to the board quarterly • Risk policies are reviewed on an annual basis • Director’s conduct, annually, a review to identify and assess emerging risks • Senior management performs a quarterly review of the risk register <p>Encouraging greater disclosure on actions, outcomes, and impact; balanced feedback, specific examples, and case studies; insightful explanations for non-compliance with the Code; and the alignment of board decisions with strategy, as well as culture, purpose, and values, are some of the key messages of this year’s report.</p> <p>Do not use boilerplate or vague disclosures, explain with actions and outcomes.</p>				
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