



Building Blocks	Foundation	Level 1	Level 2
6. Promoting values-based leadership	<p>Leadership behaviours which role model the values are clearly described.</p> <p>Board members and the executive are trained in 'values-based leadership' behaviour.</p> <p>Board members are selected, in part for their high moral integrity.</p> <p>Chairman and CEO demonstrate values-driven behaviour.</p> <p>Values-driven behaviour is expressed through corporate responsibility and sustainability programmes which are the responsibility of a direct report to the board and are given visible support by the chairman and the CEO.</p>	<p>Chairman and CEO live and breathe the values, through all communications.</p> <p>Board members are selected for character and ability to promote values across the business and are role models for the values and culture.</p> <p>The chairman includes values-led behaviour, when looking at the performance of board members.</p> <p>A NED or a board sub-committee is designated as being responsible for values and culture and is asked to make regular reports to the board on alignment, values and compliance.</p> <p>The performance of the chairman is judged against the extent to which they live and promote the values.</p>	<p>Board members regularly visit operational sites/branches, hold town halls and meet with individuals to promote values and behaviours.</p> <p>Society's provision of a 'licence to operate' is regularly reviewed and challenged by the board.</p> <p>Boardroom culture is open and self-critical. It is a safe space for concerns to be raised and discussed.</p> <p>The board has a team coach who focusses on values and culture, recognising the need for continuous development.</p>

This roadmap is an aid to chairmen and directors to help them make an assessment of how mature the board's approach is to governing values.

The three stages and their indicators are drawn from our research and should be used as a stimulus for discussion. It is likely that boards will assess themselves as being at different levels for different issues. Level 2 is not intended to be a description of the end of the journey more an indication that the board is governing values and culture well and as a result will be identifying new ways to carry out their role.

Building Blocks	Foundation	Level 1	Level 2
1. Inspiring through purpose and values	<p>The board has a clear and shared understanding of the corporate purpose and values.</p> <p>Values are aspirational and are revisited by the board on a regular basis.</p> <p>All key stakeholders beyond investors have been identified by the board.</p> <p>The board has discussed and articulated the reciprocal value the business creates value for its key stakeholders and the expected behaviours.</p>	<p>Values have been communicated to all employees at the frontline in a way that resonates better with them leading to the values being more closely reflected in behaviours.</p> <p>The board receives an annual update of trends in the expectations of key stakeholders.</p> <p>The board clearly prioritises the value that the organisation creates for key stakeholders on the basis of mutuality and sustainability.</p> <p>The behaviour of all employees is aligned with and reflects the corporate values.</p>	<p>The board publishes what key stakeholders can expect from the business.</p> <p>Members of the board meet regularly with representatives of each key stakeholder group both formally and informally.</p> <p>Commercial value and/or value at risk from stakeholder pressure is a common discussion at the board.</p> <p>The value created for each key stakeholder is measured and reported to the board and published externally.</p>

A roadmap for governing values

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2. Aligning corporate strategy and organisational capability with values	<p>Alignment of strategy, values and behaviours is a regular board conversation.</p> <p>All human resources processes take into account values and expected behaviours.</p> <p>Product/service alignment with purpose and values is part of the approval process for research and development and marketing.</p> <p>The board has identified suitable accreditations for the organisation and employees to embed values.</p>	<p>The tension between values and commercial value is explicit in strategic goals and execution.</p> <p>The board regularly reviews the risks of not embedding appropriate behaviours consistent with values.</p> <p>The board ensures that the recruitment and selection of key senior executives assesses their values and behaviours as well as their professional competence.</p>	<p>Strategy exploits values and consistent behaviours as a sector game-changer or differentiator.</p> <p>Business model goes beyond profit generated for investors to include the investment costs to develop organisational capability and consistent behaviours.</p> <p>Suppliers are required to behave consistently with values.</p>
3. Incentivising values-based leadership and behaviours	<p>Reward is tied to demonstrated behaviour.</p> <p>The remuneration committee receives reports on individual behaviours with all submissions for pay, bonus and promotion.</p> <p>Senior leaders are rewarded/sanctioned for performance against 3 or 4 'bottom lines' – e.g. finance, customers, employees, society including environment.</p>	<p>Senior leaders are barred from promotion if they do not behave consistently with the values.</p> <p>There is automatic bonus reduction for senior leaders, or their teams, that do not demonstrate expected behaviours and values.</p> <p>Senior leaders who do not behave in line with values are exited.</p>	<p>Senior leaders are valued and recognised for consistent ethical and responsible behaviour.</p>

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4. Measuring values through behaviours	<p>The board has ways of measuring values, behaviors and culture (e.g. results of key stakeholder surveys such as employee engagement and customer satisfaction), regulator reports and internal reviews and audit reports.</p> <p>Internal audit covers values and behaviors contained in the above processes.</p> <p>The board receives regular "misdemeanour" reports.</p>	<p>The board agrees key values-based metrics for customers, employees and other key stakeholders and monitors regularly.</p> <p>The board has agreed ways in which it will test whether the values resonate with the people at the frontline of the organisation.</p> <p>The board receives an annual report on values and behaviours distilled from key performance indicators (KPIs), surveys, internal audit, human resources and other sources to assure themselves that the values are being demonstrated throughout the organisation.</p>	<p>The board publishes performance against values, and behaviours with objectives and metrics in the annual report.</p> <p>The board has an independent team that reviews values and expected behaviours at each of its operations on a regular basis.</p>
5. Using values to guide decisions	<p>Principles-based decision-making is the norm at the board.</p>	<p>The board has a clear decision-making framework that seeks to ensure decisions and behaviours are consistent with values.</p> <p>The values component of reputational risk is an element of all strategic decisions and is reported to the board.</p> <p>Data on the alignment of values and behaviours is collected and used in strategic decision-making.</p> <p>Everyone in the business is trained to understand and apply the corporate values in their daily decision-making.</p> <p>The consistency with which values are expressed across the organisation is measured and monitored.</p>	<p>Values are always considered in every decision made throughout the organisation.</p> <p>Strategic discussions take into account the impact on the value created for each stakeholder and the business model.</p>