



# The African Principles and Guidelines on Corporate Governance

Building a Framework for Competitiveness and Inclusive Growth in Africa

***“Without the private sector, sustainable development will remain only a distant dream. We are not asking corporations to do something different from their normal business; we are asking them to do their normal business differently”. Kofi Annan, 2002***

Dear Colleague

I am honoured and privileged to present you the draft African Principles and Guidelines on Corporate Governance, for your consideration, review and input.

## **BACKGROUND**

The project of developing African Principles and Guidelines on Corporate Governance “African Principles” is firmly rooted in the acknowledgment that the private sector is the engine for sustainable development on the continent and that good governance is the foundation for private sector development.

In the course of its work, the APRM has conducted reviews in 24 countries to assess the level of compliance with corporate governance standards. Our research shows that 19 out of 55 member states have a framework or Codes of Corporate Governance. It further indicates that most of the Codes are largely borrowed from Western and global standards which are designed to apply to business environments that exist in those developed countries and are distantly removed from the realities of Africa’s business environment and socio-cultural context. As a result, the private sector in Africa which is characterized by dominant SMMEs and the informal sectors, has found little to no relevance to these Codes.. The sector therefore continues to face a myriad of challenges including lack of access to finance, inadequate skills, limited growth prospects, limited representation of women in the formal sector etc.

## **CORPORATE GOVERNANCE IN AFRICA**

In our efforts to address these challenges and to ensure that African Corporate Governance Principles converge with African realities, we have asked the essential questions – (i) what are the characteristics of the private sector in Africa? (ii) what should be the expected behaviour and governance policies that regulate an enterprise in a developing Africa? (iii) what is the role of a business enterprise in an African developing economy; (iv) how should corporate governance influence private sector development? (v) What values guide and regulate the conduct of all Africans?

In responding to these questions, we have determined that there is an urgent need to both entrench best practices of corporate governance in the world and at the same time to adopt a paradigm shift that embraces a corporate governance approach that is premised on philosophy of all life in Africa.. A paradigm shift to suit the needs of the Continent as engraved on the African Union Agenda 2063, “The Africa We Want” and must: (i) address the development and empowerment of the dominant sectors-SMMEs, informal sector and family-owned businesses in equal measure as it does large businesses; (ii) entrench governance practices that promote transparency, accountability, protection of shareholders and creation of funding opportunities for all businesses (iii) confirm the fundamental role of business to make a positive contribution to development and be involved in improving the livelihoods of local communities; and (iv) embrace the values of Ubuntu. These African Principles take into account best practices in the world while remaining cognisant and respectful of the particularities of the African

business community and society. The African Principles and Guidelines are therefore underpinned by values that promote dignity, respect, co-responsibility, humaneness, solidarity and acceptance and compassion. This is the philosophy that guides all form of human conduct in life, business, politics applying equally to natural, artificial and juristic persons.

Seven principles are embodied in the African Principles and Guidelines. They are applicable to different types of business organisations including, Listed and Large Firms, Unlisted Large Firms, SMEs, Family-Owned firms, the Informal Sector and NGOs and State-Owned Enterprises:

- **PRINCIPLE 1: SHARED PURPOSE**

An Effective Business Organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission values, and organisational culture add value to the society and respects the diverse interests of people where it operates.

- **PRINCIPLE 2: CLEAR GOVERNANCE FRAMEWORK**

An effective business organisation is guided by a clear governance framework

- **PRINCIPLE 3: AUTHENTIC AND INCLUSIVE LEADERSHIP**

An effective business organisation develops and promotes authentic and inclusive leadership, committing to ethical business practices.

- **PRINCIPLE 4: EFFECTIVE STAKEHOLDER RELATIONSHIP**

An effective business organization promotes effective stakeholder relationships that are aligned to the company's purpose.

- **PRINCIPLE 5: RESPECT FOR HUMAN RIGHTS**

Business Organisations should respect human rights wherever they operate and whatever their size or industry

- **PRINCIPLE 6: RESPECT FOR ENVIRONMENT**

Business Organisations should consider the environmental impact of their operations.

- **PRINCIPLE 7: TECHNOLOGY, INNOVATION AND ADAPTABILITY**

Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.

Whilst the Principles are uniform across different types of organisations, practices as reflected in the Guidelines have been tailored to apply to each type of business depending on the stage of business growth.

### **NEW ORDER – COVID-19 PANDEMIC**

Although the project commenced in 2019, recent significant events have taken place in business and society globally and in our continent. The development of the African Principles has coincided with the COVID-19 Pandemic and the launch of the AfCFTA, events which have validated the urgent need to rethink how we do business in Africa.

Whilst SMEs and the informal sectors have borne the brunt of the devastation caused by the Covid-19 pandemic, the private sector responded quickly. Covid-19 has given rise to unprecedented opportunities for the sector, especially large companies, to play a more meaningful role to address socio-economic challenges. In Kenya, the National Business Compact Coalition convened by competing brands in the hygiene business was launched to accelerate local action and support government efforts in countering the pandemic. In several countries including, Morocco, Senegal, South Africa, Rwanda, Egypt and others, commercial banks responded by issuing soft loans targeting SMEs to help small businesses survive the crisis and preserve jobs. In South Africa, a Solidarity Response Fund was established as a public-private partnership to channel resources towards efforts on vulnerable communities. In Ghana and Botswana, mining companies have made significant financial contributions to government COVID-19 relief efforts.

If the demonstrated private sector commitment to socio-economic issues is to be sustained beyond COVID -19 and businesses become accelerators of positive social and economic outcomes at the local level, we have to ensure that the practices become a pivotal focus within Corporate Governance. Covid-19 has provided us with an opportunity to rethink how we do business. The new order is upon us and we must act boldly to embrace it. Socio-economic impact of business must be placed on the agenda of each Board meeting in Africa.

#### **THE AFRICAN CONTINENTAL FREE TRADE AREA AGREEMENT**

The launch of the AfCFTA promises to usher in a new era for Africa's integration efforts. By creating a single continental market for goods, services and investments, the AfCFTA entrenches the notion that the activities of business and the objectives of development are closely linked. The implementation of the African Principles by member states will enhance the coherence of business regulations and corporate governance practices across different countries. Ensuring a seamless application regardless of the jurisdiction the business operates, will become the cornerstone of the success of AfCFTA as well as an essential component of its success.

#### **CONCLUSION**

We look forward to your inputs and insights on the attached draft African Principles and Guidelines on Corporate Governance. We wish to urge you to treat this document as a living document which will be continuously revised and updated in order to keep up with the dynamics of the rapidly evolving African business sector and social context. This version of the document will be presented at the African Union (AU) Fourth Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration in 2022 for endorsement and thereafter submission to the AU Heads of State at the next African Union Heads of State Summit.

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## THE AFRICAN GUIDELINES AND PRINCIPLES ON CORPORATE GOVERNANCE

### 1. THE NEED FOR GOOD CORPORATE GOVERNANCE IN AFRICA

#### 1.1. Introduction

The definition of corporate governance in Africa continues to evolve from the narrow perspective of being a system whereby companies are managed for the exclusive benefit of shareholders, to one that accepts that the interests of salient stakeholders should be equally met and that the business organization should be seen as a good corporate citizen. This approach to corporate governance is the central focus of the King Report and has been the guiding principle of the APRM. Indeed, according to the APRM, corporate governance has five objectives:

- to promote and create a favourable environment and an effective regulatory framework for structures and other commercial entities;
- to ensure good management and accountability of organizations;
- to promote ethical conduct within organizations;
- to ensure that organizations treat stakeholders in a just and equitable manner;
- to ensure that organizations operate as good corporate citizens.

While the shareholder-oriented model of corporate governance is based on market assessments, i.e. the economic and financial logic, the position taken by APRM and the one expressed in Agenda 2063 is that particular importance must be accorded to the social logic, which recommends a more open, qualitative and inclusive approach, consistent with African values. Called in various terms across the continent, this cultural approach is a way of life that constitutes, among other things, the basis of the values of sharing, free access, generosity, otherness, solidarity, distributive justice, protection of the poorest and human dignity. It is within this context and spirit that, over and above the protection of the interests of the organization, particular attention must be paid to the interests of the broader spectrum of stakeholders, without whom, the existence of an organization is meaningless.

The aim of this African Principles and Guidelines on Corporate Governance, through its provision of key principles and business practices, is to help different types of business organizations and enterprises across the continent to achieve two objectives:

1. To improve the way business organisations and enterprises are governed; and



2. To ensure that business organisations play a meaningful role in the socio-economic development of the countries where they operate, espousing the African Values of Ubuntu.

The principles contained in this document apply to all forms of business organisations, however, the approaches on how to apply them are likely to differ for listed firms, Small-to-Medium Enterprises (SMEs), State-Owned Enterprises (SOEs), family businesses and the informal sector. Suggested practices or approaches to apply the principles are presented for the different forms of business organizations and enterprises.

## **1.2. Importance of Good Corporate Governance in Africa**

Against the background that African countries continue to face socio-political and economic challenges such as inequality and poverty among many other things, there is an increasing awareness that businesses could potentially play an important role in mitigating some of these challenges. However, the private sector landscape in many African countries, mostly composed of the informal sector businesses, and non-listed small-to-medium enterprises, is itself characterised by several governance and leadership challenges which stagnate their growth and impede their ability to contribute significantly to addressing Africa's socio-economic challenges. Moreover, stock exchanges, that are meant to be of assistance to the few listed firms in terms of raising capital and general guidance on corporate governance, are relatively small and illiquid most of the times. State-owned enterprises, though poorly governed, still dominate African markets. There is, therefore, a great need for good corporate governance not only for SOEs but for listed and non-listed companies too.

Academics, practitioners and policymakers concur on the positive effects of corporate governance, observing that well governed companies deliver better economic performance and long-term sustainability. It is also widely recognised that good corporate governance potentially enhances corporate responsibility, improving the reputation of companies. Moreover, extant research shows that collectively, at national level, good corporate governance practices are regarded as important factors for attracting domestic investment and ensuring greater inflows of foreign direct investment.

However, Corrigan (2014) states that corporate governance is historically associated with the protection of investors and creation of funding opportunities, but doubts the relevance of the same view in the context of African countries where capital markets – outside particular enclaves – are small. Thus, rather than focussing exclusively on financial or economic growth, corporate governance should also be based on socio-economic development. As such, African corporate governance systems should identify and embrace the best practices in the world while remaining cognisant and respectful of the particularities of the African business community and society. The development of corporate governance codes and principles in Africa requires refining and adapting the dominant paradigm to suit the needs of the continent, taking into account the current continental integration initiative, the Africa Continental Free Trade Area (AfCTA).

### 1.3. Current State of Corporate Governance in Africa

Until the 1990s, most African countries did not attach particular importance to corporate governance issues. However, due to pressures of globalization, States and civil society organizations have become aware of the importance of putting in place a regulatory framework to ensure effective corporate management. Initially, these efforts were limited to the adoption of codes on good corporate governance and measures aimed at ensuring international credibility in accounting and audit practices. This option, as pointed out above, is arguably linked to the need to attract inflows of foreign direct investment from foreign multinational companies and has also come from private investors calling for improvement in the business climate on the continent. Consequently, transparency and accountability in corporate management have become key elements in relation to the best way of managing a business, at least officially.

Indeed, some countries in Africa have taken heed of the call to improve corporate governance within their jurisdictions and this has led to promising developments in corporate governance and related legal reforms. However, not all countries on the continent have adopted codes of corporate governance and most of those that have, continue to face a plethora of challenges. On matters of corporate governance, the general picture on the continent is that:

- The majority of countries across the continent lack effective regulatory and institutional frameworks that ensure the enforcement of the standards of good corporate governance.
- Many countries lack skilled personnel such as lawyers, auditors and accountants to enforce regulations that are meant to improve corporate governance.
- At organisational level, there is a shortage of skilled and qualified people to take board roles, particularly that of independent directors. This situation while generally common to all organisations, it is most critical in SOEs and SMEs and not even relevant to the informal sector.
- Public awareness on matters of corporate governance is poor in many countries probably due to the fact that the concept itself is still in its infancy on the continent.
- Corporate governance frameworks, including codes of corporate governance, existing in some APRM Member-States are largely inspired by Western and/or international corporate governance standards and principles. However, these standards, applicable to commercial environments of developed countries, do not always take into account the realities of the commercial environments of African countries.

- Concerning the informal sector, there are virtually no corporate governance standards or practices and in relatively larger family businesses, the issue of succession is poorly managed. Many family SMEs, fail once the visionary leader, in most cases the founder, stops being actively involved with business either through health problems or death.

#### 1.4. Methodology

The first stage of the project was aimed at establishing the state of corporate governance on the continent. To achieve this objective, desk research was carried out. This involved extensive reviewing of extant literature on corporate governance in Africa and extraction of secondary data, followed by both qualitative and quantitative analyses. Articles from peer-reviewed journals were read in order to get a clear sense of the models of corporate governance in use across the continent, the extent to which codes of corporate governance have been adopted and the extent to which these codes strike a balance between global standards and local values. In addition to journal articles, APRM country reports, the World Bank and Transparency International Databases were used. Findings from the first stage work generated questions that were then used in the second part of the project – country visits.

The second stage of the research project collected further and current data through semi-structured interviews. A sample of ten (10) countries across the African continent was used, including two in the Maghreb (Morocco, Egypt), five in West Africa (Côte d'Ivoire, Ghana, Niger, Nigeria, Senegal), two in Southern Africa (South Africa and Mozambique) and one in East Africa (Kenya). APRM officers and identified staff members in selected countries worked in collaboration with consultants to identify the key informant interviewees. Four key target groups who play an indispensable and interconnected partnership role in national corporate governance were targeted as interviewees:

- Chief Executive Officers or their equivalent in both listed and non-listed companies including SOEs, NGOs and family firms.
- Government officials working in areas where company regulation is their main task,
- Professional bodies such as the Institute of Directors, organised business groups and Chambers of Commerce
- Representatives of the informal sector and SMME sector.

## 2. AFRICAN PRINCIPLES AND GUIDELINES FOR BUSINESS PRACTICES

The set of African Principles and Guidelines for Corporate Governance should apply to all types of business organisations, however, with specific suggestions or guidelines on how to apply them for each of the business types. By providing broad Principles with supporting Guidance, the intention of the African Guidelines for business practices is to move beyond a 'tick box' approach, providing an opportunity for different types of business organizations to apply the principles in a manner that is consistent with their particular circumstances,



their size and their stage of growth. These principles were informed by respondents and are consistent with Agenda 2063 for The Africa We Want.

The identification of appropriate corporate governance principles should not be seen as an end in itself, but indeed the beginning of the process. Mechanisms to implement the identified principles must be sought and the support of the government in this process, as an integral part of the business ecosystem, cannot be underestimated.

	PRINCIPLES	GENERAL GUIDANCE
1	An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission, values, and organisational culture, add value to the society and respects the diverse interests of the people around where it operates.	<p>Purpose is the reason for which something is done or created or for which something exists. The main purpose of business is to add value to society in ways that do not unsustainably harm the economy and the natural environment. Business organisations in Africa, whether owned by locals or foreigners, should contribute to Africa's sustainable development, considering how the reason for their being in business helps improve the welfare of stakeholders and society. Business organisations are, in turn, profitably rewarded for the value they create to society. In order to achieve sound profitability and financial performance, business organisations are better off operating with a clear sense of purpose, a shared purpose. With a clearly defined purpose, business organisations will find it easier to articulate their business models, strategies, practices, and approaches to risks, while taking into consideration their local contexts.</p> <p>Diverse tribal/ethnic, gender and racial groups form part of the notion of stakeholders in Africa through their manifestation as employees, suppliers, customers and members of the community in which businesses operate. Fair treatment and inclusion of all stakeholders is therefore important. The uniqueness and belongingness of individuals and groups that form different types of stakeholders is evidenced by the diverse identities of the African people and the various cultural paradigms that they subscribe to. For example, the abilities of individuals from diverse ethnic or tribal groups should be fully recognised and appropriately utilised and their voices and perspectives should be fully heard and incorporated in organisational structures and decisions. Moreover, business organisations must be committed to the advancement of gender and age diversity at all levels.</p>
	Business organisations should be <b>inclusive</b> , recognising their stakeholders' uniqueness and creating a sense of <b>common social identity</b> among them.	
	Business organisations should have a sense of <b>place</b> and <b>belonging</b> .	
	Business organisations should establish and maintain <b>trust</b> with their stakeholders.	Business organisations operating in Africa, domestic and foreign, should embrace their local communities and work to develop them as their own homes. A sense of place and belonging suggests that business organisations in Africa should respect local customs and culture, that they should proudly embrace as their own. Consistent with Agenda 2063, this suggests reinvesting in their local communities, empowering the same communities and participating in projects and

		<p>decision-making processes that improve conditions for their stakeholders and for their operating environment.</p> <p>A purpose-led organisation builds trust, starting internally through its corporate culture and creating an image that is acceptable by diverse stakeholders. Sources of trustworthiness include high levels of integrity and honesty accompanied by competence of skills by organisational actors and the value that the organisation is perceived to create for society.</p>
2	<b>An effective business organisation is guided by a clear governance framework.</b>	Regardless of size, every business organisation should strive to have some form of governance framework that clearly identifies responsibilities of all people involved in the organisation's operations, including the employees, management and the board of directors where present. In the most basic form, this could be a simple document that defines the 'rules of the game', specifying what has to be done and by who within each organisation (e.g. the board of directors where appropriate)
	Business organisations should have governance structures that ensure <b>accountability and transparency</b> .	Regardless of size or nature of business, all organisations should have levels of accountability and should be able to demonstrate their actions in a transparent manner. For example, employees are answerable to their managers, who in turn report to the board of directors subsequently facilitating the board oversight in fulfilling its accountability obligations to all relevant stakeholders, including shareholders. Such clarity in an organisation's governance framework safeguards high standards of transparency and ensures high standards of behaviour. Actors are likely to seriously consider their conduct if they are observed or have to account for it. There must be equal access to information and such information must be communicated in a manner that is understandable to the recipients.
	Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.	
	Business organisations should ensure their <b>long-term sustainability</b> by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of <b>risks</b> .	<p>In order to manage cash flows and avoid failure, business organisations should keep records of their financial earnings and commitments. Such records should be transparent and accessible to relevant stakeholders.</p> <p>The dynamic nature of the business environment requires that the business organisation should continuously consider the manner in which it creates value, assessing whether that approach remains sustainable. Such an assessment includes the identification of opportunities to do things differently or concentrate more on areas that provide the most value to the organisation. Similarly, the business organisation should thoroughly assess potential sources of risk and put in place mechanisms that mitigate such negative occurrences.</p>

3	<b>An effective business organisation develops and promotes authentic and inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b>	Businesses operate on the basis of several decisions that are made on a daily basis. To put these decisions to practice, good leadership, which is the art of motivating a group of people to act towards achieving a shared purpose or goal, is needed. Leadership should, therefore, be carried out with consideration for others' interests and circumstances. Leaders should have awareness of how they derive meaning from their context and of the impact their decisions have on others. Leaders should present themselves as authentic, conscientious, ethical, honest and inclusive. Leaders should be guided by moral standards and act in ways that are congruent with their internalised values. .
4	<b>An effective business organization promotes effective stakeholder relationships that are aligned to the company's purpose. The organisation's leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</b>	Developing healthy stakeholder relationships is central to the business organisation's achievement of its purpose or goals. Constant dialogue with and fair treatment of stakeholders helps the organisation to understand the effects of its policies and practices. Democratic processes of decision-making and respect for participants' views is essential in stakeholder engagements. The business organisation should identify and prioritise stakeholder relationships for those affected by its operations as well as decisions and are integral to its ability to generate and preserve value. The power and interests of stakeholders vary and depend on the nature of the decision or practice that the business organisation proposes at a given time. The business organisation should, therefore, be in a position to map these on a regular basis. Stakeholders cover a wider group of interests including the employees, customers, suppliers and others that may be specific to company circumstances or sectors such as regulators, governments, pensioners, creditors and community groups. For many business organisations in Africa, employees make the largest group of stakeholders and their treatment as both a key stakeholder group and as human beings should be taken seriously.
5	<b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b>	This is an expected responsibility for business organisations and not an option. The African Charter on Human and Peoples Rights sets standards and establishes the groundwork for the promotion and protection of human rights in Africa. All business organisations have to familiarise themselves with, observe, comply and report on the provisions of the Charter as well as the African Charter on the Rights and Welfare of the Child. This suggests that business organisations must know their actual or potential impacts, prevent and mitigate abuses, and address adverse impacts with which they are involved. In other words, <u>companies must know and show that they respect human rights in all their operations.</u>
	Business organizations should not engage in unfair labour practices.	Article 16 provides that "Every individual shall have the right to work under equitable and satisfactory conditions, and shall receive equal pay for equal work". The African Charter on Human and Peoples Rights Charter prohibits child marriage, child labour and child abuse.
	Business organisations should not engage child labour.	Discrimination in respect to employment opportunities, promotion and payment of unfair wages are examples of unfair labour practices.  In accordance with the Charter on Human and Peoples' Rights and the Charter on the Rights and Welfare of the Child, whatever their size or industry, business organisations should not engage in unfair labour practices or engage in child labour in any of their operations.

		Businesses are also observe existing international standards for Business and Human Rights as espoused in the UN Guiding Principles on Business and Human Rights.
6	<b>Business organisations should consider the environmental impact of their operations.</b>	Business organisations should operate and engage in initiatives that demonstrate environmental responsibility. This suggests that their purpose, strategies and operations are all outcomes of a sustainable approach. Businesses are urged to interpret the concept of respect for environment as a call to embrace sustainability in the broadest sense and to incorporate the elements of the five SDGs 2030 overarching themes: People, Planet, Prosperity, Peace and Partnerships into their reporting on Respect for Environment.
7	<b>Technology, Innovation and Adaptability</b>	Technological advancements present tremendous opportunities for business organisations and equally create threats due to various disruptive innovation., This principle aims to assess and keep track of the impact of technological advances on organisations. Organisations must keep a framework that ensures that the organisation's Information Technology infrastructure supports and enables the achievement of corporate strategies and objectives through technological innovation and application in order to generate value effectively and efficiently.

## 2.1. Recommended Practices for Multinational Enterprises and Listed Firms

	<b>PRINCIPLES</b>	<b>SUGGESTED PRACTICES</b>
1	<b>An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission, values, and organisational culture, add value to the society and respects the diverse interests of people.</b>	<ul style="list-style-type: none"> <li>. Beyond the idea of making profits the business organisation should consider the extent to which it is meeting societal and development needs of the country in which it operates. For example, reducing youth unemployment or providing safe, fit for purpose and affordable products and services to society.</li> <li>. Ensure that the interests and vision of employees, the board and management are aligned for the sake of achieving a shared purpose.</li> </ul>
	Business organisations should be <b>inclusive</b> , recognising their stakeholders' uniqueness and creating a sense of <b>common social identity</b> among them.	<ul style="list-style-type: none"> <li>Emphasise the importance of working together for the achievement of a common purpose. Shared economic growth is associated with good governance. Inclusion and development are complementary processes.</li> <li>. Communicate with and treat all employees fairly and with respect</li> <li>. Recognise the value of diversity by including all employees in decision-making processes</li> <li>. Foreign firms, Listed Firms and local subsidiaries must introduce and implement Employee Share Ownership Programmes</li> </ul>



	<p>Business organisations should have a sense of <b>place</b> and <b>belonging</b>.</p>	<ul style="list-style-type: none"> <li>.Foreign and Listed firms must introduce and implement broad-based community ownership scheme programmes</li> <li>. Racial, ethnic and cultural diversity must be embraced at Board and management level.</li> <li>. Establish a Corporate Social Responsibility Programme.</li> </ul>
	<p>Business organisations should establish and maintain <b>trust</b> with their stakeholders.</p>	<ul style="list-style-type: none"> <li>Pay all taxes</li> <li>Develop the community in which you are operating, including developing local talent.</li> <li>. Establish (have a plan on) how to engage with stakeholders in the community</li> <li>. Demonstrate interest and get involved in issues that affect the community (e.g. sponsoring local events such as sports)</li> <li>. Foreign Firms and Listed Entities must recruit and integrate a significant number of local employees in executive and senior management</li> <li>.Firms must set targets for participation of local people and women at Board, Executive Management, Senior Management, Middle Management, Junior Management Level, and employees with disabilities.</li> <li>Develop an Anti-Corruption Policy and a Code of Ethics and Business Conduct that specifies commitments or ethical standards that the organisation adopts in relation to its stakeholder groups (employees, customers, public, media, state, suppliers, regulators).</li> <li>. Ensure that everyone in the organisation complies with the code of conduct.</li> <li>. Review the code of conduct regularly to ensure it remains relevant.</li> <li>. Deliver on your promises in a timely and professional manner.</li> <li>. Hire competent and professional people in a transparent manner, free from conflict of interests.</li> <li>. It is recommended that A Social and Development Committee of the Board is established to oversee the organisation's efforts and to ensure that issues are placed on the Agenda of each board meeting</li> </ul>

2	<p><b>An effective business organisation is guided by a clear governance framework.</b></p>	<ul style="list-style-type: none"> <li>. Where necessary refer to the Memorandum and Articles of Association.</li> <li>. Comply with the Corporate Governance Code including all other listing requirements</li> <li>. Comply with relevant national legislation and regulations</li> <li>. Separate roles of CEO and Chairperson of the Board</li> <li>. Make effective use of the board of directors with its specialised committees</li> <li>. Make use of independent directors</li> <li>. Ensure a clear division of responsibilities at the head of the company between the running of the board and the running of the company's business</li> </ul> <p>Promote and ensure diversity of Board representation, including labour representation, women, people living with disabilities, ethnic diversity.</p> <ul style="list-style-type: none"> <li>. Promote Gender balance and Gender representation at Board and all management levels.</li> </ul>
	<p>Business organisations should have governance structures that ensure <b>accountability and transparency</b>.</p> <p>Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.</p>	<ul style="list-style-type: none"> <li>. Report material financial and non-financial information for the benefit of stakeholders</li> <li>. Establish transparent policies for reporting misconduct and unethical practices including on unfair treatment of workers.</li> <li>. Ensure that all stakeholders have equal access to information</li> <li>. Disseminate information through various channels (company website, newsletters, annual reports)</li> </ul>
	<p>Business organisations should ensure their <b>long-term survival</b> by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of <b>risks</b>.</p>	<ul style="list-style-type: none"> <li>. Prepare financial reports according to national or internationally-recognised standard at least annually</li> <li>. Make financial reports publicly available through the company website, and annual reports</li> </ul>

		<ul style="list-style-type: none"> <li>. Regularly review potential, strengths, weaknesses, opportunities, threats and risks</li> <li>. Use analytical tools such as SWOT analysis</li> <li>. Engage strategy and governance consultants for the purpose of identifying opportunities and risks</li> <li>. Put in place effective control mechanisms including internal audit and whistleblowing</li> </ul>
3	<b>An effective business organisation develops and promotes inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b>	<ul style="list-style-type: none"> <li>. Establish an effective board, with a combination of skills, experience and knowledge that allows objective thought, open discussion and provides constructive criticisms and advice to achieve effective decision-making.</li> <li>. Determine the size and composition of the board based on the scale and complexity of the organisation's operations.</li> <li>. The board should establish appropriate board committees in order to effectively discharge its duties, including Audit and Risk Committee in order to effectively discharge its duties.</li> <li>. Establish an Ethics and Integrity Committee to oversee and promote ethics at all levels of the organisation, including anti-bribery and anti-corruption policies and initiatives within the organisations and with external stakeholders</li> <li>. Adhere to all procurement laws, especially public procurement procedures, regulations and rules, both in the letter and the spirit. Where public procurement rules do not exist, organisations are to engage in transparent procurement practices always considering fair private and public value for money.</li> <li>. Directors should receive induction on joining the Board and continuous board level training from the Institute of Directors. . .</li> <li>. All directors should regularly update and refresh their skills and knowledge pertaining to matters of organisation's business</li> <li>. Multinational Firms and listed firms must commit to Skills Development initiatives of employees - including Bursaries, Internships, Learnerships, Apprenticeships and Work Integrated learning.</li> <li>. Firms must support and strengthen Skills Development Initiatives to contribute to the achievement of the country's social development goals to enrich the creation of decent work and sustainable livelihoods.</li> <li>. Make sure that directors understand their responsibilities and liabilities</li> <li>. Consider maintaining a conflict of Interest and related party transactions register, to be signed by the principal officers annually.</li> <li>. Establish a culture that rewards honesty and discourages bribery and corruption at all levels of the organisation</li> <li>. Make use of board evaluations to ensure dynamic and effective board decision-making and to review its composition</li> <li>. Recognise and respect the rights of minority shareholders</li> </ul>
4	<b>An effective business organization promotes effective stakeholder relationships that are aligned to the company's purpose. The organisation's leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, suppliers, local enterprises and having regard to their views when taking</b>	<ul style="list-style-type: none"> <li>. Alignment of incentives is not only limited to executives but extends to employees too and is primarily shaped by the remuneration policy.</li> <li>. Levels of remuneration should be sufficient to attract, retain and motivate executives and non-executives of the quality required to run organisation successfully.</li> <li>. Multinational firms (including local subsidiaries) and listed firms must establish Local Enterprise and Supplier Development Programmes to contribute to local job creation and the creation of sustainable local micro- enterprises that are able to meet</li> </ul>

	<p><b>decisions.</b></p>	<p>requirements of big firm purchases.</p> <ul style="list-style-type: none"> <li>. A policy on Preferential Local Procurement from local SMMEs, Entrepreneurs and Women Owned businesses must be adopted– Buy goods and services from local suppliers</li> <li>. A policy on procurement of services from local professional services firms must be adopted</li> <li>. Levels of remuneration should be sufficient to care for employees such that they remain motivated and healthy to contribute to the success of the organisation.</li> <li>. Respect human rights</li> <li>. Put in place policies and procedures to share knowledge with business organisations in the same location or within the supply chain.</li> <li>. Promote the employment of local labour skills, development and technology.</li> <li>. The Company must demonstrate through its report of the Social and Development Committee on how it has factored the community needs and on the implementation of Internal policies outlined above.</li> </ul>
<p><b>5</b></p>	<p><b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b></p>	<ul style="list-style-type: none"> <li>. Understand, respect and observenational and international legislation on human rights. Comply with the Global Compact principles of human rights. In accordance with the Global Compact Principle “Businesses should support and respect the protection of internationally proclaimed human rights”. “Ensure they are not complicit in Human Rights abuses”.</li> <li>. Put in place policies and procedures to implement national human rights legislation and regulations</li> <li>. Comply with the African Union’s specification of human rights in Agenda 2063 and the African Charter on Human and Peoples Rights.</li> <li>. Comply with the provisions of UN Guiding Principles on Business and Human Rights</li> </ul>
	<p>Business organizations should not engage in unfair labour practices.</p> <p>Business organisations should not engage child labour.</p>	<ul style="list-style-type: none"> <li>. Companies should not discriminate in respect of employment opportunities, promotion and payment of unfair wages</li> <li>Boards must establish a Public Policy and Sustainability Sub-Committee to assist the Board in regard to Public Policy matters that have a potential impact on the business</li> <li>. Comply with national legislation on labour practices</li> <li>. Comply with the Global Compact principles on labour practices</li> </ul>

		<ul style="list-style-type: none"> <li>. Comply with national legislation on child labour</li> </ul>
6	<b>Business organisations should consider the environmental impact of their operations.</b>	<ul style="list-style-type: none"> <li>. Understand your environment well</li> <li>. Use environmentally-friendly inputs and technology</li> <li>. Adopt less wasteful approaches in your operations</li> <li>. Encourage and advise organisations in your supply chains to adopt environmentally-friendly approaches in their operations</li> <li>. Report on practices that affect the environment in a meaningful way through the Public Policy and Sustainability Sub-Committee of the Board.</li> </ul>
7	Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.	<ul style="list-style-type: none"> <li>. Develop an IT Capacity Development strategy within an organisation</li> <li>. Boards and top management must ensure the business organisation adapts to technological advances</li> <li>. Develop and champion a clear reward system for innovation within the business</li> <li>. Ensure that the board or a member of the board is knowledgeable about data security, reputational risk associated with inappropriate data</li> <li>. The Technology and Innovation Committee is to table a report to the Board on data security and reputational risk</li> <li>. Ensure that company management team and board of directors have the expertise and innovative mindset to navigate the organisation through the impact of artificial intelligence (AI)?</li> <li>. Ensure continuous training of the board and management How do directors acquire the relevant knowledge, skills and experience to deal with the issues to which AI gives rise</li> <li>. The company must appoint a Chief Technology Officer or Chief Information Officer.</li> </ul>



## 2.2. Recommended Practices for Large Unlisted Firms

	PRINCIPLES	SUGGESTED PRACTICES
1	An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission, values, and organisational culture, add value to the society and respects the diverse interests of people.	Beyond the idea of making profits the business organisation should consider the extent to which it is meeting societal needs. For example, reducing unemployment or providing affordable products to society. <ul style="list-style-type: none"> <li>. Ensure that the interests and vision of employees, the board and management are aligned for the sake of achieving a shared purpose.</li> </ul>
	Business organisations should be <b>inclusive</b> , recognising their stakeholders' uniqueness and creating a sense of <b>common social identity</b> among them.	<ul style="list-style-type: none"> <li>. Emphasise the importance of working together for the achievement of a common purpose</li> <li>. Communicate with and treat all employees fairly and with respect</li> <li>. Recognise the value of diversity by including all employees in decision-making processes</li> </ul>
	Business organisations should have a sense of <b>place</b> and <b>belonging</b> .	<ul style="list-style-type: none"> <li>. Racial, gender, ethnic and cultural diversity must be embraced at employee and supervisory level.</li> </ul>
	Business organisations should establish and maintain <b>trust</b> with their stakeholders.	<ul style="list-style-type: none"> <li>Pay all taxes</li> <li>. Use part of the retained profits to develop the community in which you are operating, including developing local talent.</li> <li>. Establish (have a plan on) how to engage with stakeholders in the community</li> <li>. Establish a Corporate Social Responsibility Programme. Firms must set targets for participation of women at Board, Executive Management, Senior Management, Middle Management, Junior Management Level, and employees with disabilities.</li> </ul>

		<ul style="list-style-type: none"> <li>. Develop an Anti-Corruption Policy and a Code of Ethics and Business Conduct that specifies commitments or ethical standards that the organisation adopts in relation to its stakeholder groups (employees, customers, public, media, state, suppliers, regulators).</li> <li>. Provide training and create awareness for staff on the developed code of conduct</li> </ul> <p>Ensure that everyone in the organisation complies with the code of conduct.</p> <ul style="list-style-type: none"> <li>. Review the code of conduct regularly to ensure it remains relevant.</li> <li>. As an organisation continue to be guided by purpose.</li> <li>. Deliver on the business promises in a timely and professional manner.</li> <li>. Hire competent and professional people in a manner that is transparent and free from conflict of interests.</li> </ul>
2	<p><b>An effective business organisation is guided by a clear governance framework.</b></p>	<ul style="list-style-type: none"> <li>. Where necessary refer to the Memorandum and Articles of Association.</li> <li>. Comply with the Corporate Governance Code including all other regulatory requirements</li> <li>. Comply with relevant national legislation and regulations</li> <li>. Consult the company secretary for guidance with compliance issues</li> <li>. Make effective use of the board of directors with its specialised committees or advisor/consultants</li> <li>. Ensure a clear division of responsibilities at the head of the company between the running of the board and the running of the company's business</li> </ul> <p>Promote and ensure diversity of Board representation, including labour representation, women, people living with disabilities, ethnic diversity.</p>
	<p>Business organisations should have governance structures that ensure <b>accountability and transparency</b>.</p>	<ul style="list-style-type: none"> <li>. Promote Gender balance and Gender representation at Board and all management levels.</li> <li>. Separate roles of CEO and Chairperson of the Board</li> <li>. Appoint independent directors</li> <li>. Report material financial and non-financial information for the benefit of stakeholders</li> </ul>

	<p>Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.</p> <p>Business organisations should ensure their <b>long-term survival</b> by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of <b>risks</b>.</p>	<ul style="list-style-type: none"> <li>. Establish transparent policies for reporting misconduct and unethical practices including on unfair treatment of workers.</li> <li>. Ensure that all stakeholders have equal access to information</li> <li>. Disseminate information through various channels (company website, newsletters, annual reports)</li> <li>. Prepare financial reports according to national or internationally recognised standards at least once a year</li> <li>. Make financial reports publicly available through the company website, and annual reports</li> <li>. Organise an open day, leverage industry associations, or establish other medium to communicate with the community and stakeholders.</li> <li>. Regularly review potential, strengths, weaknesses, opportunities, threats (SWOT) and risks</li> <li>. Use analytical tools such as SWOT analysis, PESTLE analysis</li> <li>. Engage consultants for the purpose of identifying opportunities and risks</li> <li>. Put in place effective control mechanisms including internal audit and whistleblowing</li> </ul>
3	<p><b>An effective business organisation develops and promotes authentic and inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b></p>	<ul style="list-style-type: none"> <li>. Establish an effective board OR with a combination of skills, experience and knowledge that allows objective thought, open discussion and provides constructive criticisms and advice to achieve effective decision-making.</li> <li>. Determine the size and composition of the board based on the scale and complexity of the organisation's operations.</li> <li>. The board should establish appropriate board committees in order to effectively discharge its duties including Audit and Risk Committee in order to effectively discharge its duties.</li> <li>. Make sure that directors understand their responsibilities and liabilities</li> <li>. The Established Ethics and Integrity Committee must oversee and promote ethics at all levels of the organisation, including anti-bribery and anti-corruption policies and initiatives within the organisations and with external stakeholders</li> <li>Adhere to all procurement laws, especially public procurement procedures, regulations and rules, both in the letter and the spirit. Where public procurement rules do not exist, organisations are to engage in transparent procurement practices always considering fair private and public value for money.</li> </ul>

		<ul style="list-style-type: none"> <li>. Large firms must commit to Skills Development initiatives of employees - including Bursaries, Internships, Learnerships, Apprenticeships and Work Integrated learning.</li> <li>.To the extent possible, Firms must support and strengthen Skills Development Initiatives to contribute to the achievement of the country's social development goals to enrich the creation of decent work and sustainable livelihoods. . Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge pertaining to matters of organisation's business and undertake continuous Board training from the Institute of Directors.</li> <li>. Consider maintaining a conflict of Interest and related party transactions register, to be signed by the principal officers annually.</li> <li>. Establish a culture that rewards honesty and discourages bribery and corruption at all levels of the organisation. Make use of board evaluations to ensure dynamic and effective board decision-making</li> <li>. Recognise and respect the rights of minority shareholders</li> </ul>
4	<p><b>An effective business organization promotes effective stakeholder relationships that are aligned to the company's purpose. The organisation's leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</b></p>	<ul style="list-style-type: none"> <li>. Alignment of incentives is not only limited to executives but extends to employees too and is primarily shaped by the remuneration policy.</li> <li>. Levels of remuneration should be sufficient to attract, retain and motivate executives and non-executives of the quality required to run organisation successfully.</li> <li>. Levels of remuneration should be sufficient to care of employees such that they remain motivated and healthy to contribute to the success of the organisation.</li> <li>. Respect human rights</li> <li>. Put in place policies and procedures to share knowledge with business organisations in the same location or within the supply chain.</li> <li>. Promote the employment of local labour skills, development and technology.</li> <li>. A policy on Preferential Local Procurement from local SMMEs, Entrepreneurs and Women Owned businesses must be adopted– Buy goods and services from local suppliers</li> <li>.A policy on procurement of services from local professional services firms must be adopted</li> <li>.. The Company must demonstrate through its report of the Social and Development Committee on how it has factored the community needs and on the implementation of Internal policies outlined above.</li> </ul>
5	<p><b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b></p>	<ul style="list-style-type: none"> <li>. Understand, observe and comply with national and international legislation on human rights</li> <li>. Comply with the Global Compact principles of human rights</li> <li>. Comply with the African Union's specification of human rights in Agenda 2063</li> </ul>

		<ul style="list-style-type: none"> <li>. Put in place policies and procedures to implement national human rights legislation and regulations</li> <li>. Comply with the provisions of UN Guiding Principles on Business and Human Rights</li> <li>. Companies should not discriminate in respect of employment opportunities, promotion and payment of unfair wages</li> </ul>
	<p>Business organizations should not engage in unfair labour practices.</p> <p>Business organisations should not engage child labour.</p>	<ul style="list-style-type: none"> <li>-. Boards must establish a Public Policy and Sustainability Sub-Committee to assist the Board in regard to Public Policy matters that have a potential impact on the business</li> <li>. Comply with national legislation on labour practices</li> <li>. Comply with the Global Compact principles on labour practices</li> <li>. Comply with national legislation on child labour</li> </ul>
6	<b>Business organisations should consider the environmental impact of their operations.</b>	<ul style="list-style-type: none"> <li>. Understand the environment well</li> <li>. Use environmentally-friendly inputs and technology</li> <li>. Adopt less wasteful approaches in the operations</li> <li>. Encourage and advise organisations in the supply chains to adopt environmentally-friendly approaches in the operations</li> <li>. Report on practices that affect the environment in a meaningful way through the Public Policy and Sustainability Sub-Committee of the Board.</li> </ul>
7	Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.	<ul style="list-style-type: none"> <li>. Develop an IT Capacity Development strategy within an organisation</li> <li>. Boards and top management must ensure the business organisation adapts to technological advances</li> <li>. Develop and champion a clear reward system for innovation within the business</li> <li>. Ensure that the board or a member of the board is knowledgeable about data security, reputational risk associated with inappropriate data</li> </ul>



	<ul style="list-style-type: none"> <li>. The Technology and Innovation Committee is to table a report to the Board on data security and reputational risk</li> <li>. Ensure that company management team and board of directors have the expertise and innovative mindset to navigate the organisation through the impact of artificial intelligence (AI)?</li> <li>. Ensure continuous training of the board and management How do directors acquire the relevant knowledge, skills and experience to deal with the issues to which AI gives rise</li> <li>. The company must appoint a Chief Technology Officer or Chief Information Officer.</li> </ul>
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### 2.3. Recommended Practices for SMEs

SMEs in Africa range from start-up, small to medium size enterprises. Governance practices will therefore vary depending on the stage of growth and size of the business at a given point in time. According to Almona, Dr. Chinyere. Corporate Governance for Small and Medium-Sized Businesses in African Economies, SMMEs “need to grow and mature into practices that are relevant for their stage of growth”. The proposed practices below take into consideration that corporate governance practices for SMEs must be applied gradually and as the enterprise grows, so will it augment its practices.

	PRINCIPLES	SUGGESTED PRACTICES
1	<b>An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission, values, and organisational culture, add value to the society and respects the diverse interests of people</b>	<p><b>START-UP:</b> The Vision of the Founder must consider that beyond the idea of making profits the business organisation should consider the extent to which it will meet societal needs. The Vision must therefore reflect this principle</p> <ul style="list-style-type: none"> <li>. Draft Vision of the Enterprise</li> </ul> <p><b>SMALL:</b> Ensure that the interest and activities of the enterprise remain aligned with the vision of the owner</p> <p><b>MEDIUM :</b> Ensure that the interest, activities and vision of the owner, employees, the board and management are aligned for the sake of achieving a shared purpose.</p>

	<p>Business organisations should be <b>inclusive</b>, recognising their stakeholders' uniqueness and creating a sense of <b>common social identity</b> among them.</p>	<p>SMALL &amp; MEDIUM – Emphasize the importance of working together for the achievement of a common purpose</p> <p>Communicate with and treat all employees fairly and with respect</p> <p>MEDIUM: Recognise the value of diversity by including all employees in decision-making processes.</p> <ul style="list-style-type: none"> <li>. Racial, ethnic and cultural diversity must be embraced at employee and supervisory level.</li> <li>. Firm must set targets for participation of women at Board and all existing levels of management, and employees with disabilities.</li> </ul>
	<p>Business organisations should have a sense of <b>place</b> and <b>belonging</b>.</p> <p>Business organisations should establish and maintain <b>trust</b> with their stakeholders.</p>	<p><b>START-UP, SMAL AND MEDIUM</b></p> <ul style="list-style-type: none"> <li>. Pay all taxes</li> <li>. Deliver on the business promises in a timely and professional manner.</li> </ul> <p><b>SMALL AND MEDIUM FIRM.</b></p> <ul style="list-style-type: none"> <li>. Pay all taxes</li> <li>. Establish (have a plan on) how to engage with stakeholders in the community</li> <li>. Develop an Anti-Corruption Policy and a Code of Ethics and Business Conduct</li> <li>. Develop a code of conduct/ethics that specifies commitments or ethical standards that the organisation adopts in relation to its stakeholder groups (employees, customers, public, media, state, suppliers, regulators).</li> <li>. Provide training and create awareness for staff on the developed code of conduct</li> </ul> <p>Ensure that everyone in the organisation complies with the code of conduct.</p> <ul style="list-style-type: none"> <li>. Review the code of conduct regularly to ensure it remains relevant.</li> </ul>

		<ul style="list-style-type: none"> <li>. As an organisation continue to be guided by purpose.</li> <li>. Deliver on the business promises in a timely and professional manner.</li> <li>. Hire competent and professional people in a manner that is transparent and free from conflict of interests.</li> </ul>
2	<b>An effective business organisation is guided by a clear governance framework.</b>	<ul style="list-style-type: none"> <li>. <b>STAR-UP</b></li> <li>.Secure and engage a business mentor or informal advisor</li> <li>.Develop a strategy and business plan</li> <li>.Leverage the services of government SMEs Agencies and Chambers of Commerce</li> <li>.Open business accounts</li> <li>. Separate business bank accounts from that of the owners</li> <li><b>SMALL SIZE</b></li> <li>.Rely on Articles of association</li> </ul>
	Business organisations should have governance structures that ensure <b>accountability and transparency</b> .	<ul style="list-style-type: none"> <li>Refine business structure or organogram as firm grows</li> <li>.Refine business plan</li> <li>..Ceate a budget and establish authority limits</li> <li>. Prepare financial statements</li> <li>Key decisions must be made with senior management</li> </ul>
	Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.	<ul style="list-style-type: none"> <li>. Continue to engage the services of a mentor and an informal advisor</li> <li>Regularly review potential, strengths, weaknesses, opportunities, threats (SWOT) and risks</li> <li>. Use analytical tools such as SWOT analysis, PESTLE analysis</li> <li>. Engage consultants for the purpose of identifying opportunities and risks</li> </ul>

Business organisations should ensure their **long-term survival** by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of **risks**.

.Develop standard policies and HR procedures

**MEDIUM FIRM:**

- .Where necessary refer to the Memorandum and Articles of Association.
- . Comply with the Corporate Governance Code on SMEs including all other regulatory requirements, Draft firm Corporate action plan and appoint a Champion for Corporate Governance
- . Comply with relevant national legislation and regulations
- . Consult the company secretary (or the corporate governance advisor/champion) for guidance with compliance issues
- . Make effective use of the board of directors with its specialised committees or advisor/consultants. At this stage, Board must have an independent member
- . Ensure a clear division of responsibilities at the head of the company between the running of the board and the running of the company's business
- . Report material financial and non-financial information for the benefit of stakeholders
- . Establish transparent policies for reporting misconduct and unethical practices including on unfair treatment of workers.
- . Ensure that all stakeholders have equal access to information
- . Disseminate information through various channels (company website, newsletters, annual reports)
  
- . Prepare financial reports according to national or internationally recognised standards at least once a year
- . Make financial reports publicly available through the company website, and annual reports
- . Organise an open day, leverage industry associations, or establish other medium to communicate with the community and stakeholders.

		<ul style="list-style-type: none"> <li>. Regularly review potential, strengths, weaknesses, opportunities, threats (SWOT) and risks</li> <li>. Use analytical tools such as SWOT analysis, PESTLE analysis</li> <li>. Engage consultants for the purpose of identifying opportunities and risks</li> <li>. Put in place effective control mechanisms including internal audit and whistleblowing</li> </ul>
3	<p><b>An effective business organisation develops and promotes authentic and inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b></p>	<p><b>START-UP FIRM</b></p> <ul style="list-style-type: none"> <li>. Secure and engage a business mentor or informal advisor</li> <li>. Document key decisions of the Owner.</li> </ul> <p><b>SMALL FIRM</b></p> <ul style="list-style-type: none"> <li>. At this stage, formalise the appointment of the Board starting small, in proportion to the size of the firm</li> <li>. Document Minutes of meetings of the Board</li> <li>. Clearly set divisions of roles and responsibilities between management and Board</li> <li>. Develop Anti-corruption policies and Codes of Ethics for staff, management and Board members to sign</li> <li>. Business continuity plans must be developed</li> </ul> <p><b>MEDIUM FIRM</b></p> <ul style="list-style-type: none"> <li>. The Formal Board must include an independent member/s with a combination of skills, experience and knowledge that allows objective thought, open discussion and provides constructive criticisms and advice to achieve effective decision-making.</li> <li>. HR policies must be put in place to attract and recruit talent in key operational roles</li> <li>. Adjust and refine limits on Authority as the firm grows</li> <li>. Determine the size and composition of the board based on the scale and complexity of the organisation's operations.</li> <li>. The board should establish appropriate board committees in order to effectively discharge its duties.</li> <li>. The Board must establish Ethics and Integrity Committee to oversee and promote ethics at all levels of the organisation, including anti-corruption policies and initiatives within the organisations and with external stakeholders</li> <li>. Directors should receive induction and a board pack on joining the board.</li> <li>. Make sure that directors understand their responsibilities and liabilities</li> </ul>

		<ul style="list-style-type: none"> <li>. All directors should regularly update and refresh their skills and knowledge pertaining to matters of organisation's business.</li> <li>. Consider maintaining a conflict of Interest and related party transactions register, to be signed by the principal officers annually.</li> <li>. Establish a culture that rewards honesty and discourages bribery and corruption at all levels of the organisation. Make use of board evaluations to ensure dynamic and effective board decision-making</li> <li>. Recognise and respect the rights of minority shareholders</li> <li>. SMEs must leverage and sign up for government run and Listed Firm offered Skills Development initiatives of employees - including Bursaries, Internships, Learnerships, Apprenticeships and Work Integrated learning.</li> <li>.SMEs must participate and sign up for the Skills Development Initiatives offered by government and local governments.</li> </ul>
4	<b>An effective business organization promotes effective stakeholder relationships that are aligned to the company's purpose. The organisation's leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</b>	<p><b>SMALL AND MEDIUM FIRMS</b></p> <ul style="list-style-type: none"> <li>. Alignment of incentives is not only limited to executives but extends to employees too and is primarily shaped by the remuneration policy.</li> <li>. Levels of remuneration should be sufficient to attract, retain and motivate executives and non-executives of the quality required to run organisation successfully.</li> <li>. Levels of remuneration should be sufficient to care of employees such that they remain motivated and healthy to contribute to the success of the organisation.</li> <li>. Respect human rights</li> <li>. Put in place policies and procedures to share knowledge with business organisations in the same location or within the supply chain.</li> <li>. Promote the employment of local labour skills, development and technology.</li> </ul>
5	<b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b>	<ul style="list-style-type: none"> <li>. Understand and comply with national and international legislation on human rights</li> <li>. Comply with the Global Compact principles of human rights</li> <li>. Comply with the African Union's specification of human rights in Agenda 2063</li> <li>. Comply with national legislation on labour practices</li> </ul>
	Business organizations should not engage in unfair labour practices.	<ul style="list-style-type: none"> <li>. Comply with the Global Compact principles on labour practices</li> </ul>
	Business organisations should not engage child labour.	Comply with national legislation on child labour

6	<b>Business organisations should consider the environmental impact of their operations.</b>	<ul style="list-style-type: none"> <li>. Understand the environment well</li> <li>. Use environmentally-friendly inputs and technology</li> <li>. Adopt less wasteful approaches in the operations</li> <li>. Encourage and advise organisations in the supply chains to adopt environmentally-friendly approaches in the operations</li> <li>. Report on practices that affect the environment in a meaningful way</li> </ul>
7	Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.	<ul style="list-style-type: none"> <li>. Develop an IT Capacity Development strategy within an organisation</li> <li>. Invest in a Website and an online media presence.</li> <li>. management must ensure the business organisation invests in basic IT infrastructure – laptop and mobile phone</li> <li>. Engage all employees on and reward them for innovation within the business</li> <li>. Ensure that all employees acquire training on data security, reputational risk associated with inappropriate data</li> <li>. Ensure continuous training of the board and management to deal with the issues to which AI gives rise</li> </ul>

#### 2.4. Recommended Practices for Family Firms

	PRINCIPLES	SUGGESTED PRACTICES
1	<b>An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission, values, and organisational culture, add value to the society and respects the diverse interests of people</b>	<ul style="list-style-type: none"> <li>. Develop a statement of vision, mission and core values for the family business.</li> <li>. Communicate the mission, vision and values to all employees and family members.</li> <li>. Develop a 5-year strategy document for the business, consistent with the business purpose.</li> </ul>

	<p>Business organisations should be <b>inclusive</b>, recognising their stakeholders' uniqueness and creating a sense of <b>common social identity</b> among them.</p> <p>Business organisations should have a sense of <b>place</b> and <b>belonging</b>.</p> <p>Business organisations should establish and maintain <b>trust</b> with their stakeholders.</p>	<ul style="list-style-type: none"> <li>. Emphasise the importance of working together as a family and employees for the achievement of a common purpose</li> <li>. Communicate with and treat all family members (involved in the business) and employees fairly and with respect</li> <li>. Recognise the value of different view-points in decision-making processes</li> <li>. Pay all your taxes</li> <li>. Use part of your retained profits to develop the community in which you are operating, including developing local talent.</li> <li>. Keep your working environment clean and safe for yourself and others.</li> <li>. Deliver on your promises in a timely and professional manner.</li> <li>. Be honest about your dealings and be fair with your clients and employees.</li> </ul>
2	<p><b>An effective business organisation is guided by a clear governance framework.</b></p>	<ul style="list-style-type: none"> <li>. Adopt the articles of association and any other relevant policies deemed necessary to provide a minimum structure to regulate the distribution of tasks.</li> <li>. Set up an advisory board</li> <li>. Engage professional management and the family can retain effective strategic oversight and control.</li> <li>. A clear distinction between non-family and family issues in the context of the business should be acknowledged.</li> <li>. The role and responsibilities of the founder(s) should be clearly established.</li> <li>. Other family members' roles should also be clearly specified with mechanisms that ensure non-interference.</li> <li>. Family members who have multiple roles should be able to adjust their behaviour and communication in their various roles.</li> <li>. As the business grows taking in outside-of-the-family expertise, the roles and responsibilities of family and non-family</li> </ul>



	<p>Business organisations should have governance structures that ensure <b>accountability and transparency</b>.</p> <p>Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.</p>	<p>members must be clearly defined.</p> <ul style="list-style-type: none"> <li>. Mechanisms for resolving governance-related disputes between family members themselves and between family and non-family members should be put in place.</li> <li>. Hire a part-time accountant to check your financial records.</li> <li>. A family annual meeting which brings all family members together to update each other on how the business is performing. This would also allow the business to benefit from the viewpoints of family members who are not directly or formally involved in the governance of the business.</li> <li>. Prepare financial reports according to national standard at least annually</li> <li>. Make financial reports available to family members and any other relevant stakeholders</li> <li>. Make sure processes are in place for tax payments, records and filing.</li> <li>. Ensure that you have controls on cash management.</li> <li>. Put in place policies and practices to allow the business to detect errors, prevent mistakes, identify fraud and ensure the reliability of financial reports.</li> <li>. Regularly review potential, strengths, weaknesses, opportunities, threats and risks</li> </ul>
	<p>Business organisations should ensure their <b>long-term survival</b> by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of <b>risks</b>.</p>	<ul style="list-style-type: none"> <li>. Use analytical tools such as SWOT analysis</li> <li>. Engage consultants for the purpose of identifying opportunities and risks</li> <li>. Succession planning – the process of identifying and developing people within an organisation to fill key business leadership positions in the future or to replace key persons in the event of sudden absence.</li> </ul>

		<ul style="list-style-type: none"> <li>. Ownership succession -identify the family member who will take over as the owner of the business in the event of the current holder retiring, getting incapacitated or his/her demise.</li> <li>. Identify core functions needed for further growth.</li> </ul>
3	<b>An effective business organisation develops and promotes authentic and inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b>	<ul style="list-style-type: none"> <li>. As the businesses grows, founding owners should start to delegate some responsibilities to capable members of the organisation.</li> <li>. Succession planning – the process of identifying and developing people within an organisation to fill key business leadership positions in the future or to replace key persons in the event of sudden absence.</li> <li>. Start a gradual shift toward more inclusive management and longer-term strategic thinking.</li> <li>. Develop a defined business strategy.</li> <li>. Hire <i>qualified</i> people and not <i>available</i> people for key functions.</li> <li>. Move to formal ways of communication.</li> <li>. Founder CEO to consult with key personnel before making important decisions.</li> </ul>
4	<b>An effective business organization promotes effective stakeholder relationships that are aligned to the company’s purpose. The organisation’s leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</b>	<ul style="list-style-type: none"> <li>. Consult and involve employees and family members.</li> <li>. Communicate to employees any changes that affect them, whether as individuals or collectively.</li> <li>. Develop a process of periodic discussions with managers to assess the efficiency of employee practices.</li> <li>. Develop an employee/workers’ manual that describes issues pertaining to employees including their rights.</li> </ul>
5	<b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b>	<ul style="list-style-type: none"> <li>. Understand national and international legislation on human rights</li> <li>. Comply with the Global Compact principles of human rights</li> <li>. Comply with the African Union’s specification of human rights in Agenda 2063</li> <li>. <del>Comply with national legislation on labour practices</del></li> </ul>
	Business organizations should not engage in unfair labour practices.	<ul style="list-style-type: none"> <li>. Comply with the Global Compact principles on labour practices</li> </ul>
		<ul style="list-style-type: none"> <li>. Comply with national legislation on child labour</li> </ul>

	Business organisations should not engage child labour.	
6	<b>Business organisations should consider the environmental impact of their operations.</b>	<ul style="list-style-type: none"> <li>. Understand your environment well</li> <li>. Use environmentally-friendly inputs and technology</li> <li>. Adopt less wasteful approaches in your operations</li> <li>. Encourage and advise organisations in your supply chains to adopt environmentally-friendly approaches in their operations</li> </ul>
7	Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.	<ul style="list-style-type: none"> <li>. Develop an IT Capacity Development strategy within an organisation</li> <li>. Invest in a Website and an online media presence.</li> <li>. management must ensure the business organisation invests in basic IT infrastructure – laptop and mobile phone</li> <li>. Engage all employees on and reward them for innovation within the business</li> <li>. Ensure that all employees acquire training on data security, reputational risk associated with inappropriate data</li> <li>. Ensure continuous training of the board and management to deal with the issues to which AI gives rise</li> </ul>

## 2.5 Recommended Practices for The Informal Sector

	PRINCIPLES	SUGGESTED PRACTICES
1	<b>An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, vision, mission, values, and organisational culture, add value to the society and respects the diverse interests of people</b>	Remind yourself regularly about why you are in business and think about how your operations affect those around you. Establish how the business activities can help you to meet the key objectives – family basic needs, school fees, rent, clothing, food etc)

	<p>Business organisations should be <b>inclusive</b>, recognising their stakeholders' uniqueness and creating a sense of <b>common social identity</b> among them.</p> <p>Business organisations should have a sense of <b>place</b> and <b>belonging</b>.</p>	<ul style="list-style-type: none"> <li>. Be fair and considerate to those who assist you in your business</li> <li>. Be fair and fulfil the expectations of the informal apprenticeship systems.</li> <li>. Acknowledge the views and wellbeing of employees and apprentices (these could relate to pension or employee benefit schemes)</li> <li>. Consider being a part of business and Trade associations, local government schemes,</li> <li>. Pay local rates</li> <li>. Keep your working environment clean and safe for yourself and others.</li> </ul>
	<p>Business organisations should establish and maintain <b>trust</b> with their stakeholders.</p>	<ul style="list-style-type: none"> <li>. Deliver on your promises in a timely and professional manner.</li> <li>. Be honest about your dealings and be fair to your clients.</li> </ul>
2	<p><b>An effective business organisation is guided by a clear governance framework.</b></p>	<ul style="list-style-type: none"> <li>. Comply with the legislation of the relevant local authority and national legislation.</li> <li>. Understand the legal requirements and expectations of the government, including what the government has put in place to support the growth and development of the informal entities (such as incentives, tax exemptions, business opportunities)</li> <li>. Follow the guidance by advisors, consultants and mentors – to understand what the government has put in place to support the growth and development of the informal entities (such as incentives, tax exemptions, business opportunities)</li> </ul> <p>. Follow the guidance and recommendations made by relevant trade or business associations.</p>

	<p>Business organisations should have governance structures that ensure <b>accountability and transparency</b>.</p> <p>Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.</p>	<ul style="list-style-type: none"> <li>. Follow the guidance provided by relevant government ministries or agencies.</li> <li>. Consider how to relate with suppliers and customers in the conduct of the business.</li> <li>. Comply with disclosure requirements and conduct specified by relevant trade or business associations</li> </ul>
	<p>Business organisations should ensure their <b>long-term survival</b> by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of <b>risks</b>.</p>	<ul style="list-style-type: none"> <li>. Anticipate the event of losing a salient supplier or buyer.</li> <li>. identify the business' key stakeholders whose contribution determines the survival of the business.</li> <li>. Consider changes in government (local and central) policies, regulations and laws. Such changes may bring opportunities or threats to the trader's revenue stream.</li> <li>. changes in trade associations' policies.</li> <li>. Avoid over-reliance on one person whether that is in management or a supplier.</li> <li>. Check regularly that your products or services are not substandard</li> <li>. Practice basic book-keeping and cash flow management.</li> <li>. Check regularly that you do not run out of cash to order new supplies.</li> <li>. Ensure that cash sources and bank accounts of the business are separate from those of the owner.</li> <li>. Make sure you have at least basic understanding of regulatory requirements and compliance.</li> </ul>

3	<b>An effective business organisation develops and promotes authentic and inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b>	<ul style="list-style-type: none"> <li>. Develop informal mechanisms for incorporating external advice.</li> <li>. Develop personal leadership skills through attending trade association meetings and learning from mentors.</li> <li>. Develop financial and IT literacy.</li> <li>. Draw your decision-making approach from the mistakes or successes you made in the past. This means you should keep a record of key events in your operations</li> </ul>
4	<b>An effective business organization promotes effective stakeholder relationships that are aligned to the company’s purpose. The organisation’s leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</b>	<ul style="list-style-type: none"> <li>. Develop a habit of discussing informally with clients or members of the community about what they expect from your services or products.</li> <li>. Have open discussions with people who work for or help you.</li> <li>. Consider how to relate with suppliers and customers in the conduct of the business.</li> </ul>
5	<b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b>	<ul style="list-style-type: none"> <li>. Comply with national law on human rights</li> </ul> <p style="margin-left: 20px;">Treat your workers, apprentices or assistants fairly</p>
	Business organizations should not engage in unfair labour practices.	
	Business organisations should not engage child labour.	<ul style="list-style-type: none"> <li>. Comply with national law on child labour</li> </ul>
6	<b>Business organisations should consider the environmental impact of their operations.</b>	<ul style="list-style-type: none"> <li>. Use resources such as water or energy responsibly</li> <li>. Keep the place where you work clean</li> <li>. Dispose wastes in a responsible manner</li> </ul>
7	Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.	<ul style="list-style-type: none"> <li>. Develop an IT Capacity Development strategy within an organisation</li> <li>. Invest in a Website and an online media presence.</li> <li>. management must ensure the business organisation invests in basic IT infrastructure – laptop and mobile phone</li> </ul>

		<ul style="list-style-type: none"> <li>. Engage all employees on and reward them for innovation within the business</li> <li>. Ensure that all employees acquire training on data security, reputational risk associated with inappropriate data</li> <li>. Ensure continuous training of the board and management to deal with the issues to which AI gives rise</li> </ul>
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## 2.6. Recommended Practices for NGOs

	PRINCIPLES	SUGGESTED PRACTICES
1	<p><b>An effective business organisation is guided by a shared purpose, ensuring that its operating strategy, values, and organisational culture, align with the shared purpose.</b></p>	<ul style="list-style-type: none"> <li>. Clearly define the purpose of the NGO, which must be consistent with African values, in the founding document.</li> <li>. Display vision, purpose and values of the organisation in the offices, on its website (if applicable) and in the organisation’s literature, pamphlets, and other documentation, including its strategic plans, annual reports and newsletters.</li> <li>. Ensure that resources and activities are devoted to promoting the organisation’s public benefit purpose and not to advance personal agendas (e.g. private profit, political candidacy or capital, individual reputation or any other self-benefits).</li> <li>. Ensure that any significant change of purpose results from a formal decision, following consultation with members, donors and the beneficiary community.</li> <li>. Ensure that any change to the purpose must be in accordance to the relevant laws and regulations of the country.</li> </ul>
	<p>Business organisations should be <b>inclusive</b>, recognising their stakeholders’ uniqueness and creating a sense of <b>common social identity</b> among them.</p>	<ul style="list-style-type: none"> <li>. Emphasise the importance of working together for the achievement of a common purpose</li> <li>. Communicate with and treat all employees and beneficiaries fairly and with respect</li> </ul>
		<ul style="list-style-type: none"> <li>. As far as possible, recognise the value of diversity by including all employees and beneficiaries in decision-making processes</li> </ul>

	<p>Business organisations should have a sense of <b>place</b> and <b>belonging</b>.</p> <p>Business organisations should establish and maintain <b>trust</b> with their stakeholders.</p>	<ul style="list-style-type: none"> <li>. Ensure that board members and all people who represent or act on behalf of the organisation act honestly, refraining from unethical acts such as theft, corruption, lying or deceit.</li> <li>. Remain true to the purpose and do not get involved in unrelated causes, however, good.</li> <li>. Board members or people who represent or act on behalf of the organisation must avoid conflict of interest.</li> <li>. Where necessary board members should declare conflict of interest. This may be the case of community-based organisations, where community members are not only beneficiaries but often also serve on the organisation’s executive committee.</li> <li>. Avoid appointment of relatives or friends as employees of an NGO, or as paid consultants or service providers.</li> </ul>
2	<p><b>An effective business organisation is guided by a clear governance framework.</b></p> <hr/> <p>Business organisations should have governance structures that ensure <b>accountability and transparency</b>.</p>	<ul style="list-style-type: none"> <li>. Separate the roles of the Chief Executive and Chairperson of the board.</li> <li>. Recruit board members with knowledge, skills and time, considering other forms of diversity.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>. . Ensure that there is effective and transparent financial reporting</li> <li>. Disclose the sources of finance, staffing policies and how the budget was used.</li> <li>. Publish audited annual financial statements</li> </ul> <hr/> <ul style="list-style-type: none"> <li>. Ensure that you have adequate financial systems and controls.</li> </ul>



	Business organisations should have an effective <b>financial reporting system</b> that should be used on a regular basis.	<ul style="list-style-type: none"> <li>. Ensure that the organisation remains adequately funded so that it will be in a position to meet its anticipated costs and commitments to employees and beneficiaries.</li> </ul>
	Business organisations should ensure their <b>long-term survival</b> by identifying opportunities to create and preserve value and by establishing oversight for the identification and elimination or reduction of <b>risks</b> .	<ul style="list-style-type: none"> <li>. Maintain a good reputation in the community and with the rest of the stakeholders.</li> <li>. Appointment a special committee charged with responsibility for risk.</li> </ul>
3	<b>An effective business organisation develops and promotes authentic and inclusive leadership and decision-making processes, committing to rational and ethical business practices.</b>	<ul style="list-style-type: none"> <li>. Ensure that board members have knowledge, skills and time to be effective in their role.</li> <li>. The board to ensure that the vision, purpose, and values of an organisation are clearly defined and instilled throughout the organisation.</li> <li>. The board should encourage initiative, including income generation.</li> <li>The board should hold managers to account.</li> <li>. The board should provide management with the resources they need to ensure that the organisation's common vision and strategy is carried into practical effect by the latter.</li> <li>. Decisions of the board and management must be guided by the organisation's purpose.</li> <li>. Decision-making should be informed by knowledge, research, and a participative process.</li> <li>. Decisions should be made independently and impartially, without being dictated to by any particular constituency or interest group.</li> </ul>
4	<b>An effective business organization promotes effective stakeholder relationships that are aligned to the company's purpose. The organisation's leadership is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</b>	<ul style="list-style-type: none"> <li>. Be always fair in relationships with other organisations, and in programmes and activities, including with the selection of beneficiaries, and equal access to services and support.</li> <li>. When conducting its affairs and in its relationships with each of its stakeholders, an NGO must demonstrate a clear commitment to democratic processes involving wide-range consultation and feedback.</li> <li>. For example, employees should be fairly treated, adequately represented, and appropriately consulted; and that a culture of participatory decision making is encouraged throughout the organisation.</li> <li>. Beneficiaries and communities should be valued, respected, treated with dignity and should be given the opportunity to have a say on the quality of services they receive.</li> <li>. Provide fair remuneration and employment conditions to employees.</li> </ul>
5	<b>Business organisations should respect human rights wherever they operate and whatever their size or industry.</b>	<ul style="list-style-type: none"> <li>. Understand national and international legislation on human rights</li> <li>. Comply with the Global Compact principles of human rights</li> </ul>

		<ul style="list-style-type: none"> <li>. Comply with the African Union’s specification of human rights in Agenda 2063</li> <li>. Comply with national legislation on labour practices</li> </ul>
	<p>Business organizations should not engage in unfair labour practices.</p> <p>Business organisations should not engage child labour.</p>	<ul style="list-style-type: none"> <li>. Comply with the Global Compact principles on labour practices</li> <li>. Comply with national legislation on child labour</li> </ul>
<b>6</b>	<b>Business organisations should consider the environmental impact of their operations.</b>	<ul style="list-style-type: none"> <li>. Understand your environment well</li> <li>. Adopt less wasteful approaches in your operations</li> <li>. Be aware of the organisation’s environmental impact, acting responsibly to minimise negative effects.</li> <li>. Comply with relevant laws and regulations.</li> </ul>
<b>7</b>	Business organisations should leverage networked technologies to facilitate economic exchange, transfer information, connect people and generate value effectively and efficiently.	<ul style="list-style-type: none"> <li>. Develop an IT Capacity Development strategy within an organisation</li> <li>. Invest in a Website and an online media presence.</li> <li>. management must ensure the business organisation invests in basic IT infrastructure – laptop and mobile phone</li> <li>. Engage all employees on and reward them for innovation within the business</li> <li>. Ensure that all employees acquire training on data security, reputational risk associated with inappropriate data</li> <li>. Ensure continuous training of the board and management to deal with the issues to which AI gives rise</li> </ul>

### **3. General recommendations on the roles of the State to improve the business climate**

The change in African corporate governance presupposes a change in the business environment and a commitment by States to implement a number of actions, including the following:

- Ensuring the relevance, consistency and effectiveness of the legal and regulatory framework governing corporate governance and the business world;
- Improving the business climate by minimizing and simplifying all procedures, particularly those relating to the creation or transfer of businesses;
- Putting in place an institutional architecture to develop corporate governance;
- Reforming corporate governance in a gradual and phased manner while leaving room for the actors concerned to take into account the specificities of the companies in question and their particular contexts;
- Resorting to regulatory bodies and executing agencies that are relatively independent of both the executive power and economic actors, while preserving the consistency of State action;
- Promoting the use of digital technology in the interaction processes of economic agents in order to simplify procedures, facilitate better information exchange and improve business continuity concerning goods or services for the benefit of consumers;
- Ensuring the consistency, readability and control of international cooperation programmes aimed at developing entrepreneurship and enterprises;
- Ensuring proper representation of private sector actors and the establishment of a permanent framework for dialogue and consultation between the State and the national and foreign private sector;
- Putting in place a policy and structures to promote and regulate free competition and making it a source of innovation and progress;
- Improving all the infrastructure necessary for mobility and production (urban, rural, road, port, rail, airport, telecommunications, etc.), developing logistics and lowering transaction costs;
- Taking into account the spatial and territorial dimension as well as historical trajectories and experiences in the definition of business development policies;
- Making public procurement governance a lever for the development of national and local enterprises;
- Linking banking sector performance to greater financial inclusion and better financing of the economy;
- Putting monetary policy and Central Bank independence at the service of economic and financial development;
- Putting in place a relevant regulatory framework, institutions, system and strategies to check corruption;
- Coping with different types of anti-competition practices and situations of monopoly or unfair competition;
- Adapting labour legislation to universal workers' rights and the particular interests of enterprises;
- Ensuring the protection of trade union freedoms and the development of good trade union governance;
- Encouraging enterprises to improve working conditions, promote decent work and occupational safety and health;
- Promoting and defending consumer rights;
- Developing fiscal citizenship and making taxation a development and regional integration tool.

### **3.1. Recommendations for listed companies**

The implementation of the governance guidelines for African listed companies should be improved by complying with the following recommendations:

- Listed companies should set an example of good governance practice to other structures of the economy;
- Generalize the use of governance codes that are based on international standards and African Union principles while taking into account national specificities. Such guides should be regularly evaluated and updated on a participatory basis;
- Development and management of managerial skills is an element of national competitiveness. This requires, in particular, effective training, selection, evaluation, remuneration and career management processes for managers;
- Interpretation of increasingly complex economic, financial and accounting information requires the availability and commitment of competent administrators. Administrators can be trained by the companies themselves or by administrators' institutes;
- Improve the functioning and composition of boards of directors through capacity building of board members, effective and smooth communication and periodic assessment of their performance;
- Improve the quality of accounting and financial information and develop professions relating to control, auditing and evaluation (chartered accountant, auditor, etc.);
- Reinforce the obligations to communicate to the general public and transmit information to stakeholders and ensure the transparency of economic and financial transactions;
- Safeguard the rights of all shareholders and, in particular, those of minority shareholders. Such respect for rights should be one of the main goals of the financial market regulator. In particular, it presupposes equitable access to information and the proper organization of shareholders' meetings.

### **3.2. Recommendations for large non-listed companies and SMEs**

The implementation of governance guidelines for large companies and African SMEs should be improved by complying with the following recommendations:

- While taking care to guard against rent-seeking tendencies, the State must be able to support the development of national enterprises by reconciling competitiveness, equity in terms of access to resources and sustainability;
- Without undermining the principle of free competition, the State must, in particular, support the emergence of "national champions";
- While avoiding any form of social, fiscal or environmental dumping, the State must be able to attract foreign investors likely to create a knock-on effect on the rest of the economy;
- The State should also diversify the conditions and possibilities of financing enterprises;
- The State should put in place a legal framework and incentives to promote democracy and strengthen participatory mechanisms within companies;
- The State should promote citizenship and corporate social responsibility by establishing a normative framework and a strategy to promote CSR.

### **3.3. Recommendations for family businesses**

The implementation of corporate governance guidelines for family businesses is effective when the State contributes by:

- Paying particular attention to the specificities of family businesses in order to consolidate the transparency of their activities;
- Supporting potential managers, in particular to prepare and ensure a smooth succession of the current manager;
- Directing leaders towards training structures on entrepreneurship, management and business management;
- Promoting national enterprises by allocating a share of public procurement contracts to them.

### **3.4. Recommendations for the informal sector**

The implementation of informal sector corporate governance guidelines should be improved by complying with the following recommendations:

- The State should coordinate all its policies in order to establish an entrepreneurial eco-system that promotes entrepreneurship and consolidates the entrepreneurial culture;
- The State should have a pedagogical and incentive approach in order to help informal sector enterprises develop their management techniques, to convince them and support them in the gradual formalization of their activities, within the framework of a global vision of the economic fabric that balances social and economic imperatives;
- The State should develop a relatively detailed knowledge of the informal sector, so as to understand its operating logic, offer it local services (particularly in terms of training) and strike a balance between the social considerations that justify support for the informal sector and the economic considerations relating to the protection of SMEs in the formal sector from unfair competition.

### **3.5. Recommendations for NGOs**

- The government must create an environment for fostering NGO activity. For NGOs to fulfil their purpose, there is a need for an environment in which voluntary associations can organize themselves without unnecessary obstruction from the State. Such space also requires a government that is using its power to facilitate development and encourage popular participation, rather than having as its primary concern the maintenance of its power.
- Governments must take the responsibility to register, regulate and coordinate NGOs. Coordination is necessary as it avoids duplication and ensures that NGO work fits in with the government's own development plan or emergency policies, ensuring the judicious use of funds to meet the most urgent needs.
- Governments must ensure that there is relevant legislation that addresses NGO accountability and transparency.
- Governments must have the capacity to monitor NGO operations, including full disclosure of their sources of funding, accounting practices and fair treatment of their staff.
- Governments should have an efficient system of approving NGO proposals to allow the latter to implement projects in a timely manner.

### **3.6. Recommendations for public enterprises**

In order to improve the governance of public enterprises, the State should have a clear and transparent strategy for the management of its portfolio of holdings, so as to:

- Guarantee the autonomy of such companies as well as simplify and harmonize their statutes. Even though they may have a social role, these companies must benefit from effective governance that allows them not to be a burden on the State budget;
- Promote interconnection between the information and management systems of public companies in the context of digitalization;
- Set up performance contracts and draw up predefined indicators in relation to the responsibilities of the various stakeholders.



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