



THE PEOPLE GOVERNANCE INSTITUTE

People governance strengthens strategic corporate governance

Charter and methodology intended
for the Board of Directors and Executive Management

COMMISSION ON PEOPLE GOVERNANCE



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H-User Institute – The People Governance Institute

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FOREWORD

This document provides practical guidance on implementing people governance, designed for board members and management who wish to place people at the heart of their strategy rather than treating people considerations as secondary or purely operational. It outlines how the board and management should interact, ensuring that their dialogue leads to informed, strategic decisions.

People governance equips organizations with the tools to integrate people across all aspects of the organization, rather than managing them in isolated silos. Companies with an existing people strategy can use this charter to benchmark and validate their current initiatives.

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Introduction

People Governance is a key lever for more responsible and sustainable corporate governance. Its ultimate objective is to ensure the long-term sustainability of the organization and the fulfilment of its stakeholders, by enabling each of them to contribute actively to the collective project that the organization embodies.

Organizations today operate in an environment marked by profound transformations: geopolitical realignments, growing intercultural diversity, the rise of cybersecurity risks, the emergence of artificial intelligence, environmental and climate challenges, and a tightening European regulatory framework. These changes create a constant tension between immediate performance and long-term responsibility, directly affecting the economic, social, and people balances that sustain the vitality and resilience of organizations.

The People Governance Charter is a structuring and guiding tool serving both the board of directors and executive management. It enables the organization to maintain at all times a clear and centralized vision of the systems, practices, and commitments that contribute to a coherent and living form of people governance. It plays both an informative and educational role, helping the board and management to better understand the people, cultural, and ethical realities of the organization. It promotes a culture of cooperation, transparency, and shared responsibility between governance bodies and operational teams.

The role of a director rests on three pillars: independent judgment, vigilance, and personal commitment. Whether or not the organization is publicly listed, the guiding principles remain the same: rigor, integrity, a sense of responsibility, and a long-term vision.

A director must have a solid understanding of the organization's activities, strategic challenges, and the implications of its decisions. They act in the general interest of the company and all its shareholders, ensuring not only compliance with the law but also the ethical quality and coherence of decisions. They integrate people, social, and environmental dimensions, which are now inseparable from sustainable performance.

The board of directors defines strategic orientations in close collaboration with executive management. It has the responsibility to ask the right questions, identify blind spots, prevent misconduct, and anticipate risks related to people governance. It must also compare what has been decided with what has actually been implemented, an evaluation that is as ethical as it is technical. Consistency between actions and declared intentions strengthens trust, engagement, and legitimacy in governance.

The Charter aims to inform, structure, and equip directors so that they can:

- understand people issues as strategic levers;
- open a structured dialogue on the role of people governance within the organization;
- have access to concrete arguments and tools to guide strategic choices;
- and inspire certain directors to engage more deeply in this now central dimension of corporate governance.

People governance reminds us that the true sustainability of an organization is measured not only by its results, but by the quality of the bonds it weaves between people, the values it upholds, and the meaning it gives to its collective action.

Definition

The components of a people governance approach initiated by the Board and management are unique to each organization. The following definition proposed by the Commission reflects a culture of collaboration and trust between the Board and management. It applies to both private and public organizations.

People governance is an ethical and strategic commitment of the Board of Directors. It aims to include, within the organization's overall strategy, the recommendations of the Executive Management as well as its proposed strategic planning of people priorities in order to achieve the defined objectives.

- It involves organizing a dedicated space within the board for people and strategic planning analysis and decision-making.
- It allows executive management to develop its people governance plan based on identified opportunities, risks, and needs considered plausible in the short, medium, and long term.
- It places decision-makers in a mindset of dialogue and addresses people-related issues. It also provides responses to the strategic directions proposed by the board, while board retains final decisions on the strategies adopted.
- It consists in developing a formal plan approved by the executive team, and presenting the selected options, their concrete impact on the organization's people governance strategy.
- It places all strategic and executive actors of people governance in a mindset of strategic planning applied to people governance.
- It suggests the opportunity to establish an inventory of all existing people governance initiatives and actions within the organization that support the strategic plan proposed by the Board of directors.

Principles of People governance for the Board of Directors

Principle 1. The Board of Directors includes the issue of people governance on its agenda

- The Board defines the company's strategy, which includes people governance challenges.
- The extent given to people governance is determined by each Board, regardless of the organization's size.
- The Board Chair validates the people governance agenda in coordination with a group of directors and the Executive Management.
- Executive Management involves its Executive Committee members in preparing agenda topics related to people governance.
- The Board addresses people governance as needed, particularly during its multi-annual strategic reviews.

Principle 2. The Board of Directors ensures the necessary competencies and defines roles

- Together with Executive Management, the Board engages in continuous improvement of people governance.
- It equips itself with the expertise and resources necessary to fulfill its consultative and decision-making responsibilities in people governance strategy.
- The Board may also rely on existing advisory committees within the organization.

Principle 3. The Board facilitates knowledge development

- The Board Chair makes sure that directors who are interested can engage with strategic people governance issues.
- In collaboration with Executive Management, the Board identifies informational needs and opportunities to build people governance knowledge.
- Directors who choose to become more specifically involved in people governance, should be given the opportunity to develop their knowledge through a dedicated training plan.

Principle 4. The Board assigns a permanent mission

- The Board of Directors assigns a permanent people governance mission to the Executive Management in order to be informed accurately and in a timely manner about the implementation of the People governance Plan.
- This permanent mission is distinct from participation in the consultative committees on remuneration, nominations, and audit, as recommended for reasons of independence in corporate governance codes.

Principle 5. The Board adopts a guidance note

- The Board's leadership role is a fundamental source and occupies a central place within people governance, shaping its vision and principles.
- The Board of Directors adopts a guidance note defining the vision, the fundamental values to be promoted within the organization, as well as the principles guiding people governance, in alignment with the strategic plan.
- This guidance note is shared with the Executive Management and serves as the starting point for drafting the specifications of the people governance plan.
- The guidance note also specifies the role, the objectives, and the intended impact of monitoring the people governance plan.
- It is advisable to consult the managers and made involve them by giving them the responsibility through this exercise.
- The Board determines the appropriate communication method for the guidance note.

A recommended model for structuring the orientation note is provided in "recommendation 4 ".

Principle 6. The Executive Committee designs the people governance plan and its planning strategy

6.1 Design, Planning

The people governance plan helps the organization implement its strategy. It is specific to each structure and requires team involvement. Its success depends on the leadership of the executive committee, especially if adjustments are needed along the way. The way planning and leadership are approached influences the engagement of managers and employees.

In preparation for discussions within the Executive Committee, particular attention may be given to the following points:

- Develop a people management approach that involves all stakeholders and aligns with strategic, financial, people, organizational, and sustainability goals.
- Set up a method to assess the coherence and clarity of actions related to the people governance plan.
- Provide various risk management scenarios and possible indicator trends related to the implementation of the plan.
- Offer insight into the impact of the defended decisions and managerial practices.
- Identify any decision that strengthens socio-professional bonds and anything that carries lasting meaning for members of the organization (shared values, achievement of goals and profitability).
- Have an analysis of the different direct and indirect costs related to people factors. Their financial impact is complex and goes beyond just compensation.
- Integrate into the plan the evolution of the legislative and political environment that has a direct and/or indirect impact on employee management.

6.2. Consistency and Adaptability

Analyzing the coherence between words and actions is essential when a company wants to implement its people governance plan.

This implementation requires a certain level of stability, but companies operate in changing and sometimes unpredictable environments. Strategy must therefore remain flexible: the plan can be adjusted or even abandoned if circumstances require.

Still, employees closely observe the consistency between decisions, actions, and any changes made. There are many coherence indicators, for example :

- *Regarding the announcement of commitments on environmental issues, the effective communication about measured reductions in CO2 and other greenhouse gas emissions, the implementation of responsible purchasing, and the internal and external audits and communications carried out;*
- *Regarding the announced intention of collaborative governance, the actual number of meetings held, the frequency at which employees are consulted, and their participation rate;*
- *Regarding the announcement of societal and community investments, the visible number of beneficiaries, the frequency of communication to employees, and the visibility of the budgets actually allocated;*
- *Regarding the announcement of an inclusion and diversity policy, the sense of fairness and equality, the gender distribution in leadership positions, ethnic diversity, and the participation rate in planned training programs.*

In preparation for discussions within the Executive Committee, particular attention may be given to the following points:

- Consistency between intentions and actual behaviors. Everyday actions should align with the values and directions set by the plan.
- Alignment between roles, responsibilities, and ways of working. Everyone should clearly understand their role and operate within a well-defined framework at all levels of the organization.
- Clarity of investments in relation to expected outcomes. Resources invested (time, money, energy) must be understandable and justified by the anticipated benefits.

- Alignment between the people governance plan and organizational structures. The internal setup, such as organization, hierarchies, and processes, should enable the plan, not hinder it.
- Credibility of sustainability commitments.
- Discourses on sustainable projects must be reflected in the actual practices of teams, with no gap between what is said and what is done.
- The coherence between digital and technological tools and work practices. The chosen solutions must be adapted to the concrete needs of the teams and compatible with the existing infrastructure.

This coherence is a key reference point for building support, trust, and engagement. It deserves particular attention during executive committee discussions

6.3. Integrated Risk Management Approach

Risks related to People governance are an integral part of the company's overall risk profile. The People governance plan includes a people risk management component.

In collaboration with the organization's risk management manager, the management team establishes the framework and methodology for analyzing people risks.

The management team takes the following principles into account in this context:

- Risks related to people governance must be identified and managed like other risks. The principle is to have a single approach and language for all stakeholders involved in risk analysis.
- Consultation and collaboration with the person responsible for risk management within the organization is crucial, both during the development phase of the People governance plan and during its ongoing evaluation.

- Communication to the board of directors regarding the people risk management component automatically includes the participation of the person responsible for risk management within the organization.

Principle 7. The Board and Executive Management validate the people governance plan, its monitoring, and conflict management

- Based on the guidance note, the Executive management and the Committee launch the development of the multi-year people governance Plan.
- Each organization determines the extent and form of internal consultations.
- The Board and the Executive Management lead discussions and approve the proposed plan.
- During the validation of the People Governance Plan, the Board of Directors and Executive Management agree on the process to ensure the monitoring and implementation of the plan, as well as on the frequency at which the Executive Management and its team will present a progress report on the plan.
- Any tension, conflict of interest, or major difficulty encountered in the implementation of the plan is first managed by the executive team and documented and reported by Executive Management to the Board of Directors if deemed necessary.

Principle 8. The Executive Committee appoints a responsible person to monitor the plan

The Executive Committee defines how this appointment is made.

What this Responsibility Involves :

The appointed person ensures the spirit and overall coherence of people governance practices resulting from the implementation of the plan. They must ensure fairness, peopleity, and transparency in the plan's practices. They engage all stakeholders who have an influence on people governance.

Key Aspects of the Responsibility :

- Advise the Executive Committee in the drafting of the “guidance note” as well as the development of the “specifications” applicable to the preparation of the draft People governance Plan.

- Organize the systematization of data deemed relevant for the development of the framework people governance plan and its performance and evaluation indicators.
- Prepare, together with the Executive Management and members of the Executive Committee, the working sessions for designing the people governance plan intended for the Board.
- Take responsibility for coordinating the drafting of the draft annual people governance report, discussed within the Executive Committee and presented by the Executive Management to the Board of Directors.
- Ensure, with the support of executive management, that the framework people governance plan is effectively implemented in the operational entities.
- Prepare and reach a consensus within the management team on the performance indicators used to assess the monitoring of the plan's implementation, as well as the overall evaluation of its effectiveness on people governance.
- Integrate into the implemented framework plan the various reactions, adaptations, or proposals for reorienting decisions

Recommendation 1.

Mobilize existing consultative committees

The existing consultative committees bring together various skills and perspectives within the organization. Nomination and Remuneration committee (NRC) could be a party within the existing corporate governance structure on these matters. They can support the Board of Directors in reflecting on broad and complex issues related to people governance. They can also assist the Executive Committee during the development of the People Governance Plan. In addition to being composed of directors and members of the Executive Committee, they may also be supplemented with profiles that match the areas of expertise highlighted in the axes of people governance (Recommendation 3).

Recommendation 2.

Define the profile of the person responsible for monitoring people governance

Each organization determines the profile suited for this mission. However, some essential qualifications include:

- The people governance representative must be a member of the Executive Committee.
- They must have sufficient experience to master both the operational and people dimensions of business management, while also having a good understanding of the relevant professional sector.
- They must possess the necessary knowledge to structure a business plan, analyze its impacts on people activity, and assess people and social performance scenarios directly related to its implementation.
- They must be capable of understanding the interactions between the people, organizational, financial, and cultural dimensions of the company.
- They must have a solid understanding of risk management, change management, and strategic planning.
- They must have sufficient personal influence to build and maintain the internal and external networks needed that to implement the People governance plan.

Recommendation 3.

Approach people governance broadly from the initial design of the plan

The implementation of people governance decisions must be broad in scope; it represents an integrated, systemic, and ethical approach to the people factor at the heart of organizations. It intersects with strategic, financial, organizational, managerial, social, and legal dimensions.

The following axes may be considered during discussions related to the preparation of the framework plan:

AXIS 1 – Strategic and Organizational Governance

Objective: Align the structure and organizational dynamics with people and strategic ambitions.

1. Transformation policy
2. Reorganization, restructuring, and people support
3. Mergers, acquisitions, and cultural integration
4. Organizational adaptability and people agility
5. Participative governance and employee involvement
6. Change management and social acceptability
7. Alignment of vision, values, and behaviors

AXIS 2 – Legal and Regulatory Frameworks

Objective: Frame people governance through legal, regulatory, and compliance obligations.

1. European directives (e.g., CSRD, duty of care, etc.)
2. Labor law and employee rights
3. Regulations on diversity and equality
4. People rights in the workplace
5. Internal rules and corporate charters
6. ISO standards related to people and social quality (e.g., ISO 26000, 30408, 45001...)
7. HR data protection and privacy compliance

AXIS 3 – Organizational Culture and Ethics

Objective: Build a coherent, ethical, and learning organizational culture.

1. *Corporate culture and shared values*
2. *Organizational integrity and role modeling*
3. *Culture of feedback, error acceptance, and continuous learning*
4. *Implicit rules and informal organizational codes*

AXIS 4 – Management and Leadership

Objective : Support inclusive, ethical leadership at all levels to foster transformation and people development.

1. Management practices and change support
2. Leadership styles and managerial posture
3. Skills development and employability
4. Ethical and responsible leadership

5. Inclusion of female leadership and next-generation leaders
6. Team cohesion and collective intelligence
7. Shared decision-making and autonomy
8. Talent and high-potential management
9. Internal coaching and mentoring

AXIS 5 – People Intelligence and Foresight

Objective: Anticipate people and technological shifts to prepare for future skills and workforce transformations.

1. Impact of AI and emerging technologies
2. Future of skills and evolving job roles
3. Meaning at work and the search for contribution
4. Inclusion of younger generations and their cultural codes
5. Anticipation of psychosocial and cultural risks
6. Governance of uncertainty and people tensions

AXIS 6 – Social engagement and Sustainability

Objective: Promote responsible, inclusive, and sustainable social relations aligned with societal expectations and ESG frameworks.

1. Corporate social responsibility (CSR) and ESG contributions
2. Social dialogue and relations with labor partners
3. Quality of work life
4. Mental health and well-being at work
5. Working conditions and occupational safety
6. Conflict management and mediation
7. Non-discrimination and systemic bias prevention
8. Harassment and toxic behavior prevention

Recommendation 4.

Guidance Note on the Structure of an Orientation Note

Each orientation note is unique. The following general structure can be adopted:

1. People Governance and People Recognition

Objective: Present the company's commitments in terms of people governance and employee recognition. Explain, for example, the organization's commitment to fair and equitable treatment of all employees, and the recognition of the work accomplished by all staff members.

2. Governance Principles

Objective: Identify and formalize the principles the company wishes to adopt for its governance. Address, for instance, principles of transparency and the desire for clarity in decisions that affect employees; consultation of employees (regarding environment, climate, wellbeing, etc.); as well as participation and collaboration in decision-making.

3. Company Value

Objective: Describe the values that guide the behavior of the company and its employees. Discuss, for example, the ethical and cultural principles that shape actions and decisions, and the way in which the organization intends to embody these values in daily practice.

4. Trust and Coherence

Objective: Explain what the organization puts in place to foster trust, coherence, and collaboration.

5. Commitment of Board Members and Management

Objective: Describe the commitments of board members and management in relation to people governance.

6. Expected Employee Commitment

Objective: Clarify the company's expectations toward its employees and the collaboration within the organization. Address, for example, expectations regarding participation, involvement, and adherence to the organization's values and principles, as well as the contributions expected to support overall coherence, trust, and people governance.

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Glossery

For readers discovering the world of Corporate Governance and People Governance, here is a set of clarified concepts that are used throughout this charter.

1. Corporate governance

Corporate governance refers to a set of rules and behaviors that determine how companies are managed and controlled.

2. People governance

People governance is an essential and complementary dimension of corporate governance. The people governance charter specifies its role and actions.

3. Corporate governance code

A corporate governance code for listed companies is a set of principles and best practices aimed at ensuring transparent, responsible, and balanced management among stakeholders.

4. European regulations

CSRD: Corporate Sustainability Reporting Directive (Directive 2022/2464)

CSDD: Corporate Sustainability Due Diligence Directive (06/2024)

Directive – Equal Pay/Pay Transparency (05/2023)

5. ISO Standard 30408

The ISO 30408 standard provides guidelines for People resource governance, ensuring that people management is coherent, ethical, and aligned with the organization's strategy.

6. Specialized committee

A specialized committee of the Board of Directors is a subgroup mandated by the Board to prepare its decisions in a specific area (such as audit, remuneration, nominations, or sustainability), in accordance with the Corporate Governance Code for listed companies.

7. Strategic planning – Scenario planning

Strategic planning is a structured process through which an organization defines its long-term directions and allocates its resources to achieve its objectives.

Scenario planning is a strategic planning method that involves imagining several plausible futures to help decision-makers anticipate uncertainties and adapt their strategies.



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