

## **AWARENESS SESSION ON THE FINDINGS OF THE CG SCORECARD ASSESSMENT REPORT 2021**

**Thursday 23 March 2023**

**at PwC Centre, Avenue de Telfair, Telfair, Moka**

**23 March 2023 - The National Committee on Corporate Governance (NCCG) in collaboration with PwC Mauritius (PwC) held an Awareness Session for Public Interest Entities (PIEs) on the findings of the CG Scorecard Assessment Report 2021 at the PwC Centre, Avenue de Telfair, Telfair, Moka on Thursday 23 March 2023. Given that the second Scorecard Assessment exercise is already underway, this Awareness Session comes at an opportune time for the NCCG to accompany organisations in their journey to ramp up their CG practices and disclosures. This Awareness Session was well attended by high-level representatives of 36 organisations from the public and private sectors. The Awareness Session had two key objectives: firstly, to provide participants with a comprehensive understanding of the manner in which the Scorecard could be used as a tool for companies to self-assess the extent to which they are adhering to the overarching “apply and explain” methodology underlying the eight (8) principles of the Code of Corporate Governance, and secondly to highlight the key findings of the first CG Scorecard Assessment Report 2021, with an emphasis not only on those CG aspects which have been well explained and disclosed by entities, but more importantly on those components and areas of corporate governance where explanations and disclosures can be improved.**

The Awareness Session was attended by 70 participants from 36 PIEs, including State-Owned Enterprises, organisations regulated by the Bank of Mauritius and those listed on the Stock Exchange of Mauritius (SEM). The session was delivered by (i) Me. Aruna Radhakeesoon, Chair of the NCCG, (ii) Mr. Matthew Lamport, Member of the NCCG and Senior Lecturer at the University of Mauritius, (iii) Mr. Julien Tyack, Partner at PwC, and (iv) Mrs. Shirley Jeeban, Senior Manager at PwC. The session covered three distinct and yet related aspects of corporate governance: (i) ‘raison d’être’ of the CG Scorecard, (ii) how the CG Scorecard works, and (iii) feedback on the first CG Scorecard assessment exercise with greater emphasis on those corporate governance indicators which were relatively high in importance but for which disclosure was moderate or inadequate.

21 companies listed on the SEM voluntarily took part in the first edition (2021) of the CG Scorecard Assessment exercise, and the key findings relating to corporate governance scores in general, those relating to Board Effectiveness, to Audit Oversight and Effectiveness and Relationships with Shareholders, Stakeholders, Sustainability, and Inclusiveness respectively, are highlighted hereunder:

- (a) This first Scorecard Assessment exercise shows a mixed picture, with a significant difference between the strongest and weakest performing companies.

The scores achieved across the 21 companies range from 24 to 81% with an average score of 54%. While nine entities have scored over 60%, eight have not achieved more than 50%. It is worth mentioning that only 60% of companies in Mauritius state that they fully comply with the 2016 Code of Corporate Governance.

- (b) The strongest element is Board Effectiveness. The average score achieved across the companies is 61%. Companies score relatively well for disclosure of the composition, strength and experience of their Board of Directors and Sub-Committees. The most common type of non-compliance is in respect to Board Composition. These include lack of independent directors, executive directors, an independent chair or female directors. The second most common non-compliance is in respect of disclosure of the remuneration of individual directors. Some companies are still reluctant to disclose the remuneration of Executive Directors stating commercial sensitivity as the main reason.
- (c) The average score for Audit Oversight and Effectiveness is only 51%. Many companies are providing minimal disclosures on their Risk Management, Internal and External Audit.
- (d) The average score for Relationships with Shareholders, Stakeholders, Sustainability, and Inclusiveness is only 49%. Concepts of stakeholder engagement, sustainability and inclusiveness are arguably newer but fast developing areas of governance globally. Companies are at different stages of their sustainability and inclusiveness journey which shows in the scoring. A number of companies are disclosing very little information or have not moved beyond the CSR agenda whilst others, but not many, are excellent in demonstrating how sustainability and inclusiveness is integrated into their strategy, reaching into their culture, business operations and decision making.

Notwithstanding the above-mentioned findings, it is indeed possible that many companies have a great governance story to tell but are simply not providing the level of disclosure and explanation necessary to provide the reader with the full picture of their governance practices. The NCCG has now kicked off the second Scorecard Assessment Exercise, which for this edition (2022), is open to all PIEs. And for this second exercise, 28 PIEs which include large State-Owned Entities, have so far volunteered to participate. The NCCG hopes that with time, and through the Awareness Sessions which will be a regular and annual feature, organisations will be able to raise their corporate governance practices and disclosures and feel more confident to participate in the yearly Scorecard Assessment Exercise which is a crucial tool for identifying areas of improvement and driving positive and long-lasting change in the corporate governance landscape of Mauritius.

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**About PwC**

[pwc.com/mu](http://pwc.com/mu)

**About NCCG**

<https://nccg.mu/>

**About the CG SCORECARD ASSESSMENT REPORT 2021**

<https://nccg.mu/sites/default/files/2023-01/FINAL-NCCG-Corporate-Governance-Mauritius.pdf>

**About the CG SCORECARD FOR MAURITIUS (2021)**

<https://nccg.mu/sites/default/files/2021-10/Corporate-Governance-Scorecard-for-Mauritius-2021-User-Guide.pdf>