

Brief on CDC-Kina Advisory Masterclass on Environmental & Social and Business Integrity Governance

The Masterclass explores the role of the Board of Directors and Senior Management in setting and leading environment & social and business integrity (E&S and BI) agendas that support profitable and efficient businesses and contribute to development outcomes.

The objective of the Masterclass is to foster understanding and provide some practical guidance around the following:

- The importance of Board leadership and commitment to driving the E&S and BI agendas.
- The role of the Board in overseeing E&S and BI matters.
- What sort of E&S and BI risks should be referred to the Board
- Considerations in establishing a governance structure that provides robust and effective oversight of relevant E&S and BI issues.
- What measures can be taken to support the evolution of better E&S and BI practices in a business / portfolio?

Preparation.

Prior to the session we provide participants with pre-read materials which, if they are read, give everyone a good background to the issues to be discussed during the class. Our aim is to make the class as interactive as possible. CDC sends out questionnaires to the participants to: (i) get some detail on them and their experience of E, S & BI issues; (ii) explaining the objectives of the course; and (iii) asking whether there are any particular issues they would like to have covered by the Masterclass. The questionnaire and pre-read are sent out at least two weeks before the course. This gives us time to finesse the presentation if necessary to make sure it covers reasonable expectations.

Structure of the Masterclass

We give a PowerPoint presentation that covers the topics summarised below. Throughout we encourage questions to be asked, comments and some discussion. We have found that this makes the Class a lot more practical. We also use a lot of examples – mainly from our own experiences of working with business and also from real life case studies. We encourage participants to share examples of challenges they face/ have faced and solutions that they have come up to deal with such challenges.

1. The session objectives and terminology that will be used
 - We provide definitions for terminology such as environment, social, governance, business integrity, sustainable development just to ensure that there is common understanding across the room.
2. Global Trends and Agendas
 - We look at the global trends and issues that have given rise to the broader sustainability agenda.
 - Why E&S & BI practices are important - commercial, reputation, societal and compliance reasons and how these elements combine to help a company secure and maintain a licence to operate.
 - What these trends and agendas mean for the governance of environmental & social and business integrity matters.

- The changing approach to the governance of E&S and BI matters – the move from CSR through risk management to value creation.
3. Determining an effective governance model for a business
 - The factors that each company needs to take into account in determining a best fit governance model for E&S & BI matters, such as business fundamentals, regulatory requirements and industry context.
 4. The Role of the Board in setting the environment, social and business
 - Recap of the core roles and responsibilities of the Board of Directors.
 - We then drill down into what each of these core roles and responsibilities mean when it comes to setting and overseeing the E&S and BI agendas of a companies.

At this stage we have two exercises where we ask individual participants to:

- (i) **Think about their business/portfolio, the context in which they operate and their supply chain and come up with some of their main E&S & BI risks. We then ask them to consider what might provide comfort that the right E&S and BI risks have been identified by the company and are being managed; and**
- (ii) **put on the hat of a Board Non-Executive Director and think of some of the constraints and challenges they face in identifying, assessing and understanding E&S and BI issues/risks which may impact the ongoing viability of their particular company/portfolio.**

CASE STUDY PART 1 – Environment & Social focus

COFFEE BREAK

5. Board Composition & Structure
 - This section looks at what factors to take into account for an effective board composition and why

CASE STUDY PART 2 – Business Integrity Focus

6. Role of leadership and culture
 - The role of the board in establishing the culture, values and ethics of the company generally and specifically in relation to E&S and BI matters.

There is a session of open discussion at the end of the workshop to cover any additional questions the participants may have to ensure their expectations have been met. After the masterclass, we send each participant a copy of the presentation with accompanying notes. We also provide notes with reference materials which contain more detailed information on the key themes and concepts in the presentation and case study.