

# Culture and the Code:

Insights from a client roundtable discussion  
Summer 2024



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The Financial Reporting Council's UK Corporate Governance Code (2018) already requires Boards to assess and monitor culture. However, recent revisions to Provision 2 of the code mean that as of 01 January 2025 companies must also demonstrate how culture has been **embedded**. This marks a significant shift from strategy to action, as embedding culture requires both practical changes to internal processes and demonstrating success publicly in the next Annual Report.

The FRC defines a positive working culture as *'one based on transparency, trust, respect and inclusion, supports better organisational resilience and performance'*.

# Context

The new changes to the FRC's UK Governance Code represent a significant and important shift in the role Boards play in assessing and monitoring culture. More specifically, as of 1 January 2025 companies must also demonstrate how culture has been embedded.

This significant nuance requires a different view on culture, as embedding would require both practical changes to internal processes and demonstrating success publicly in the next Annual Report. Companies will need to ensure their culture is not only clearly defined, but evident in the lived experience of employees. Communications, leadership and employee engagement will be key considerations to ensure the desired culture is embedded.

## The Event

In response to regulatory changes to the UK Corporate Governance Code in relation to corporate culture, Black Sun and People Made co-hosted a client-only roundtable event to discuss the challenges and opportunities companies face in assessing culture, planning for change, and building a culture that thrives.

The following companies were represented at the event, which was held under Chatham House Rules:

**Associated  
British Foods  
plc**

**CAML**  
CENTRAL ASIA METALS PLC



**Kingfisher**

**NEW  
RIVER**

**RioTinto**

**Schroders**

## About The Positive Change Group

The Positive Change Group is a new kind of stakeholder advisory and engagement firm. We are a group of like-minded, premium businesses who work at leadership level with global clients. We bring together specialist, complementary expertise to help businesses transform the way they engage with their customers, employees, investors, and the wider world.

## About Black Sun Global

Black Sun Global is an international stakeholder engagement agency that's been helping global brands drive change for more than 30 years. At the forefront of corporate communications, we offer integrated solutions covering strategy, reporting, ESG advisory and digital activation, all powered by insights, technology and market-leading expertise.

## About People Made

People Made is founded on a strong belief that brands are defined by what they do, not what they say. They're built from the inside out by a culture that consistently delivers a distinctive employee experience. That's why we connect brand and culture as one. We bring these two worlds together through four service areas, spanning strategy and activation across purpose, culture, EVP and experience.



# Setting the scene

The roundtable opened with a presentation on embedding culture by Brook Calverley, followed by a presentation on culture reporting by Harriet Rumball. The following topics were covered, with verbatim content shared here to give a flavour of the presentations delivered.



## Framing the embedding of culture

Brook Calverley's presentation began by defining the embedding of culture as satisfying ourselves that the culture we aspire to is consistently expressed throughout the organisation's policies, practices and behaviours.

Brook explained that the transition to embedding culture involved an evolution from a passive to an active approach:



We need to think about moving from passive reporting and observation to an active process of activating and embedding. This involves systems, processes, communications and reward across in every part of the organisation – and then an ongoing effort to sustain it.

# Setting the scene continued

## A circular approach

Brook next outlined the circular approach People Made follows to support the effective embedding of corporate culture, involving three steps:

1. **Define:** before you can embed your desired culture, you need to define what it is that you are embedding – the culture you need to deliver on your purpose and strategy;
2. **Embed:** once defined, you must take a holistic approach to embedding your desired culture throughout your organization if it is to be truly lived and breathed by all employees; and
3. **Sustain:** Culture isn't a one-and-done exercise, it requires continuous monitoring, assessment and reinforcement.

## Defining corporate culture

While there are clearly similarities across positive cultures, there are also elements of culture that are unique to each organisation, aligned to its particular purpose, values and strategy. Brook advised that a company's desired culture should be aspirational, but at the same time achievable, observable and measurable:

Culture should be defined in a way that is simple, observable and measurable. It also needs to be both achievable and aspirational – sufficiently stretching to inspire change, but not so distant as to be demotivating. Most of all though, it needs to be aligned with the business needs. You're describing the ways of working necessary to achieve your goals and ambitions.

It's you on a good day, and when things are aligned. Culture can act as the connective tissue of an organisation. So don't make it too hard to sustain.

## A practical approach to embedding culture

Brook explained that culture should be embedded through the tone from the top, established policies and processes, and the day-to-day operations of a company. The following key elements to consider when approaching how to embed culture were defined as:

- **Leaders and managers:** visible sponsorship, common understanding, empowered managers;
- **Structures, systems and processes:** especially around performance management, talent strategy and career development; and
- **Workplace environment and internal communications:** frequent, clear and consistent messaging, plus a workspace that enables your culture to thrive.

Brook recommended identifying 'quick wins' through embedding culture into existing processes, considering how to build culture aspirations into the employee lifecycle, and highlighting achievements to build momentum.

Embedding must happen throughout the organization; however, it's not always about doing things in a completely different way; sometimes it's just about adapting some of what you are doing already.

Start by mapping the employee journey, all the way from the interview to the exit. Think about how and where your cultural ambition can show up and be made real. You'll find is an abundance of opportunity, especially in your practices around recruitment, career development, reward, recognition and leadership.

# Setting the scene continued

## The role of middle managers in embedding culture

Consistent with the UK Corporate Governance Code supporting guidance, the important role empowered middle management plays in embedding culture was also highlighted by Brook:

☺☺ Middle managers play a crucial role in embedding culture, but it's essential to provide them with simple, practical, relevant support. They're often time-poor and facing pressures from lots of different directions. You need to show how a better culture makes their life easier, that shaping and maintaining culture lessens their workload, not increases it – they have enough to worry about as it is.

## Metrics for measuring and monitoring the embedding of culture

Brook recommended establishing a clear baseline, a set of KPIs and timeframe for the achievement of targets. When determining culture KPIs, he advised that companies should build on existing metrics and targets and focus on demonstrating outputs and outcomes over inputs and activities.

☺☺ To measure culture, you need to start with a benchmark and measure from there – keep it simple and tangible. Try not to add yet more metrics and instead look at what you are already measuring. Select targets and work towards those. And give yourselves a bit of time for this – identify quick wins, then a 12-month plan and then longer-term goals.

☺☺ Put simply, people perform better in a healthy culture. This isn't just about making them feel happier and more satisfied at work – the right culture drives hard improvements right across the business, in things like reduced churn and absence, greater ownership and accountability, better customer satisfaction and increased brand advocacy.

## Culture reporting

Harriet Rumball's presentation summarised key points from the guidance provided by the FRC to support the new Corporate Governance Code, highlighting that this had been deliberately published separately from the Code to 'decouple' the content (as the FRC described it) and discourage companies from taking a tick box approach to reporting against the guidance as an extension of the Code.

The guidance signposted to two key reports for further details:

- Creating Positive Culture: Opportunities (2016); and, building on its findings
- Challenges and Corporate Culture and the Role of Boards (2021).

An integrated approach to embedding culture across corporate functions is strongly advocated here, including the 'active involvement of Boards', 'empowered company secretaries', Human Resources, Risk, Compliance and Internal Audit. Boards are encouraged to consider internal audit as means of gaining assurance over the effective embedding of culture, with two key questions for Boards as follows:

- Does Internal Audit have a clear mandate to incorporate cultural issues into its audits and is this mandate written into the audit charter?
- Would reporting jointly across functions (HR, Internal Audit, Risk and Compliance) help draw out insights into culture?


Best practice reporting examples on the assessment, monitoring and embedding of culture were also shared from companies including SSE, Autotrader, Jupiter Asset Management, M&S and Derwent London.

# Round table discussion review

## Embedding a consistent Group-wide culture

The challenge of achieving a consistent culture at Group level in a complex, global business was raised as a key challenge, including how to accommodate cultural differences across brands, leadership teams, strategic priorities and ways of working. It was acknowledged that there has been a shift in focus over the last decade from an emphasis on 'one company' towards being more individualistic, considering regions and departments. Even where company values were clearly articulated and understood, participants cited competing and conflicting subcultures between departments, and across different geographic locations. In relation to effective leadership, the importance of taking time to understand and respect cultural differences within and across organisations rather than making assumptions was highlighted.

Whilst a Group level consensus is required on non-negotiable aspects of culture e.g. integrity and trust, a degree of flexibility in how these are applied at a regional level is important and necessary for successful embedding.

 It would be easier if companies all had a single product and service offering in one country with one simple organisational structure, wouldn't it? But this is not a reality for most.

The group also provided examples of the tools and approaches their own organisations used to help manage this issue:

- **Code of Conduct:** one company cited their universal employee Code of Conduct which is translated into local languages as a straightforward way of sharing guiding principles. It had also proved helpful for casual and temporary staff.
- **Ethics Champions:** the same company appoints an Ethics Champion to each of its local Boards to support the implementation of the Code of Conduct and encourage positive behaviours aligned to the company's culture.
- **Single source of mandated policies and procedures:** to promote compliance and consistency, one company provides all employees with a book of centrally mandated policies and procedures which is applicable to all subsidiaries, joint ventures and associates, addressing a range of topics including culture, ethics and stewardship.
- **'Tone from the top':** this was also seen as an integral part of embedding a holistic culture, using consistent messaging, guidance on employee expectations and frequent site visits to ensure that desired behaviours are understood and adhered to.

# Round table discussion review continued


## The impact of hybrid working

The impact of working practices on the embedding of culture was discussed by the group; some felt that the benefits of working with colleagues, in person in the office, outweighed the merits of remote working, whereas others felt strongly that remote working patterns, accelerated by the pandemic, could not – and should not – be reversed.

In support of a return to the office, some participants felt that the office fostered a feeling of connection across their organisations, and optimised collaborative thinking and learning between junior and senior staff. For London based companies, working from shared accommodation was impractical and unprofessional for client calls. It was noted that hybrid working raised an equity issue for some companies where those with desk-bound jobs had more flexibility than colleagues working in the field. Some participants cited examples where this had led to increased rates of attrition, negative media coverage and reputational damage.

And, by contrast, some were in favour of working remotely, noting the flexibility had benefits related to diversity and inclusion, co-parenting, caring for relatives and attending appointments. Where companies operated internationally, video conferencing was commonplace, preventing unnecessary travel time, expenses and carbon emissions. It was noted that although time must be allocated to manage teams remotely, once expectations and responsibilities are clearly understood, this helped build trust and respect, and boosted productivity within teams.


It was universally acknowledged that that open and honest communication was important in building trust in a remote or hybrid working environment and that success lies in carving out time specifically to manage colleagues in a remote environment.

 If you are all working remotely, it does mean that you need to flex your management style. The difference is that now you must deliberately make the time to manage your people remotely.

## Culture and the physical working environment


The discussion next turned to the influence that the physical office environment has over embedding culture and, in turn, promoting wellbeing and productivity.

It was agreed that open plan office spaces can encourage collaboration between departments and interaction across different levels of seniority, and even promote innovation. However, to maximise productivity, it was felt that workplaces need to be organised in a thoughtful way and aligned to company-specific ways of working. Examples shared included a combination of collaborative workspaces and soundproof booths for private client calls and taking inspiration from overseas offices known for their positive work environments. It was noted that simple changes to the office environment can facilitate interaction between colleagues from different teams such as adding a coffee machine to a central floor.

 We are now a one-floor office, and it has certainly helped bring people back in. Now there are days when it is difficult to find a desk. We moved to improve cohesion between teams where teams didn't collaborate well.

## Company specific insights into establishing and maintaining culture

The group agreed that each company will have its own tools and approaches aimed at embedding culture. Some noted that small day-to-day changes were impactful, and often did not require significant financial investment. For one company, a feeling of psychological safety was a key factor for developing relationships, building trust and facilitating faster decision making across the employee base. Other attendees drew on insights from current and past employment regarding methods to maintain a positive culture including individual recognition of positive behaviours for example through a platform where employees could reward other employees with vouchers for demonstrating company values linked to wellbeing and making a difference.

 A positive culture makes such a fundamental difference to how people feel; if they feel better, they perform better. People want to know that management know how they feel, and that their work is valued... Reporting on it also emphasises the importance of it.



# Key takeaways for developing a healthy corporate culture

We are very grateful to everyone who contributed so positively and constructively to the discussion

## **Defining**

Culture should be defined in a way that is simple and observable. It needs to be both achievable and aspirational, and not too far away from where you are now.

## **Embedding**

Start by mapping to the employee journey, all the way from the interview to the alumni programme. Consider key enablers for the successful embedded of culture including:

- Leaders and managers
- Structures, systems and processes
- Workplace environment and internal communications.

## **Sustaining**

Culture is not a one-and-done exercise, it requires continuous monitoring, assessment and reinforcement.

## **Measuring**

Establishing a clear baseline for your corporate culture, identify an appropriate set of KPIs, then plan a timeframe including quick wins, a 12-month plan and longer-term goals.

An integrated approach to assessing and monitoring culture across corporate functions is important, including the Boards, Company Secretariat, Human Resources, Risk, Compliance and Internal Audit.

## **Reporting**

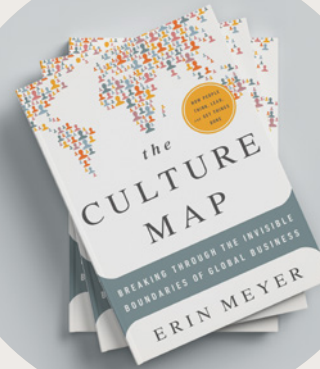
Reporting on culture is a key signal to both internal and external stakeholders of the importance a company places on maintaining a healthy corporate culture.

# Further information and useful resources



## **FRC culture reports:**

Creating positive culture  
(2021)



## **Books recommended by our attendees:**

The Culture Map: Breaking Through the Invisible Boundaries of Global Business  
by Erin Meyer



Corporate culture and the role of boards  
(2016)



The Geography of Thought: How Asians and Westerners Think Differently by  
Richard E. Nisbett

# Contacts

We hope that this report proves useful to companies considering the practicalities of embedding culture and approaches to reporting on it in relation to the UK Corporate Governance Code.

If you would like to discuss the reporting findings or take part in a similar event in future, please contact:

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