



# Integrated Report 2016

April 2015 to March 2016

building an  
**ethical**  
SOCIETY



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As in all walks of life, change is necessary and inevitable. This edition of the Integrated Report of The Ethics Institute provides a comprehensive overview of the manifold activities of this institution for the period April 2015 to March 2016. Following much deliberation and planning, the name of the organisation has, during the past year, been changed from the "Ethics Institute of South Africa" to, simply, "The Ethics Institute". The name change is indicative, both of the widely recognised leadership function that this organisation plays nationally and internationally, as well as the fact that it serves not only the South African business, public sector, and professional context, but also those of other African countries, particularly Angola, Mozambique and Mauritius during the reporting period.



The Ethics Institute is a non-profit, public benefit organisation that has been operational since August 2000. It was originally created with strong financial support from the Merc Company Foundation, but has since become financially self-sustaining. Since its inception, it renders services that directly and indirectly contribute to a heightened awareness of the need and impact of ethics in all spheres of society, particularly that of business, the public sector, and the professions. Amidst all the problems that this and other African countries need to address in our time, the appalling lack of a satisfying moral orientation in society remains one of the most significant challenges. The Ethics Institute is an NGO that addresses this issue directly. It does this by means of a variety of expressions of thought leadership (e.g. publications and media contributions), as well as training and advisory services, assessments of companies' ethics performance, ethics certification, project management and membership services.

Since its inception, the organisation has had a vision of building an ethically responsible society, and it pursues this vision through activities in the public and private sectors. The CEO, Prof Deon Rossouw has built a remarkable team whose capabilities are widely known and who have and continue to render invaluable services in order to promote the organisation's purpose in many spheres of society.

I am also very proud of the quality, range, commitment and dedication of all the Board members who take their fiduciary responsibilities towards The Ethics Institute seriously and who have guided management over many years in a highly advantageous manner. I wish to also take this opportunity to thank the Board for their significant contribution.

This report makes for impressive reading. We heartily congratulate Deon and his team on a remarkable set of achievements over the past year, and wish them the very best for the year(s) to come.

A handwritten signature in black ink that reads "Anton van Niekerk". The signature is written in a cursive style.

**Prof Anton van Niekerk**

Chair: Board of The Ethics Institute

This Integrated Report provides an overview of the performance of The Ethics Institute of South Africa (EthicsSA) for the period April 2015 to March 2016. The structure of the report is informed by the logic of the Integrated Reporting Framework of the International Integrated Reporting Council. As such the report does not only cover the objectives and activities of EthicsSA during the reporting period, but also provides a comprehensive overview of the performance of the Institute and the impact thereof on the context in which it operates. It also consider the impact that EthicsSA had on the various capitals on which it depends for its sustained existence.



The Ethics Institute of South Africa started its operations in August 2000. Over the 16 years since then, the bulk of our activities were focussed on South Africa. However, over the last decade of our existence we have seen an ever increasing demand for our training and ethics management services coming from other countries in Africa. By the end of the reporting period covered in this report we have rendered training or ethics management services in a total of 16 African countries since we opened our doors in 2000.

This reality of working across many different countries in Africa and occasionally also beyond Africa has prompted us to reconsider our name and corporate identity. During the reporting period, the decision was taken to change the name of the Ethics Institute of South Africa to “The Ethics Institute”.

With the change of name, also came a change in the mission of The Ethics Institute. We now deliberately position ourselves to be both a thought leader and provider of organisational ethics solutions beyond the borders of South Africa. What did not change, is our vision of “building ethically responsible societies”. Also the values that brought us to where we are still remain unchanged. We are as determined as ever to make a meaningful difference, to build trusting relations with our stakeholders, and to find joy and meaning in what we do.

I trust that this report will provide readers with a comprehensive overview of who we are, what we do, and how we have performed over the reporting period.

Furthermore, I would like to thank our dedicated and innovative staff without whom there would have been nothing to report in this Integrated Report.

I would also like to thank our Board of Directors who serves the best interest of The Ethics Institute so ably and selflessly, and doing so without any financial remuneration.

A handwritten signature in black ink, which appears to read 'Deon Rossouw'. The signature is fluid and cursive.

**Prof Deon Rossouw**  
Chief Executive Officer

# 1. Who is the Ethics Institute of South Africa?

## Introduction

The Ethics Institute of South Africa (EthicsSA) is a non-profit company incorporated in South Africa. It started operating in August 2000. Its offices are located in Hatfield Pretoria.

Initially EthicsSA focused on bio-medical ethics, but over time the focus shifted to organisational ethics. Currently EthicsSA focuses on three areas of organisational ethics, viz.

- Business Ethics
- Public Sector Ethics
- Professional Ethics

## Vision, Mission and Values

The Vision that informs all activities of EthicsSA is: *Building an ethically responsible society.*

The mission of EthicsSA is: To be a globally recognised thought leader that provides comprehensive ethics solutions to organisations.

We are convinced that we can only achieve the above vision and mission if everything we do are informed and guided by our care values. Our values are formulated in a document that we call "Our Convictions".

## OUR CONVICTIONS

Everything we do is informed by our core convictions:

### 1. We make a meaningful difference

Ethics is the cornerstone of safe, just and prosperous societies. We stimulate and advance awareness of ethics, and build ethics competence, in South Africa and other countries. We are at the forefront of our field, and have a reputation for making a meaningful difference within our sphere of influence.

### 2. We build trusting relations

Our wealth is the trust that members and clients place in us. Our expertise and responsiveness to their needs make us valued and respected partners. At The Ethics Institute we do work we can be proud of, in a way we can be proud of.

### 3. We enjoy working together

We are passionate about our work. We believe that a collegial spirit is key to our success. We treasure personal freedom of mind, but also care about, and support one another. Our interaction creates positive energy and ignites creativity.

**In short: At EthicsSA we find meaning and joy in what we do.**

## Core activities

EthicsSA engages in four kinds of activities, viz. thought leadership, training, advisory services and assessments. This is illustrated in the diagram below:



- **Thought Leadership**

As part of our thought leadership role we are raising awareness about ethics by advocating the importance of ethical responsibility through regular participation in public discourses in the media, academia and other public platforms such as conferences. We also engage in ongoing research on ethics related topics. The findings of our research are disseminated widely in order to raise awareness about ethics.



As part of our thought leadership we produce guidance in the following formats:

- Research reports
- Media releases
- Conference presentations
- Academic contributions (lectures, articles and books)
- Social media contributions.

Wherever possible we also participate in policy-making and standard-setting processes related to ethics in the private and public sectors as well as in professional associations.

- **Training**

Our training programmes are geared to develop capacity for managing ethics in organisations. We present a wide variety of training programmes for business, civil service, and professional associations. Our flagship training programme is the Ethics Officer Certification Programme (EOCP) that leads to certification as a Certified Ethics Officers after successful completion of a portfolio of evidence that demonstrates the candidate's ability to manage ethics in an organisation.



Besides the Ethics Officer Certification Programme, we also provide training on all levels of organisations regarding all aspects of governing and managing ethics in organisations.

In addition to the above-mentioned programmes we also partner with professional associations to develop profession-specific programmes for various professions such as:

- Internal auditors
- Accountants
- Financial planners
- Healthcare professionals.

- **Advisory services**

We provide advice to organisations to assist them in improving the effectiveness of their ethics management interventions. In one-on-one or group sessions we provide advice on all aspects of the governance and management of ethics. This includes support to organisations in developing ethical standards such as codes or policies, and advice on how to improve communication and training on ethics. We also consult with boards of directors or board committees (e.g. social and ethics committees) on various aspects of governing ethics in organisations. Furthermore we also advise internal audit functions in organisations on how they can make a proper assessment of the adequacy and effectiveness of ethics management in organisations.



- **Assessments**

Finally, we assess the achievements of organisations regarding the success of their ethics interventions. For this purpose we have developed a number of instruments to assess different aspects of ethics management and ethical culture of organisations.

We conduct the following type of assessments for organisations to assess their ethics performance or status:

- Ethics Risk Assessments
- Corruption Risk Assessments
- Ethics Management Maturity Assessments
- Ethical Culture Assessments.

In addition to the above assessments, we also do the following audits for organisations:

- Minimum Anti-Corruption Capacity (MACC) audits
- Internal audit of ethics
- Safe reporting service provider audits

The latter audit leads to EO1.1.1 certification for safe reporting service providers.



## Contact detail

The Ethics Institute is based in Hatfield in Pretoria and our office is located at:  
Hadeffields Office Park (Block E), 1267 Pretorius Street, Hatfield, Pretoria, 0083, South Africa

We can also be found on social media at:



The Ethics Institute



The Ethics Institute



@EthicsInst

The Ethics Institute can be contacted at:

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Mail: PO Box 11233, Hatfield, 0028, South Africa

More information about The Ethics Institute can be found on our website at [www.tei.org.za](http://www.tei.org.za)

### The Board of Directors

EthicsSA is governed by a Board of Directors consisting of prominent persons who are committed to promote ethical responsibility. They serve on a pro bono basis and are only compensated for direct expenses incurred in the performance of their duties.

The board provides strategic direction to EthicsSA and fulfils an oversight function with regard to the resources, staff and performance of EthicsSA. It is also responsible for ensuring that EthicsSA complies with laws and regulations applicable to non-profit organisations in South Africa. The board agreed a set of delegated authorities with the CEO. Any deviation from the agreed delegation of authority is reported to the board for consideration and approval. The board relies on the Third King Report on Corporate Governance as a best practice guideline for the governance of EthicsSA.

### Board members

During the reporting period the board consisted of the following members:

- Mr Mohamed Adam
- Mr Colin Beggs
- Prof Willem A Landman
- Ms Berénice Lue Marais
- Ms Imogen N Mkhize
- Prof Petrus J Naudé
- Prof Lumkile W Nkuhlu
- Prof Gedeon J Rossouw (CEO)
- Prof Anton A van Niekerk (Chairperson)

All members of the board are independent non-executive directors, except the CEO.

### Board meetings

Three board meetings were held during the reporting period of April 2015 to March 2016.

The attendance register for these meeting was as follows.

Director	7 Apr 2015	5 Nov 2015	17 Mar 2016
Mr Mohamed Adam	Present	Present	Present
Mr Colin Beggs	Present	Present	Present
Prof Willem A Landman	Apology	Present	Apology
Ms Berénice Lue Marais	Present	Present	Present
Ms Imogen N Mkhize	Present	Present	Present
Prof Petrus J Naudé	Present	Present	Apology
Prof Lumkile W Nkuhlu	Present	Apology	Apology
Prof Gedeon J Rossouw	Present	Present	Present
Prof Anton A van Niekerk	Present	Present	Present

The board's effectiveness was evaluated during the reporting term.

## Human Resources Committee

The board has a Human Resources Committee that is responsible for the following matters:

- Nominations
- Succession planning
- Remuneration
- Human Resources

The Committee consists of three non-executive board members and the Chief Executive. The members of the committee are:

- Mr Colin Beggs
- Ms Berénice Lue Marais
- Prof Deon Rossouw (CEO)
- Prof Anton A van Niekerk (Chair)

The CEO does not participate in decisions on his own remuneration.

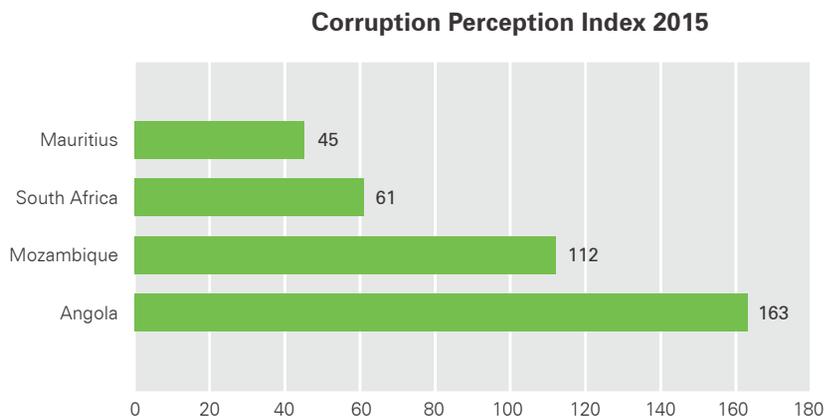
Three meetings of the Human Resources Committee was held during the reporting period and all members of the committee participated in all meetings.

The committee's effectiveness was evaluated during the reporting term.

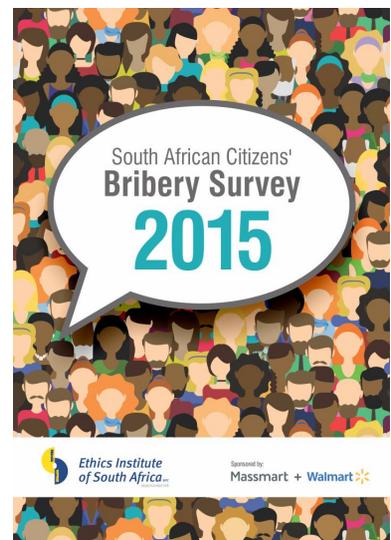
### 3. Context, Opportunities and Risks

The bulk of EthicsSA's activities were concentrated in four sub-Saharan countries during the reporting period, viz. South Africa, Angola, Mozambique and Mauritius. A number of studies released during the report period provide a view of the state of ethics in these countries.

The Transparency International Corruption Perception Index (CPI) rates countries annually in terms of how corrupt they are perceived. According to the 2015 CPI Mauritius and South Africa appear in the top half of the index with rankings of respectively 45<sup>th</sup> and 61<sup>st</sup> out of the 168 countries ranked. This indicates that they are considered to be in the top half of the least corrupt countries in the world. Both Mozambique and Angola appear in the bottom half of the CPI indicating that they are perceived to be amongst the most corrupt countries in the world. In 2015 Mozambique was ranked in the 112<sup>th</sup> position, followed by Angola in the 163<sup>rd</sup> position out of the 168 countries that were ranked.

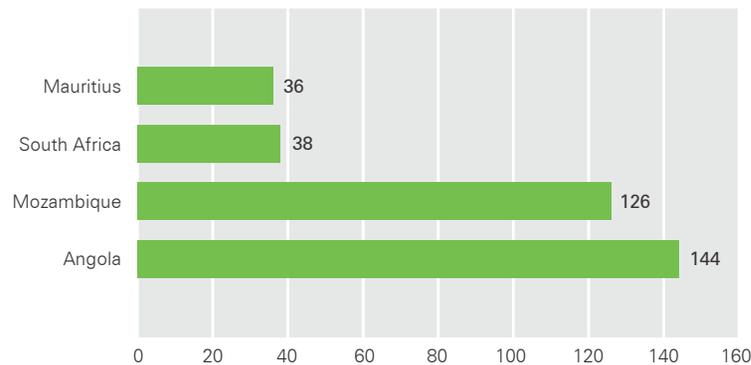


In South Africa EthicsSA conducted The Citizens' Bribery Survey in the latter half of 2015 and found that about 20% of citizens are paying bribes. However, when participants were questioned about whether they think it is possible to get through everyday life in South Africa without paying bribes, almost 80% indicated that they do not think it is possible. This is an alarming finding as it seems that bribery is increasingly seen as "a way of life in South Africa". The same study also found that corruption and bribery are not confined to the public sector, but that the private sector is also affected, although the levels of corruption and bribery are slightly higher in the public sector than in the private sector.



The Global Competitiveness Report that is published annually by the World Economic Forum ranks countries on a number of factors that are considered to have an impact on their global competitiveness. One of these factors is the "ethical behaviour of firms", thus giving an indication of ethics in the private sector. In the 2015/2016 rankings Mauritius and South Africa appeared in the top half of the rankings in respectively the 36<sup>th</sup> and the 38<sup>th</sup> positions. Mozambique finds itself in the 126<sup>th</sup> position out of the 148 countries that were included in the rankings. Angola was not included in the 2015/2016 rankings. However, they were included in the 2014/2015 rankings where they were ranked in the 144<sup>th</sup> position out of the 144 countries that were included.

### Global Competitiveness Report



There is clearly much room for improvement for both the private sector and the public sector in all four countries, and there is clearly a desire at least in the private sector in all four these countries to improve their countries' respective reputations as far as corruption is concerned. In Angola the private sector in recent years developed a national ethics standard called the "Principles for Ethical Business In Angola". An independent Centre for Ethics in Angola has also been recently established.

In Mozambique a national Code of Business Ethics was also developed and is currently promoted by their national Institute of Directors and one of the major business associations in the country. Also in Mauritius the private sector has organised a Private Sector Anti-Corruption Taskforce (PACT) which has developed an Anti-Corruption Pledge that it is promoting in the private sector. A collective action anti-corruption forum has also been established where the private and public sectors in Mauritius can discuss issues of mutual concern.

In South Africa several initiatives have been implemented to promote ethical standards in both the private and public sectors. In the public sector the government adopted the Integrity Management Framework that introduced mandatory ethics management on the national and provincial government level. The new Companies Act that came into effect in 2012 introduced mandatory Social & Ethics Committees for all listed and state owned companies as well as for medium and large companies that are considered to have a significant public interest score. The introduction of the this statutory board committee has already had a marked impact on the governance and management of ethics in organisations. Also the prominence given to organisational ethics in the Third King Report on Corporate Governance stimulated the interest in ethics management in South African organisations. The draft for public comment of the Fourth King Report on Corporate Governance that was released during this reporting period promises to give even more prominence to organisational ethics, and is likely to lead to a further spike of interest by organisations to effectively manage their ethics.

The Ethics Institute of South Africa has been privileged to be involved in all the above initiatives that are currently taking place in Angola, Mozambique, Mauritius and South Africa and were, in most cases, invited to play a leading role in the said initiatives.

We thus find ourselves in an ambivalent context. On the one hand we are involved in countries that are seen to be amongst the most corrupt in the world, but on the other hand we also play a leading role in some of the best initiatives to promote ethics in both the private and public sectors on the African continent. This places us in a unique position to provide thought leadership on organisational ethics but also to transfer best practices in governing and managing ethics to countries that are desperate to improve their national standards of ethics.

Against this background EthicsSA has identified the following risk and opportunities in its operating environment:

Risks and Opportunities in External Operating Environment			
Risk area	Risk Description	Mitigation	Opportunity
Economic down-turn	Decline in domestic economic growth might result in companies cutting back on ethics expenditure	<ul style="list-style-type: none"> <li>- Expand service and product offering</li> <li>- Invest more in retention of existing clients</li> <li>- Grow our client base</li> </ul>	<ul style="list-style-type: none"> <li>- Become more creative about new products, services and markets</li> </ul>
Changing client needs	Clients are looking for electronic solutions, new and online products and services	<ul style="list-style-type: none"> <li>- Formed partnerships to develop electronic and online content and electronic applications for managing ethics</li> </ul>	<ul style="list-style-type: none"> <li>- Develop a product line consisting of games, apps and online or electronic ethics solutions</li> </ul>
Ethics & Compliance interface	There is a global trend to combine compliance and ethics that results in marginalising ethics	<ul style="list-style-type: none"> <li>- Participate in, and influence the public and private discourse on the respective roles of Ethics and Compliance and the interface between these functions</li> </ul>	<ul style="list-style-type: none"> <li>- Develop guidance on the respective roles and responsibilities of Ethics and Compliance functions in organisations</li> </ul>
Professionalisation of Ethics Officers	There is a renewed attempt to professionalise the Ethics Officer occupation, which might marginalise the role that EthicsSA plays	<ul style="list-style-type: none"> <li>- Actively participate in the process of professionalising the Ethics Officer role</li> <li>- Position our Ethics Officer Certification Programme as a key qualification on the road to professionalisation</li> </ul>	<ul style="list-style-type: none"> <li>- Introduce CPD training to Ethics Officers once an Ethics Officer Professional Association is established</li> </ul>
Legislation, regulation & codes	New mandatory or voluntary standards can impact on the demand for ethics management in organisations	<ul style="list-style-type: none"> <li>- Participate in, or influence standard setting processes</li> <li>- Influence public opinion on such developments</li> </ul>	<ul style="list-style-type: none"> <li>- Participate in shaping new legislation, regulation &amp; codes (e.g. King IV or a governance code for local government)</li> </ul>
ICT innovations	ICT innovations (e.g. MOOCs) can render some of our services redundant	<ul style="list-style-type: none"> <li>- Keep abreast of latest ICT developments</li> <li>- Develop innovative ICT solutions</li> </ul>	<ul style="list-style-type: none"> <li>- Embrace ICT innovations to further our own objectives</li> </ul>
Operational Risks and Opportunities			
Risk area	Risk Description	Mitigation	Opportunity
Financial sustainability	Economic down-turn and rising operational cost and salaries have a negative impact on EthicsSA's financial sustainability	<ul style="list-style-type: none"> <li>- Introduce a product range (in addition to existing service range)</li> <li>- Access project funding to ensure stable income streams</li> </ul>	<ul style="list-style-type: none"> <li>- Improvise to develop new income streams</li> <li>- Improve financial controls and budget/cash flow management</li> </ul>
Reputation	Negative perceptions about EthicsSA as organisation, its products or services, or its staff can alienate members, clients and destroy our social capital	<ul style="list-style-type: none"> <li>- Ensure a constant flow of information about EthicsSA and its product and service offering</li> <li>- Ongoing assessment of client and member satisfaction</li> <li>- Employ a PR company to proactively build and protect our reputation</li> </ul>	<ul style="list-style-type: none"> <li>- Building the EthicsSA reputation and brand opens new product, service and membership opportunities</li> </ul>
Public institute role	In its attempt to be financially self-sustainable, EthicsSA can neglect its public institute role and become just another training and consulting company	<ul style="list-style-type: none"> <li>- Conduct regular research and disseminate it widely to the public</li> <li>- Create useful resources and make it available for free to public</li> <li>- Offer selected products and services at below market rates or for free</li> </ul>	<ul style="list-style-type: none"> <li>- Enhance our reputation as a valuable contributor to the public interest</li> </ul>
Cyber security	Cyber-attacks can paralyze operations and/or lead to disclosure of confidential client information	<ul style="list-style-type: none"> <li>- Take measures to improve cyber security</li> <li>- Migrate physical servers to Cloud</li> </ul>	<ul style="list-style-type: none"> <li>- Stable and safe IT infrastructure and systems</li> <li>- Offer clients peace of mind that sensitive information is well protected</li> </ul>
Attracting and retaining talented staff	The danger of losing scarce expertise and the difficulty of recruiting talented staff	<ul style="list-style-type: none"> <li>- Making EthicsSA a sought-after institution to work for.</li> <li>- Ensuring that staff find meaning and joy in their work</li> <li>- Creating learning opportunities for staff and making EthicsSA a learning organisation</li> <li>- Introduce a staff bursary scheme</li> </ul>	<ul style="list-style-type: none"> <li>- Creating a culture and work atmosphere that attracts talented people who appreciate a positive work environment</li> <li>- An enlarged talent pool</li> </ul>

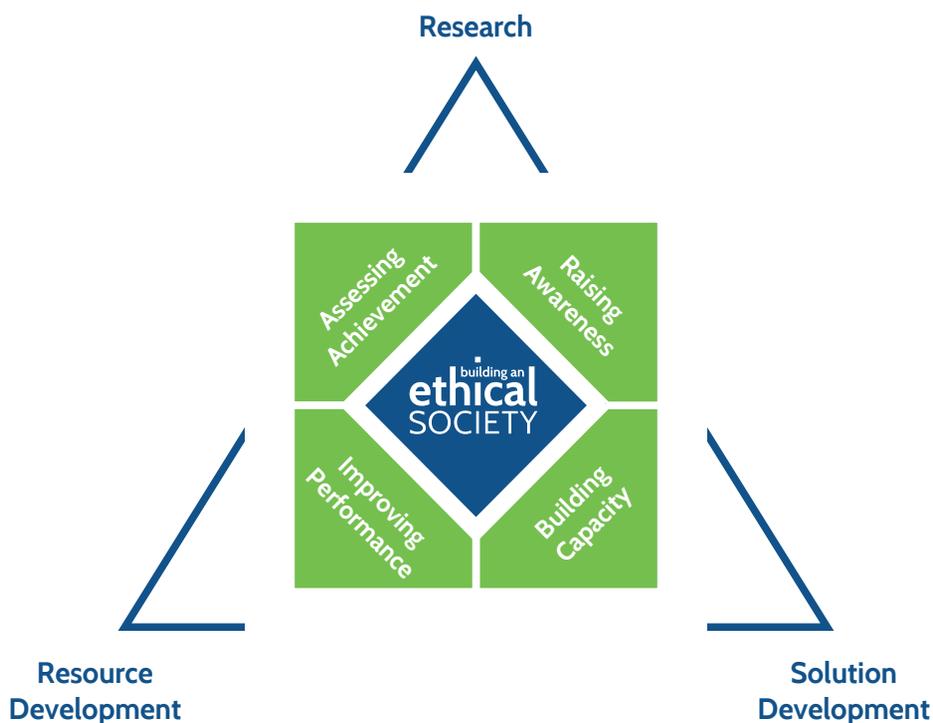
## 4. Business Model and Strategy

In response to the context, risks and opportunities described in the previous section EthicsSA has developed, revised and refined its business model, funding model, and strategy.

### Business Model

In order to respond to the risks and opportunities presented by the context in which we operate, EthicsSA first of all conduct research to ensure that we have a proper understanding of the challenges posed by our environment, but also to understand the unique ethics challenges faced by organisations in the countries where we operate. Based on our research we then develop resources that can be used by organisations in fighting bribery and corruption, but more importantly, in building strong ethical organisational cultures. In addition, we develop ethics management solutions (e.g. assessment instruments, training programmes and products) that can be used in capacitating organisations to manage ethics effectively.

This business model, consisting of the triangle of research, resource development and solution development enables us the deliver the output as described in section 1 of this report (Core Activities).



## Funding Model

EthicsSA is a non-profit organisation that operates simultaneously as a *public institute* and as a *social enterprise*.

In its role as a *public institute* EthicsSA does research and develops resources that practitioners can use in building ethical organisations. In this capacity the staff also make pro bono contributions to academic and public forums and the media, engage in ethics standard setting activities, and participate in initiatives that raise awareness about ethics in the society. In general, these thought leadership and ethics awareness creation activities generate no income for EthicsSA. To the contrary, considerable costs are incurred.

In an era where the funding of non-profit civil society organisations is becoming increasingly problematic, non-profit organisations have to find means of generating income, as they can no longer solely rely on public or corporate funding. EthicsSA therefore also operates as a social enterprise. In this capacity it generates income in order to cover the cost of its thought leadership and other non-income generating activities.

All income-generating activities serve EthicsSA's objective of stimulating and strengthening ethics management in organisations. Income generation is thus not an end in itself, but contributes directly to our vision of '*building an ethically responsible society*'.

In order to fund its activities EthicsSA has developed the following income streams:

- Training
- Advisory services
- Assessments
- Project funding
- Membership fees
- Donations & sponsorships

## Strategy

In order to give effect to its mission of "*being a globally recognised thought leader that provides comprehensive ethics solutions to organisations*" EthicsSA has developed a strategy that focusses on the following strategic focus areas:

- Attraction, development & satisfaction of staff
- Opportunities, exposure and networking
- Innovation
- Client satisfaction
- Financial sustainability

The core activities that relate to each of these strategic focus areas are briefly outlined below.

- **Attraction, development & satisfaction of staff**

Having talented, dedicated staff who find meaning and joy in what they do is key to achieving our strategic goals. We will therefore focus on recruiting the right mix of talented staff, but also focus on their continued development. Furthermore, we will also keep on cultivating an organisational culture that will ensure that our interaction creates positive energy and ignites creativity.

- **Opportunities and networking**

Getting regular exposure to global best practice in governing and managing organisational ethics is key to achieving our strategic goals. We will create opportunities to interact and network with recognized global leaders in organisational ethics. Furthermore, we will enter into organic networking relationships with our peers and ethics institutions around the world in order to build mutually beneficial relationships.

- **Innovation**

Continuous innovation of the services and products that we offer is key to achieving our strategic objectives. We will focus on improving our existing services, but also to extend it so that we can provide a comprehensive one-stop service to our members and clients. A new area of focus will be the development of ethics management products that can complement and strengthen our ethics services offering.

- **Client satisfaction**

Having clients that are satisfied with the thought leadership, services and products that we offer is key to achieving our strategic goals. We will focus on professionalism and excellence in the way in which we interact with and serve those that we interact with. Furthermore, we will regularly assess the levels of satisfaction of our members and clients.

- **Financial sustainability**

Being a financially sustainable organisation with sound financial reserves is key to achieving our strategic goals. We will operate as a combination of a public institute and a social enterprise with the latter financing the former. We will focus on growing our income through services, products, membership and project funding.

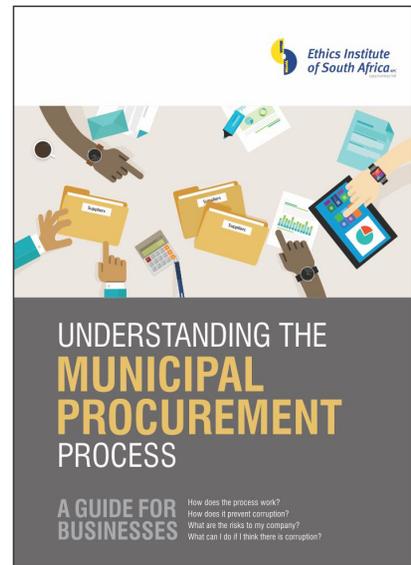
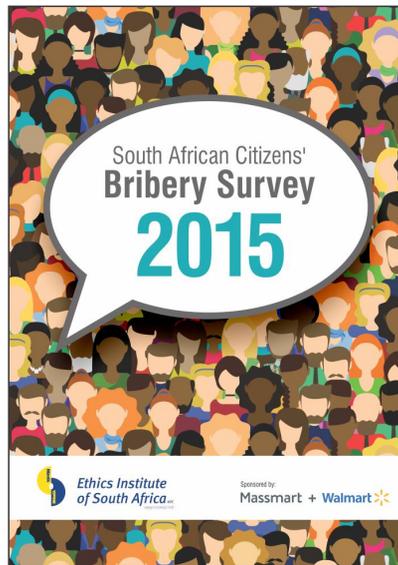
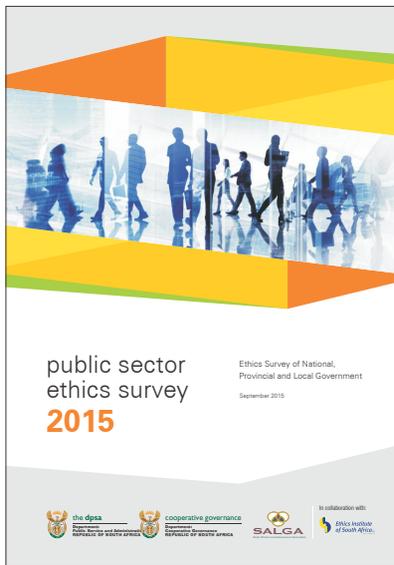
With regard to each of these strategic focus areas specific performance targets is formulated annually to ensure that we remain on target to live up to our mission of *“being a globally recognised thought leader that provides comprehensive ethics solutions to organisations”* by 2020.

Highlights and trends in EthicsSA's performance over the reporting period with regard to its core activities as described in section 1 of this report is briefly reported below. In addition, an overview of EthicsSA financial performance over the reporting period will also be provided.

## Thought Leadership

EthicsSA made regular media releases over the reporting period and got media exposure on more than 130 media platforms that includes, radio and TV, printed media and online media platforms. There was also a steady increase in followers on social media.

Several research projects were undertaken and completed during the reporting term. These include a first ever Public Sector Ethics Survey, and also the first ever South African Citizens' Bribery Survey.



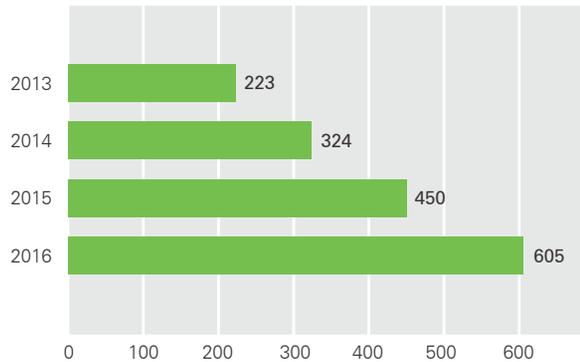
In line with its strategic objective of making resources available to practitioners to assist them in managing ethics in organisations, EthicsSA published a guidebook for business on "Understanding the Municipal Procurement Process". The guidebook can be downloaded from [www.tei.org.za](http://www.tei.org.za).

EthicsSA also engaged in ethics standard setting as member of the Fourth King Committee on Corporate Governance for South Africa and played a leading role with regard to the ethics elements of the *Draft King IV* Report that was released on 15 March 2016.

## Training

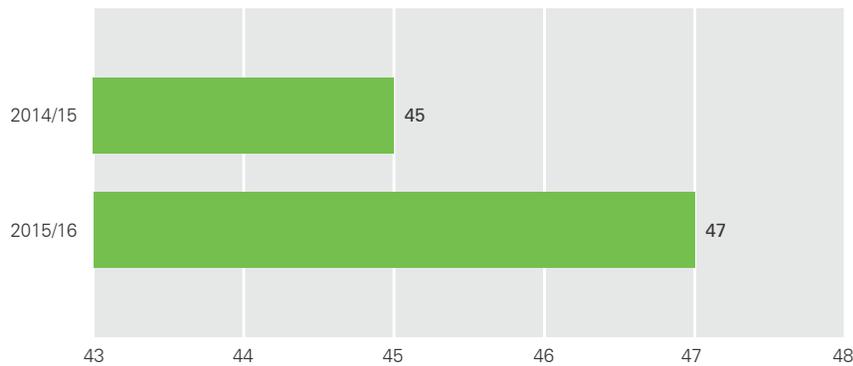
During the reporting period, EthicsSA's flagship training programme, The Ethics Officer Certification Programme (EOCP), was presented a total of 12 times. The number of Ethics Officer that has successfully completed the EOCP and that has thus been certified as Ethics Officers since the inception of the programme in 2004 stood at 605 by the end of March 2016.

**Cummulative Number of Certified Ethics Officers**



Besides the EOCP and other open training programmes that EthicsSA presented during the reporting period, it also presented in-house training programmes to a total of 47 organisations. Compared to the previous reporting period, this represents a slight increase in the number of organisations for whom in-house training programmes were presented – as indicated in the graph below.

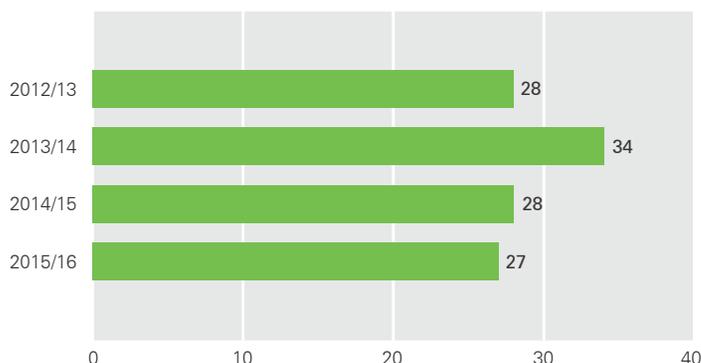
**Number of Organisations to whom In-house Ethics Training Programmes were presented**



## Advisory services

EthicsSA provided advisory services to public, private and state-owned companies, as well as to public service organisations on national, provincial and local government. The demand for advisory services remained more or less stable compared to the previous reporting periods as illustrated in the graph below.

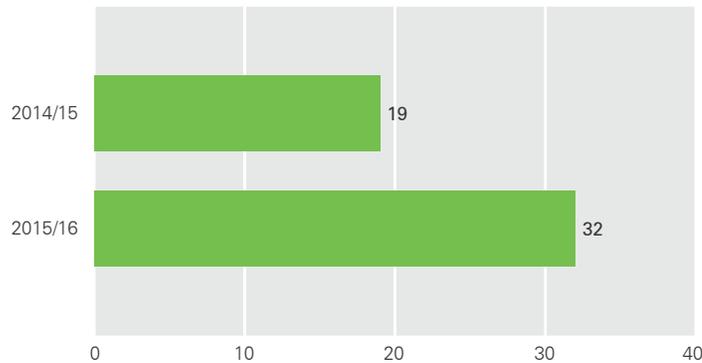
**Number of Organisation to whom advisory services was offered**



## Assessments

There was a strong demand for assessment services during the reporting period. In particular, there was a strong demand for Ethics Risk Assessments as well as for Ethical Culture Assessments. The demand for the latter can be attributed to the South African Business Ethics Survey that was conducted during the reporting period. The number of organisations that required assessment services rose steeply from 19 organisations in the previous reporting period to 32 organisations in the current reporting period.

**Number of Organisations to whom Assessment Services was rendered**



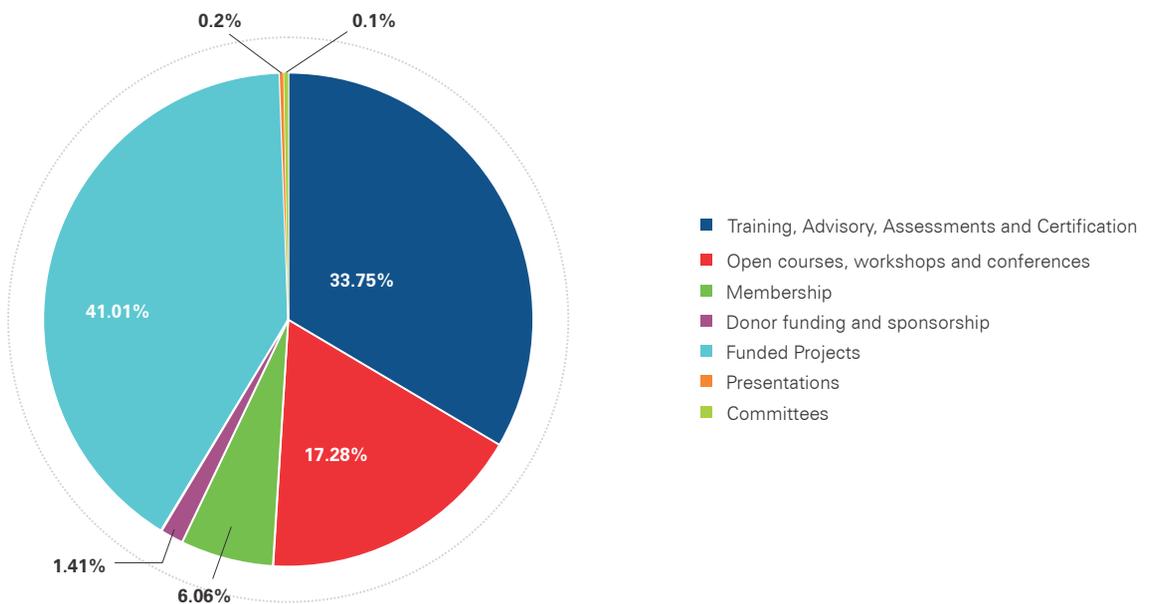
## Financial performance

EthicsSA generates its income via the following main income streams:

- Training, advisory and assessment services
- Courses, workshops, conferences,
- Donations and sponsorships
- Membership fees
- Project funding

The pie chart below illustrates the relative contribution of each of these income streams during the report period:

**Income distribution April 2015 - March 2016**



A summary of our audited annual financial statements that indicates our financial performance over the reporting period is presented below.

## Statement of Financial Position

	2016 R	2015 R
<b>ASSETS</b>		
<b>Non-Current Assets</b>	<b>250,213</b>	116,835
Property, plant and equipment	250,213	116,835
<b>Current assets</b>	<b>16,677,245</b>	<b>12,080,259</b>
Withholding tax receivable	-	
Trade and other receivables	5,009,525	2,913,674
Cash and cash equivalents	11,667,720	9,166,585
<b>Total assets</b>	<b>16,927,458</b>	<b>12,197,094</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Retained income	15,237,973	10,353,404
<b>Liabilities</b>	<b>290,189</b>	<b>198,557</b>
<b>Non-Current Liabilities</b>	198,557	198,557
Deferred income	91,632	
Finance lease liability	<b>1,399,296</b>	<b>1,645,497</b>
<b>Current Liabilities</b>		
Finance lease obligation	70,667	56,029
Trade and other payables	983,237	889,820
Deferred income	345,392	699,480
<b>Total Liabilities</b>	<b>1,689,485</b>	<b>1,844,054</b>
<b>Total Equity and Liabilities</b>	<b>16,927,458</b>	<b>12,197,094</b>

## Statement of Comprehensive Income

	2016 R	2015 R
Revenue	18,254,051	13,311,764
Cost of sales	(5,526,465)	(4,516,607)
Other income	1,069,732	87,229
Operating expenses	(9,286,334)	(8,585,287)
<b>Operating profit (loss)</b>	<b>4,510,984</b>	<b>297,099</b>
Investment revenue	390,209	237,369
Finance costs	(16,260)	(20,124)
<b>Profit for the year</b>	<b>4,884,933</b>	<b>514,344</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>4,884,933</b>	<b>514,344</b>

EthicsSA's vision is "building an ethically responsible society". The way in which we pursue this vision is by (a) providing thought leadership on organisational ethics, (b) capacitating organisations to manage ethics effectively, and (c) equipping those responsible for leading and managing ethics in organisations with resources to play their role effectively. Over the reporting period we believe that we have made solid progress with regard to all three of these aspects.

Over the last year most of our activities were focussed on four African countries, viz. South Africa, Angola, Mozambique and Mauritius. In all these countries we were able to have an influence on the setting and promotion of ethical standards. In South Africa we did so through our participation in the King IV Committee on Corporate Governance, as well as through our participation in various public sector forums that play a strategic role in promoting ethics in national, provincial and local governments. In Angola and Mozambique, we were involved over the last few years in both developing national business ethics standards, and in the promotion thereof. Also in Mauritius we were invited to play an advisory role in the development of their own standard for ethical business conduct, as well as in the development of an integrity pledge that businesses can ascribe to.

Through the ethics training that EthicsSA have been providing for over more than a decade, we believe that we were able to significantly raise the levels of knowledge and expertise regarding organisational ethics management. Since the inception of the Ethics Officer Certification Programme (EOCP) in 2004, more than 1200 persons have been trained on this programme, of which 605 were certified as Ethics Officers by the end of the reporting period. The programme has mainly been presented in South Africa, but it also has been presented over the years in Mauritius, Kenya, Malawi, Botswana, Nigeria, and Angola. It has become a feature of the programme in recent years that it is regularly attended by persons from across the African continent. As a result of the success of the Ethics Officer Certification Programme there is currently an initiative underway to set up a professional association for Ethics Officers. EthicsSA strongly supports this initiative and play a supporting and advisory role in this regard.

EthicsSA has also been steadily expanding its resources to equip those who lead and manage ethics in organisations. We have been developing and refining assessment instruments to gauge, amongst others, ethics risk in organisations, the maturity of ethics management, and the ethical culture of organisations. These assessment instruments assist organisations in understanding their ethics challenges and achievements, but also enable them to strategize and properly plan their ethics management interventions. We have also developed a number of knowledge resources that practitioners can use in managing ethics in organisations. In 2012 we started our *Ethics Handbook Series*. The first title in this series was the *Social & Ethics Committee Handbook*, followed by the *Ethics Reporting Handbook*. During this reporting period the groundwork for the third title in the series, the *Ethics Risk Handbook* was completed and it has been published since. We also publish occasional guidebooks for practitioners, such as a guidebook for the implementation of the public sector Integrity Management Framework, and a guidebook on the municipal procurement process that was published during this reporting period.

EthicsSA always endeavours to be a responsible organisational citizen of the communities in which it operates. As an expanding organisation we play our part in creating jobs, paying all taxes that are due across the various jurisdictions in which we operate, and in preventing corruption in the marketplaces where we operate.

We offer our staff a safe and pleasant environment to work in, and invest in the development of their talent. During this reporting period we developed a staff bursary scheme to encourage and invest in the further academic development of our staff. We also offer ongoing training and development opportunities to staff, as well as internships to aspiring ethics practitioners. The demographic profile of our staff is also becoming ever more representative of the society in which we operate.

EthicsSA is a signatory to the Global Compact and supports the activities of the local network of Global Compact signatories. The thought leadership, services and resources that EthicsSA offer, strengthen the societies in which we operate and capacitates organisational leaders to build ethical organisational cultures. In cases where organisations cannot afford our services, we offer it to them at a reduced rate or on a pro bono basis.

As a responsible organisational citizen we also endeavour to minimize our ecological footprint. In our training we opt, as far as feasible, for environmentally friendly training venues. We avoid wherever possible the use of bottled water in our programmes, and try to minimize the use of electricity at our offices. However, the nature of our work compels us to do a lot of local and international traveling, which impacts negatively on our carbon footprint.

As a responsible citizen, we believe that we have succeeded during the reporting period to not only protect the various capitals on which we rely for our sustained existence, viz. financial, human, intellectual, social, manufactured and environmental capital, but that we were also able to strengthen most of these capitals as outlined above.

## 7. Going Forward

The Ethics Institute of South Africa is currently in its 16<sup>th</sup> year of existence and is well poised for further growth and development. It has acquired the human, intellectual, social, manufactured, and financial capital to sustain its operations into the future. As such it is well positioned to keep on pursuing its vision of “building an ethically responsible society”.

Given what EthicsSA was able to achieve over the last 16 years, it has reached a point where it has outgrown its name. Although the name “The Ethics Institute of South Africa” is still an accurate indicator of where our operations are physically located, it is no longer an accurate indicator of where we are operating. Over the last sixteen years we provided some form of training or services in a total of 16 countries outside of South Africa. Consequently, it has been decided that going forward, we will operate under the name: “The Ethics Institute”



By adopting the new name, we signal our intention to operate wherever our services are required. This intention is also evident in our revised mission that states that we want to “*be a globally recognised thought leader that provides comprehensive ethics solutions to organisations*”.

We believe that the knowledge and expertise that we developed here in South Africa, but also in the 16 other countries in which we have operated thus far, positions us well to make a contribution to the development of organisational ethics wherever our thought leadership and our services are deemed relevant. We have deliberately started reaching out to leading global players in the field of organisational ethics in order to create opportunities for mutual learning and sharing of best practices.

What did not change, is our vision and our value system. We still pursue our original vision of building an ethically responsible society – we only now pursue this vision across many different societies. And we stick to our basic three core values of:

- We make a meaningful difference;
- We build trusting relations; and
- We enjoy working together.

We believe that our commitment to this vision and these values will serve us well in pursuit of our new mission.

## About The Ethics Institute

The Ethics Institute is a non-profit, public benefit organisation that commenced operations in August 2000. The organisation is governed by a Board of Directors consisting of prominent persons committed to promoting ethical responsibility.

The Ethics Institute's vision is: "Building an ethically responsible society."

We achieve our vision by forming partnerships with the public and private sectors, and the professions. The Ethics Institute serves as a resource through our thought leadership, research, training, advisory, assessment and certification activities.

For more information on The Ethics Institute, please refer to our website [www.tei.org.za](http://www.tei.org.za).

## Thought leadership

The Ethics Institute is committed to stimulate and advance awareness of ethics in South Africa and in other countries on the African continent where we are active. We participate regularly in public debates in the media and contribute to standard setting and policy formulation in respect of business ethics, corruption prevention and professional ethics.

## Services offered

The Ethics Institute offers a wide array of services related to the management of ethics in organisations and professions. These include:

<b>Training</b>	Public and in-house training programmes on a range of ethics-related themes;
<b>Advisory services</b>	Consulting to public-sector and private-sector organisations and professional associations on matters related to the management of ethics;
<b>Assessments</b>	Assisting organisations to gauge their current state of ethics with a variety of assessment instruments;
<b>Certification</b>	Certifying specific ethics-related services and service providers in order to provide assurance that these services and service providers meet relevant ethics standards;
<b>Project management</b>	Acting as project manager for funder organisations wishing to enhance good governance, corruption prevention or professional ethics; and
<b>Membership services</b>	Offering subscription membership to individuals and organisations, with a variety of membership benefits.