



THE
ETHICS
INSTITUTE

Integrated Report

2021



Intergrated Report 2021

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Scope and boundary

This report covers the activities and performance of The Ethics Institute (TEI) for the financial year from April 2020 to March 2021. Continuing with the approach established in recent years, commentary is provided on the trajectory of the organisation to date, the current operating context, and prospects for the organisation's medium-term future. In line with leading integrated reporting practice, the six capitals of value creation described in the International Integrated Reporting Council's <IR> Framework (2021) are utilised, explicitly in the case of the impact model on page 7 and implicitly everywhere else.

Materiality

The rationale underpinning the selection of information for this report focused on relevance, transparency and continuity with previous reporting. Furthermore, while the information in this report is high level, it is an accurate representation of the most material matters that inform the organisation's activities. The content of this report has been selected from activity reports, risk reports and the annual strategic review that were submitted to the board of directors for review, approval or noting. These documents are populated with quantitative and qualitative indicators of TEI's multiple endeavours and were used, in conjunction with contextual information from relevant research, to craft the overall narrative of the past year.

Reliability

All financial information provided in the report was extracted from the audited financial statements, whereas non-financial reported indicators are the product of the organisation's internal system of controls.

Approval

The board of TEI has reviewed and provided input with regard to the contents of this document and approved it on 1 July 2021.

Contact

We invite stakeholders to contact us with feedback on the integrated report, or with any enquiries related to our offering. Everyone is welcome to join our online community, where we share relevant and interesting content via social media.



Join our online community



The Ethics Institute



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The Ethics Institute is an independent institute producing original thought leadership and offering a range of services and products related to organisational ethics. The organisation is governed by a board of directors consisting of prominent persons committed to promoting ethical responsibility.

TEI commenced operations in 2000, with an initial focus on healthcare ethics. Over time, our focus shifted to organisational ethics and three core focal areas thereof, namely: private sector ethics (business ethics), public sector ethics, and professional ethics. Over the last year we added a fourth focal area in the form of state-owned enterprises. Our subject matter experts have many years of experience in these focal areas – as both academics and practitioners – and our corporate services staff ensure that internal and external operations run smoothly.

Ultimately, TEI's organisational identity is inseparable from our vision, mission and core convictions. These statements, provided below, are the foundation of our culture, the scaffolding of our strategy, and the invisible ties that bind us together.

Vision

Building an ethically responsible society.

Mission

Enabling and supporting the cultivation of ethical organisations.

Our convictions

Everything we do is informed by our core convictions:

We make a meaningful difference

Ethics is the cornerstone of safe, just and prosperous societies. We advance awareness of ethics in organisations and support them in enhancing their ethical cultures. We are a learning organisation that always strives to be at the forefront of our field of expertise, and to have a reputation for making a meaningful difference.

We build trusting relations

Our wealth is the trust that people 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.

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 one another's wellness. Our interaction creates positive energy and ignites creativity.

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

When the World Health Organization announced on March 11, 2020 that COVID-19 was officially a pandemic, the ensuing dramatic world changes could never have been predicted. As we concluded our previous reporting cycle, the COVID-19 pandemic had just descended upon our shores, plunging the country into a surreal period of lockdown enforcements. While we weathered the storm with resilience, the mutation of this novel virus has sadly delivered a third and more potent variant to a number of African countries, with South Africa as the epicenter. This presentation of The Ethics Institute Integrated Report for 2020/2021 thus comes at yet another challenging time for the nation, with third wave infections building rapidly across the country and overwhelming healthcare facilities.



There can be no doubt that access to vaccines is both a public health and a moral imperative. It is crucial that vaccines reach as many communities as possible, irrespective of geography, socio-economic status, language or access to technology.

This brutal coronavirus and limited access to pandemic vaccines presents an existential threat to Africa and other developing nations. There is clearly a dire need to scale up vaccine injections at speed to offer immediate protection against the disease, but the global network of manufacturing and distributing capacity is not yet meeting the demand. The scale and challenge of vaccinating a global population of over seven billion people is immense, and additional efforts must be made to move excess vaccines from wealthier nations to underserved communities around the world.

There can be no doubt that access to vaccines is both a public health and a moral imperative. It is crucial that vaccines reach as many communities as possible, irrespective of geography, socio-economic status, language or access to technology. The pledge made by the leaders of the G7 countries at the June 2021 summit to donate one billion vaccine doses is a good start. Although far from adequate, it acknowledges that equitable access to the vaccines would help mitigate the disproportionate burden of the virus for many vulnerable nations who have faced longstanding economic and health disparities.

The COVID-19 pandemic has not only elevated the importance of a thriving scientific ecosystem for dealing with global crises, it has also caused scientists to consider a new playbook in terms of how they gather and marshal evidence that is used in policy responses. As this evidence is deployed into regulations and policies in public health, there is a kind of reckoning that needs to take place in respect of ethical considerations. Although ethics is an integral part of science, oftentimes ethics is not included or made explicit in the quest to establish objective scientific standards. Public health policies and regulations around medical technologies, including regulation of vaccines, should incorporate ethical considerations and value judgments early in their development.

Bold and transformative steps are required to root out corruption wherever it exists, restore public confidence and improve the country's international reputation. The Ethics Institute's founding conviction, namely, that "Ethics is the cornerstone of safe, just and prosperous societies" can certainly be leveraged to attain this transformation goal.

In addition to the devastating economic and social disruption caused by the pandemic, South Africa continues to contend with explosive revelations of endemic corruption as revealed by investigative forums such as the Zondo Commission. A myriad of serious and high-profile ethical failures by business leaders and those in public office during the so-called state-capture characterises a climate of ethical meltdown that immeasurably violated public trust. If left unchecked, the scourge of corruption can consume society, undermine democracy, and compromise efforts to revive and grow the economy and the country's overall development. Needless to say that bold and transformative steps are required to root out corruption wherever it exists, restore public confidence and improve the country's international reputation. The Ethics Institute's founding conviction, namely, that "Ethics is the cornerstone of safe, just and prosperous societies" can certainly be leveraged to attain this transformation goal.

The upheaval caused by the coronavirus outbreak rendered a large proportion of the workforce unable to commute to work in order to mitigate the spread of the virus. This introduced new ways of work and normalised remote work practices, thus becoming one of the hallmarks of the COVID-19 era. On the demand side, people turned to digital technologies that made it possible to virtually operate at scale. On the supply side, organisations pivoted to meet this new demand by leveraging technology to create new offerings and experiences.

The management and staff of The Ethics Institute have certainly demonstrated that restrictions on human movement and interaction can be turned into opportunities to innovate and tackle long-standing challenges. In line with the mid- to long-term strategy as approved by the board in 2020, the entire service and training offering of the Institute has been transferred to the virtual environment. This has strengthened the work of the Institute in assisting organisations to build resilient ethical cultures. As outlined in this integrated report, the work was delivered mainly in the form of thought leadership, training, assessments, advisory services, and products.

We recognise and appreciate the hard work of the TEI staff and remain extremely grateful for their ongoing commitment to the Institute. We honor the accomplishments and the new victories secured during the year under review.

The COVID-19 crisis has left many non-profit organisations around the world facing significant financial challenges, and many are still struggling to keep up with increased demand in the face of decreasing resources. Some have responded with incredible agility and continued to conduct activities that served their constituencies, while also conserving cash and keeping staff on payroll. As can be seen in the Impact Section of this report, the performance of the Institute was on par with previous years, and in some cases even exceeded the performance of previous years. We recognise and appreciate the hard work of TEI's staff and remain extremely grateful for their ongoing commitment to the Institute. We honor the accomplishments and the new victories secured during the

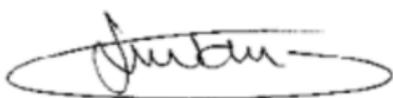
year under review. On behalf of the board, I urge you to continue applying innovation in your work to achieve sustained operational excellence and growth. You are the heart of this organisation and, together, the culture we foster is essential to the fulfillment of the Institute's vision of "building an ethical society".

As leading voices in boardroom governance and culture, the directors of The Ethics Institute bring with them varied experiences from a wide range of professional, business and community backgrounds. Collectively, their wise counsel and valuable insights are extremely important, and I am inspired by the ways they have advanced the Institute's purpose and values. I know how vital their time is and I am deeply grateful for their dedication. Our role is not merely confined to the oversight of management's activities, but also involves the long-term strategy and success of the organisation. We should help management anticipate post-pandemic trends and fundamental shifts to be navigated as we strive to achieve the ambitious Vision 2025. Thank you for your ongoing commitment to the Institute and for the support you have extended to me.

The hope is that the devastating impact of this protracted COVID-19 pandemic will motivate a different global response.

The worst of the terrible epidemics and pandemics that had plagued humanity for millennia were thought to be behind us. It is yet unclear how many distinct 'waves' this COVID-19 pandemic will deliver, or whether new variants will evade available vaccines or substantially reduce their efficacy. In the absence of collective action worldwide, the virus could possibly mutate further with no end in sight. The hope is that the devastating impact of this protracted COVID-19 pandemic will motivate a different global response. The wide-ranging adverse impact already suffered globally should lead us to review and reflect. We would have failed next generations if we do not act on some of the precipitous issues that have been underscored by this pandemic.

It is my fervent hope that the months ahead will bring respite to the disruption and difficulties of the past year. We all need to increase our vigilance to keep one another safe. For those who lost loved ones to this pandemic, there will not likely ever be a return to normal. I wish to express my deepest condolences to all those in our ethics family and stakeholders at large who have suffered trauma over the last year. On behalf of TEI's leadership, I send you light and peace, and wish you strength and courage in your journey to overcome the emotional hardship.



Imogen Mkhize
Chairperson of the Board

The model below provides the reader with a broad sense of The Ethics Institute’s inputs, activities, outputs and outcomes, as guided by the Integrated Reporting (<IR>) Framework (2021). We prefer ‘impact model’ to ‘business model’, as this reflects the outcomes-focused logic of our work.



Vision

Building an ethically responsible society.

Mission

Enabling and supporting the cultivation of **ethical organisations**

Focus

We believe that ethical development occurs mostly in communal settings, and therefore focus **our work** on organisations.

- Private-sector organisations
- Public-sector organisations
- Professional associations
- State-owned companies

Activities

- Thought leadership
- Ethics training
- Ethics assessments
- Advisory services
- Product development



More on page 9.

STRATEGIC INPUTS

HUMAN CAPITAL

Every individual on our team - including permanent staff and our network of associates – makes a unique contribution to our vision and has a critical role to play.

More on our people on page 40

SOCIAL AND RELATIONSHIP CAPITAL

Relationships are the source of our social licence to operate across such diverse sectors, and also connect us with other experts in the rest of the world.

More on our partners on page 38

**Who we are,
who we rely on,
what we know, and how we
sustain the work.**

INTELLECTUAL CAPITAL

We are experts in organisational ethics, and have developed a variety of training programmes, assessment instruments, services, and products.

More on our intellectual resources on page 31

FINANCIAL CAPITAL

To pay for our thought leadership activities for public benefit, we rely on a combination of external funding and income generated from services and products.

More on our financial performance on page 41

SUPPORT INPUTS

MANUFACTURED CAPITAL

Initially we operated out of offices in Pretoria. Since lock-down was introduced in response to the pandemic, all staff operate from their respective homes.

We rely significantly on information and communication technology in the course of our work.

NATURAL CAPITAL

We rely on the energy and water infrastructure of the country to run our own offices comfortably. We endeavour to make use of training facilities that are environmentally friendly. The nature of our work compels us to travel often both locally and abroad, which has a negative impact on our carbon footprint.

OUTPUTS AND OUTCOMES

Research publications freely available for all to use
World-class services related to organisational ethics
Engaged staff, clients and other stakeholders

More outputs in the impact report starting on page 25

Awareness of importance of organisational ethics among stakeholders
Capacity and expertise in organisations to govern and manage ethics
Ongoing innovation and deepened expertise on organisational ethics

More outcomes in the CEO's review starting on page 16

We pursue our mission through five core activities, as demonstrated in the pentagon below. Examples of the type of projects that fall under each category are presented to provide a better sense of what we mean by these activities.



Thought leadership



We generate original research that focuses on the capacity of organisations and professions to deal with the ethics challenges and opportunities they encounter. All findings are made available publicly as a means of creating ethical awareness and stimulating debate on ethical issues. Wherever possible, we participate in policymaking and standard-setting processes related to ethics in the private and public sectors, as well as in professional associations.

Ethics training



Our training programmes are designed to capacitate organisations in effectively governing and managing ethics. We provide a wide variety of training programmes to the private sector, state-owned enterprises, the public sector and professional associations. We offer our training in both physical and virtual settings.

Ethics assessments



Organisations are able to have their ethics performance formally assessed, for the purposes of gauging their current performance and developing a strategy going forward. Our assessments have been uniquely developed by TEI, rigorously tested and normed. Our assessment instruments compare well with the best available instruments in the world. Most of our assessments can be completed online.

Advisory services



We provide advice to organisations on how to increase the effectiveness of their ethics interventions in the form of one-on-one or group sessions for all organisational levels. Our advisory services are tailored to the specific requirements of the organisation and broadly follow the Ethics Management Framework, the intellectual foundation of our methodology.

Product development



We are committed to bolstering our physical and digital product offering in the short and medium term. Our product portfolio comprises various training videos, ethics management software and ethics applications (apps).

The Ethics Institute is governed by a board of directors who serve on a pro bono basis and are compensated only for direct expenses incurred in the performance of their duties. The board provides strategic direction to TEI and fulfils an oversight function regarding performance and the achievement of key objectives. The board is also responsible for ensuring that TEI complies with all laws and regulations applicable to non-profit organisations in South Africa. The board relies on the Fourth King Code on Corporate Governance for South Africa 2016 (King IV Report™) as a guideline for leading governance practice.

Board of Directors

The board is comprised of seven independent non-executive directors and two executive directors. A high-level description of each director's background is provided below, along with their meeting attendance record for the year. The board convenes thrice per year. (Read more: <https://www.tei.org.za/board-of-directors/#toggle-id-1>)

Board Committees

The **Human Capital and Nominations Committee** comprises three non-executive directors and one executive director. The committee is responsible for nominations, succession planning and human resources. This committee convenes at least twice per year.

The **Remuneration Committee** comprising three non-executive directors is responsible for assessing the performance of the executive directors, and for recommending their remuneration to the board for approval. Their remuneration comprises fixed and variable income, encouraging high performance for the benefit of TEI. This committee convenes at least twice per year.

<p>Mr Mohamed Adam <i>Independent Non-Executive Director</i></p> <p>Mohamed is a qualified lawyer who attained his LLM in International Trade Law from the University of Essex in the UK. He holds the position of General Counsel and General Manager Regulatory Affairs at ArcelorMittal South Africa. Previously, he held various professional and management positions at Eskom. Mohamed is a member of the King Committee on Corporate Governance. He joined the board of TEI in 2011, resigned in 2019 whilst on an extended sabbatical, and was reappointed to the board in May 2020.</p>	23 April 2020	Not appointed yet
	9 July 2020	Present
	29 October 2020	Present
<p>Mr Colin Beggs <i>Independent Non-Executive Director, member of the Human Capital and Nominations Committee, Chairperson of the Remuneration Committee</i></p> <p>Colin is a Chartered Accountant and a former senior partner and Chief Executive Officer of PWC South Africa. He served as chairperson of the South African Institute of Chartered Accountants and is currently a non-executive director at Sasol Ltd. He joined the board of TEI in 2000.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Ms Fay Hoosain <i>Independent Non-Executive Director</i></p> <p>Fay Hoosain holds BA and LLB degrees from the University of Cape Town and an LLM from the University of South Africa. She is the Founder and CEO of Big-Ticket Items Proprietary Limited. Fay held several executive roles at Sasol Limited, including that of Senior Vice President: Office of the President and CEO, and Senior Vice President: Governance, Compliance and Ethics. Fay is a member of South Africa's Integrated Reporting Committee Working Group. Fay joined the board of TEI in 2019.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Dr Reuel Khoza <i>Independent Non-Executive Director</i></p> <p>Reuel holds a BA Hons in Psychology (University of the North), MA in Marketing (University of Lancaster, UK), EngD in Business Leadership (Warwick University UK), an LLD honoris causa (Rhodes University), a D Econ honoris causa (University of Free State) and LLD honoris causa (Warwick University). Reuel is the President of the IoDSA as well as a Chartered Director. He is Emeritus Professor Extraordinaire of the University of Stellenbosch Business School, and current Visiting Professor at Rhodes Business School, the University of Free State Business School and Wits Business School, as well as Chancellor of the University of Limpopo. Dr Khoza is the current Chairperson of the Public Investment Corporation and the Assupol Group. Reuel joined the board of TEI in 2019.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Mr Malik Melamu <i>Independent Non-Executive Director</i></p> <p>Malik Melamu graduated from the University of Botswana with a Bachelor of Law and is a Certified Ethics Officer with The Ethics Institute. He is the Board Chairman of Kgori Capital Pty Ltd, a Botswana-based asset management company, and serves as an Executive Director of MTN Sudan by virtue of his position as Managing Director and Chief Executive Officer of the company. He also serves as an MTN Director for Econet Wireless Citizens Limited, the holder of MTN shares in Mascom Wireless Botswana. Malik joined the board of TEI in January 2021.</p>	23 April 2020	Not appointed yet
	9 July 2020	Not appointed yet
	29 October 2020	Not appointed yet

<p>Ms Imogen Mkhize <i>Independent Non-Executive Chairperson, Chairperson of the Human Capital and Nominations Committee and member of the Remuneration Committee</i></p> <p>Imogen holds a BSc in Information Systems (Rhodes) and an MBA from Harvard Business School. As a Chartered Director with the IoDSA, Imogen has held numerous directorships in public and private companies including Sasol Limited, Mondi Group, Alan Gray, MTN SA and others. A former chairperson of Richards Bay Coal Terminal, she now chairs Ata Capital and since November 2019 is an independent non-executive director on the KPMG Policy Board in South Africa. She serves on the Rhodes University Board of Governors and is an emeritus member of the Harvard Business School Alumni Board. She joined the board of TEI in 2013.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Prof Piet Naudé <i>Independent Non-Executive Director</i></p> <p>Piet studied Philosophy to master's level and completed his PhD in Systematic Theology at the University of Stellenbosch. He serves as a Trustee of the Wilderness Foundation, is a Non-Executive Director of USB-ED and is currently the Director of the University of Stellenbosch Business School. Piet joined the board of TEI in 2011 and retired from the board in April 2020.</p>	23 April 2020	Present
	9 July 2020	Retired
	29 October 2020	Retired

<p>Prof Deon Rossouw <i>Chief Executive Officer and Executive Director</i></p> <p>Deon was a Professor of Philosophy and has served as the Head of the Philosophy Departments at both Rand Afrikaans University and the University of Pretoria. He is currently Extraordinary Professor in Philosophy at the University of Stellenbosch. He is a member of the King Committee on Corporate Governance and has been recognised as a Chartered Director by the IoDSA. Deon joined TEI in 2010 and has been the Chief Executive Officer and a member of the board since 2011.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Dr Divya Singh <i>Independent Non-Executive Director, member of the Human Capital and Nominations Committee and member of the Remuneration Committee</i></p> <p>Divya holds a Doctorate in Law from the University of South Africa and a second Masters in Tertiary Education Management from the University of Melbourne. She is an advocate of the High Court of South Africa and a Certified Ethics Officer. Divya was Vice-Principal Advisory and Assurance Services at Unisa, and is currently the Chief Academic Officer at Stadio Holdings Ltd. She serves on the Board of Globethics.net. Divya joined the board of TEI in 2019.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Prof Arnold Smit <i>Independent Non-Executive Director</i></p> <p>Arnold holds a Masters in Applied Ethics and a Doctorate in Theology from Stellenbosch University. Currently he is an associate professor of Business in Society and the programme head of the Postgraduate Diploma in Leadership Development at the University of Stellenbosch Business School. He is furthermore the Director of WisePraxis (Pty) Ltd, a trustee of SEED Educational Trust, a past-President of the Business Ethics Network of Africa, and a former board member of the Globally Responsible Leadership Initiative. Arnold joined the board of TEI in May 2019.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

<p>Prof Leon van Vuuren <i>Executive Director</i></p> <p>Leon holds a doctoral degree in Industrial Psychology. He was a professor in the Department of Industrial Psychology and People Management at the University of Johannesburg for 26 years, where he taught Industrial Psychology and Professional Ethics. Leon is currently an Adjunct Professor in Organisational Psychology at the University of Cape Town. He joined TEI in 2014 and was appointed to the board of TEI in 2016.</p>	23 April 2020	Present
	9 July 2020	Present
	29 October 2020	Present

Key governance matters considered during the financial year

- One retiring board member, Prof Piet Naudé attended his final board meeting on 23 April 2020.
- Mr Mohamed Adam was re-elected as Non-Executive Director to the board on 23 April 2020.
- Mr Malik Melamu was elected as Non-Executive Director to the board on 29 October 2020.
- The board was evaluated and deemed effective.
- *TEI Strategy 2025* was reviewed by the board. The strategy spans the period of 2020 to 2025.
- The board reviewed and approved the delegation of authority to the CEO.
- The board approved the 2019/2020 annual financial statements and confirmed TEI's status as a going concern.
- The board approved the 2019/2020 Integrated Report.
- The board considered the impact of the COVID-19 pandemic on TEI's strategy, operations and cash flow management.

The start of this reporting period coincided with the introduction of strict lockdown measures imposed to curb the spread of the COVID-19 pandemic. These restrictions compelled us to make many changes in the way that The Ethics Institute operates. Although these changes were quite demanding, and at times costly, it altered the way in which we operate and serve our supporters and clients for good – in the double sense of the expression. Below follows a high-level overview of our performance during the reporting period. More detail on the various aspects of our performance is provided in the Impact section of this report (pp. 25-37).

Performance overview

For the entire reporting period, our staff worked from their respective homes. Provisions were made to ensure that staff had the necessary digital connectivity and data to work remotely. We also invested in acquiring digital platforms for delivering our training, advisory and assessment services. After an initial investment in the digital infrastructure, as well as the migration of our entire offering to digital platforms, we were able to provide our clients and supporters with all the products and services that we offered them prior to the pandemic. In fact, in some cases we were able to offer even more than before, in the sense that there were no longer any geographical constraints that could prevent people from participating in our training offerings and supporter gatherings especially.



One of our first significant achievements in this regard was the migration of our flagship training programme, the Ethics Officer Certification Programme to digital platforms.

In the first half of the reporting period, we saw a steep decline in demand for training, services and products. This decline coincided with the period during which the strictest lockdown measures were imposed by the South African government, as well as elsewhere in the world. However, in the second half of the reporting period, we experienced a return to demand that was comparable to pre-pandemic levels.

One of our first significant achievements in this regard was the migration of our flagship training programme, the Ethics Officer Certification Programme to digital platforms. What was previously presented as a five-day intensive face-to-face training programme is now presented as a combination of online learning modules with a series of webinars to ensure sufficient learner interaction. This new multi-modal format of presenting the Ethics Officer Certification Programme enabled persons from across Africa, the Middle East and North America to participate in the programme.

In the previous reporting period, we developed a training programme for small and medium enterprises in the supply chains of large and multinational companies. This programme, Ethically Aware Supplier Induction, consists of a combination of face-to-face and online interaction; however, the pandemic compelled us to migrate the programme to a fully online platform. This again enabled participation from other countries, including Kenya, Ethiopia, Nigeria and Ghana.

We continued all our other training, assessment and advisory services, and despite there being minimal to no physical client contact, both the volume of our work and the satisfaction of our clients remained on par with pre-pandemic levels.

The Ethics Institute was rather productive during the reporting period with our thought leadership activities. A total of three new titles were added to our growing *Ethics Handbook Series*, which now consists of a total of eight titles. Staff of The Ethics Institute also participated actively in various standard-setting fora, including the King Committee on Corporate Governance for South Africa and the International Organisation for Standardisation.

The Ethics Institute performed well despite the pandemic-related restrictions. In fact, these exact constraints compelled us to innovate and introduce virtual solutions that will stand us in good stead for the years to come.

Our own research instruments were further refined and normed during the last year and compare well with the best instruments in the world in terms of their reliability and validity. One new instrument was added to our existing range of assessment instruments, viz., the Social and Ethics Committee Trend Survey. This instrument was first used in the Institute of Directors Social and Ethics Committee Forum's survey in 2020. The chairpersons of social and ethics committees from 75 organisations participated in the survey, which provided baseline data that will be used in future to track trends related to social and ethics committees on an annual basis.

Overall, The Ethics Institute performed well despite the pandemic-related restrictions. In fact, these exact constraints compelled us to innovate and introduce virtual solutions that will stand us in good stead for the years to come.

Risk and opportunity dynamics

The context within which the specific strategic objectives for the 2021-2022 financial year will be set is one that is dominated by the COVID-19 pandemic. The pandemic, which caught almost the entire world off guard in 2020, is likely to be around for the coming year – and will probably retain a presence for years to come. What is however different in 2021 is that a number of vaccines have been introduced, and vaccination programmes have commenced in most parts of the world. Depending on the effectiveness of these programmes, as well as the effectiveness of existing vaccines against new variants of the COVID-19 virus, there is a possibility that a return to pre-COVID-19 levels of human interaction and movement might start again. However, it is safe to say that we will probably never return to a pre-COVID-19 'normal'. The new 'normal' that might emerge once the pandemic has waned is likely to be a different world, as the social and digital dynamics triggered by the pandemic will be difficult to reverse.

The pandemic affected the economic, natural and social contexts in which TEI operates.

The pandemic had (and continues to have) an adverse effect on the world economy, which also left its scars on the economies in which we operate. Although there are clear signs of both global and local economic recovery, we can expect to operate within the context of a strained economy, which might have an impact on the financial spending ability of clients and supporters of The Ethics Institute both in South Africa and beyond. There was a marked decrease in the availability of corporate project funding and sponsorships over this period, which are likely to take time to recover.

Probably one of the biggest beneficiaries of the pandemic is the natural environment, which was awarded a much-needed temporary breather due to lower levels of economic activity and local and international travel. However, the negative human impact on the environment has already started gaining momentum as economic recovery is slowly taking place. The effects of climate change are becoming ever more visible and also more threatening and will increasingly be a factor that organisations will have to consider in their strategies and operations.

Arguably, the biggest impact of the pandemic is on the social context in which TEI operates. The dynamics triggered by the pandemic did not only change patterns of work, human interaction, human movement and modes of service delivery, but have also given rise to new demands and expectations from employers, employees, clients and society.

The working-from-home dispensation that was imposed by the pandemic turned out to be both a blessing and a burden. Recent research indicated that the majority of employees enjoy working from home and would prefer at least some working from home in a post-pandemic dispensation. There are also indications that levels of productivity have gained from this dispensation as there are fewer social distractions and less time spent on travelling.

On the downside, we have also learned that especially parents (and particularly mothers) of young children are disproportionately negatively affected by remote-working. In addition, newly appointed staff members tend to find it much harder to be assimilated into their organisations.

The digitisation of communication, work, services and products has accelerated dramatically due to restrictions on human movement and interaction caused by the pandemic, which is an aspect that has both positive and negative impacts.

The negative sociological and psychological effects of working from home amidst a life-threatening pandemic are also well documented, and include raised levels of anxiety, depression, loneliness and sleep deprivation. Organisational leaders need to be aware of these negative effects of remote-working and should attempt to mitigate these as far as possible. The personal well-being of employees has become a much greater responsibility and should be treated as a priority by employers and managers.

The digitisation of communication, work, services and products has accelerated dramatically due to restrictions on human movement and interaction caused by the pandemic, which is an aspect that has both positive and negative impacts. Capacitating employees with the digital infrastructure and data to work from home has definite cost implications; however, it also opens vast new opportunities, as geographical distance is no longer a barrier to service delivery. Although the breadth of reach of organisations that can operate digitally has increased dramatically, it often comes at the price of the depth of human interaction. This is true for both intra-organisational staff interaction as well as for interaction with clients, where social interaction is constrained by the digital nature thereof.

It has also become far more difficult to maintain a cohesive organisational culture when employees work remotely. Much of the social interaction and informal communication which form part of the staple diet of culture cultivation simply get lost in a remote-working dispensation. Organisational leaders must therefore invest much more time and effort into building a culture of connectedness in their organisations. This again poses a challenge to The

Ethics Institute to ensure the cohesive cultivation of its own culture, but also offers us the opportunity to assist other organisations in cultivating a virtual ethical organisational culture.

In the context described above, The Ethics Institute will have to ensure that its human and intellectual capital are geared to cope with the financial, social and technological challenges that have been outlined. It will also have to leverage its social and manufactured capital to make a meaningful impact on this challenging environment, and to protect and grow its financial capital. In all of this, we need to be aware of the challenges imposed by climate change and do our best to mitigate or adapt to our waning natural capital.

Going forward

The changes introduced over the last year position The Ethics Institute well for what remains of the pandemic, but also for a post-pandemic world. All of our key capitals, aside from our natural capital and external manufactured capital (in the form of crumbling infrastructure and unreliable provision of electricity) are in sound health, thus enabling us to approach the future with confidence.

Thanks

The performance reported in this report was only made possible by extremely hard work, a great deal of dedication and a strong staff morale. I would like to thank each of my colleagues for the positive spirit in which they responded to the pandemic, and for their willingness to make personal sacrifices in the best interest of The Ethics Institute. We are also grateful to our board of directors, who demonstrated their commitment to, and concern for, the well-being of the institute and its staff during the last year. Their wisdom, guidance and support played a vital role in the success with which we navigated the COVID-19 turbulence.



Prof Deon Rossouw
Chief Executive Officer

TEI continues to manage the threats to running a sustainable organisation in a constantly changing environment. Internally, we channel a great deal of energy into taking advantage of opportunities and overcoming challenges. We strive to protect our financial, material and symbolic assets, but also to have a positive impact on our external operating context.

Material risks

The table below is extracted and adapted from TEI's risk register at year-end and echoes many of the themes raised in the CEO's review on pages 16 to 19. Only those risks with a high likelihood and high impact, as well as new risks identified are included here. The low/medium/high ratings of likelihood and impact for each risk area are updated on a rolling basis and are formally reviewed at board meetings twice per year. We also note where there is a change from the previous year.

THREAT/ OPPORTUNITY	MITIGATION	OPPORTUNITIES
<p>↑ Likelihood EXTERNAL: Economy Weak domestic and international economies might result in companies cutting back on ethics expenditure</p>	<ul style="list-style-type: none"> Expanding service and product offering Investing more in retention of existing clients Growing domestic and international client base Expediting electronic training, advisory, assessment and product offering for global reach 	<ul style="list-style-type: none"> Introducing new products and services to new markets Taking geographical constraints out of ethics training, assessment and advisory services
<p>+ EXTERNAL: Armed conflict in neighbouring countries Armed conflict in Cabo Delgado province in Mozambique might disrupt execution of a funded project in Mozambique</p>	<ul style="list-style-type: none"> Avoid travelling to the north of Mozambique Creating technological infrastructure for virtual meetings in lieu of face-to-face meetings in Mozambique Capacitating local resource persons in Mozambique to drive the project 	<ul style="list-style-type: none"> Providing advice to companies on acting ethically responsible amidst armed conflict
<p>+ EXTERNAL: Political turbulence The upcoming local government elections in October 2021 are likely to cause political and administrative instability that might affect TEI's funded and client projects</p>	<ul style="list-style-type: none"> Avoid scheduling activities close to the election date Building relationships with provincial structures overseeing local government to ensure continuity of local government projects during and after the election 	<ul style="list-style-type: none"> Engaging with political parties around ethical practices during electioneering

THREAT/ OPPORTUNITY	MITIGATION	OPPORTUNITIES
<p>+</p> <p>EXTERNAL: Endemic corruption in South Africa</p> <p>High levels of corruption in private, public and state-owned sectors revealed by the Zondo and other commissions pose both opportunities and threats to TEI</p>	<ul style="list-style-type: none"> Improving client screening and client intake procedures Utilising a client intake protocol for reputationally affected organisations 	<ul style="list-style-type: none"> Assisting reputationally affected organisations in restoring and safeguarding their ethical integrity
<p>↑ Likelihood</p> <p>INTERNAL: Financial sustainability</p> <p>Drop in income caused by COVID-19 pandemic and rising operational expenses due to digitisation and staff capacity extension threaten TEI's financial sustainability</p>	<ul style="list-style-type: none"> Expanding the TEI training, service and product range Expanding TEI training, service and product offering to global market Accessing project and grant funding to ensure stable income streams Implementing cost-saving measures where possible 	<ul style="list-style-type: none"> Digitising training, service and product offering Utilising associate subject matter expert network on part-time and retainer basis Partnering with developers of electronic solutions for ethics management to create additional income streams
<p>↑ Likelihood</p> <p>INTERNAL: Cyber Security</p> <p>Increased digital service offering and administration expose TEI to cyberattacks that can paralyse operations or lead to unauthorised disclosure of confidential client information</p>	<ul style="list-style-type: none"> Installed a cloud-based management platform for enabling prevention, detection and early response to cyberattacks Migrated physical servers to cloud Installed an improved firewall Employing an external host for controlling access to webinars 	<ul style="list-style-type: none"> Creating stable and safe IT infrastructure and systems Offering clients peace of mind that sensitive information is well protected
<p>↑ Likelihood</p> <p>INTERNAL: Staff capacity</p> <p>Staff capacity does not match demand for services or the requirements of working in a COVID-19-affected work environment</p>	<ul style="list-style-type: none"> Recruiting more staff Offering internships to aspiring professionals with knowledge and skills that can ease the workload of staff Utilising a network of expert associates on an ad hoc basis Expanding retainer contracts with selected associates Automating processes to relieve administrative burden Reskilling support staff to provide for more flexibility in the application of their skills Upskilling staff capacity to operate in a digitised environment 	<ul style="list-style-type: none"> Developing work habits and patterns that result in enhanced efficiency Freeing up support staff capacity by introducing automated work processes More flexible utilisation of support staff

THREAT/ OPPORTUNITY	MITIGATION	OPPORTUNITIES
<p>+</p> <p>INTERNAL: Skills shortage</p> <p>Lack of appropriately skilled and qualified persons available in the talent market</p>	<ul style="list-style-type: none"> • Creating more opportunities for staff development • Contributing to teaching and research on organisational ethics in higher education institutions • Entering into formal agreements with other organisations who can assist TEI with service delivery 	<ul style="list-style-type: none"> • Contributing to the development of the organisational ethics curriculum and new programmes in higher education institutions
<p>↑ Likelihood</p> <p>INTERNAL: Attracting and retaining talented staff</p> <p>Danger of losing scarce expertise is amplified by the difficulty of recruiting new talented staff</p>	<ul style="list-style-type: none"> • Making TEI a sought-after institution to work for • Ensuring that staff find meaning and joy in their work • Creating learning opportunities for staff and making TEI a learning organisation 	<ul style="list-style-type: none"> • Creating a culture and work atmosphere that attracts talented people who appreciate a positive work environment

Our strategy, which follows immediately on page 23, unfolds in an emergent and agile fashion in response to changes in each of these risk areas over time, while remaining true to our vision and mission.

The desired future state that TEI pursues is encapsulated in TEI's mission as follows: *Enabling and supporting the cultivation of ethical organisations*. In an emergent strategy, the impossibility of predicting the future is acknowledged, and focal areas are instead identified in the present for their likelihood of contributing to reaching the desired future. This approach differs from a prescriptive approach, where an end-state is predicted, and the path towards the end-state is mapped over the period covered by the prescriptive strategic plan.

Our five-year strategic plan, the *TEI 2025 Strategy* was developed during the previous reporting period through extensive consultation with TEI staff and was finalised at a special board of directors' strategy session. Each of the focal areas of the *TEI 2025 Strategy* is regularly revisited to ensure that it remains relevant as the organisation's risk and opportunity profile evolves over time. The focal areas are reviewed annually by the board, along with annual targets and associated performance indicators for each focal area. In the table below the strategic objectives for the coming year are outlined.

TEI Strategy 2025

	FOCAL AREA	CORRESPONDING PERFORMANCE OBJECTIVES
	<p>A. STAFF</p> <p>To ensure that TEI is sufficiently staffed with diverse and competent people.</p>	<ul style="list-style-type: none"> To expand the full-time and part-time staff capacity of TEI. To further diversify the racial, gender and cultural diversity of TEI. To support staff in their socio-psychological and physical well-being. To put measures in place to ensure smooth staff succession.
	<p>B. CLIENTS, SUPPORTERS AND SPONSORS</p> <p>To retain the loyalty and support of key external stakeholders</p>	<ul style="list-style-type: none"> To maintain exceptionally high levels of client satisfaction. To expand the supporter network of TEI. To retain the same amount of sponsorship income as in the previous financial year, and to source additional project funding.
	<p>C. ORGANISATIONAL DEVELOPMENT</p> <p>To increase the efficiency of TEI's organisational structure and workflow processes.</p>	<ul style="list-style-type: none"> To refine the workflow and work allocation processes. To enhance access to data without compromising the security of data. To automate processes that are currently done manually.

FOCAL AREA	CORRESPONDING PERFORMANCE OBJECTIVES
 <p>D. RESOURCES To ensure that TEI is sufficiently resourced for further growth.</p>	<ul style="list-style-type: none"> • To produce thought-leading contributions in the field of organisational ethics. • To ensure that TEI maintains its financial reserves. • To ensure that staff and TEI are adequately equipped for digital service delivery.
 <p>E. OFFERING To expand the offering of TEI to meet the needs of clients and the wider society.</p>	<ul style="list-style-type: none"> • To expand the range of products and services that can be delivered digitally. • To introduce new offerings to clients for coping with the ethical challenges and opportunities of a remote-working environment.
 <p>F. MARKETS To widen and deepen the markets that TEI serves.</p>	<ul style="list-style-type: none"> • To introduce some of TEI's products and services to non-Anglophone markets. • To develop an offering uniquely suited to the ethical challenges of state-owned enterprises

In this section we provide an overview of TEI's impact across various activities over the past year. We back this information up with qualitative and quantitative indicators that we report on a regular basis to the TEI board of directors.

Focus on organisations: our foundation

TEI's focus on organisational ethics is grounded in our conviction that ethical development mostly occurs through social interaction in shared settings. In our case, the 'social settings' on whose social practices we focus are organisations in the public, state-owned and private sectors, as well as professional organisations. The following is a summary of the influences that both support and undermine ethics in these contexts.

	PRIVATE-SECTOR ORGANISATIONS	PUBLIC-SECTOR ORGANISATIONS	STATE-OWNED COMPANIES	PROFESSIONAL ASSOCIATIONS
Supporting Factors	<ul style="list-style-type: none"> • Reputation a key part of competitive positioning • Increasing oversight and scrutiny 	<ul style="list-style-type: none"> • High level of public scrutiny • Increasing intolerance for corruption • Highly regulated 	<ul style="list-style-type: none"> • High level of public scrutiny • Increasing intolerance for corruption • Highly regulated 	<ul style="list-style-type: none"> • Clear standards and codes to guide ethical behaviour • Convening power and oversight mandate over members
Undermining Factors	<ul style="list-style-type: none"> • Emphasis on short-term returns • Corporate arrogance • Fear-based compliance • Survival morality 	<ul style="list-style-type: none"> • Political deployments • Lack of capacity and competency to implement regulatory reforms 	<ul style="list-style-type: none"> • Political deployments • Lack of capacity and competency to implement mandates • Poor ethical culture 	<ul style="list-style-type: none"> • Not holding errant members to account consistently • Inadequate training of members on ethics

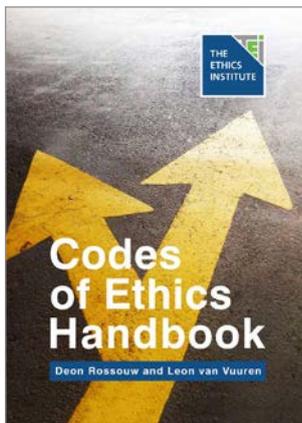
Private sector organisations require support in various forms, ranging from assessments to advisory services and training. TEI provides such services to large corporates, multinationals and small and medium-sized enterprises. TEI's work in the public sector is focussed on helping to build a professional and ethical public service, as envisaged in Chapter 10 of the South African Constitution. This is a dire imperative for society. The state-owned sector has only recently been identified as a focus area for TEI. We are in the process of developing a bespoke training, assessment and advisory offering for this sector, as well as unique products to assist state-owned companies in building ethical organisational cultures. Finally, TEI works to help improve the governance and management of ethics in professional associations. TEI has partnerships with many of these organisations, serving on their governance structures and collaborating on various ethics capacity-building initiatives.

Many of the core concepts related to organisational ethics apply across the board, irrespective of sector, and TEI has an intellectual toolkit of interventions that can be meaningfully applied to specific contexts. We endeavour to have a positive impact on these organisations' ethics performance by bringing the ethics conversation into their governance and operating structures. In this way, we strive to build an ethically responsible society.

Thought leadership

Publications

TEI strives to be a globally recognised thought leader in the field of organisational ethics. We produce original research material to create awareness, to inform and to capacitate organisations to govern and manage their ethics. All thought leadership material is made available for free download on our ever-growing online resource library, and we continuously encourage people interested in or working in organisational ethics to make use of these resources.



Codes of Ethics Handbook

Launched on 11 May 2020.

Authored by Prof Deon Rossouw and Prof Leon van Vuuren.

The purpose of the *Codes of Ethics Handbook* is to provide practical and useful guidance to persons in governance and management positions who have a responsibility for developing or implementing codes of ethics. *The Codes of Ethics Handbook* was launched on 11 May 2020, although the manuscript of the handbook was completed during the previous reporting period.

Available at: <https://www.tei.org.za/handbooks/>



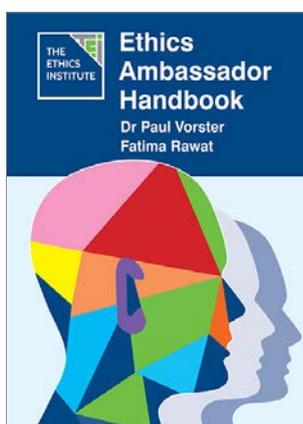
Whistleblowing Management Handbook

Launched on 18 September 2020.

Authored by Ms Liezl Groenewald.

The purpose of this Whistleblowing Management Handbook is to provide practical guidance to persons in ethics governance and management positions who have some form of responsibility for implementing whistleblowing programmes, whistleblowing management systems, and investigating whistleblowing reports.

Available at: <https://www.tei.org.za/handbooks/>



Ethics Ambassador Handbook

Launched on 29 March 2021

Authored by Dr Paul Vorster and Ms Fatima Rawat

The purpose of the *Ethics Ambassador Handbook* is to provide guidance to employees who take on ethics ambassadorial responsibilities over and above their normal job responsibilities. The focus of the book is on the training needs and responsibilities of ethics ambassadors. It also demonstrates how ethics ambassadors can support the ethics office in their organisations.

Available at: <https://www.tei.org.za/handbooks/>

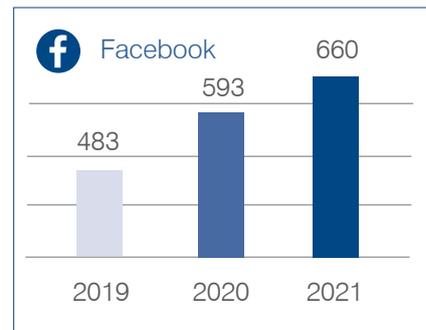
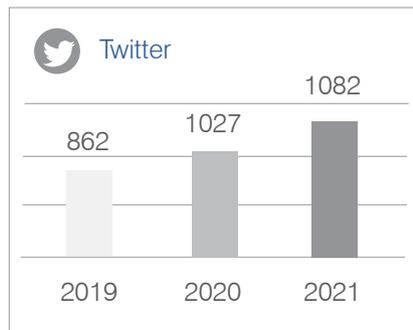
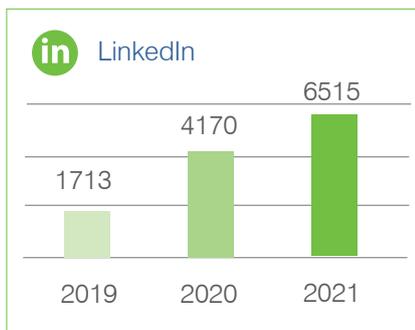
Media engagement

TEI contributes in various ways to the public dialogue on ethics and corruption prevention. One of the ways in which this is done is by releasing opinion pieces written by our subject matter experts on relevant topics. During this reporting period, the following media releases were distributed to the media, leading to the publication of various articles as listed below, as well as to engagements on radio and television.

ARTICLES	AUTHOR	PUBLICATION
It is not time for a moral moratorium, but for moral imagination	Deon Rossouw	Engineering News
Ethical leadership is needed as pandemic threatens bottom line	Deon Rossouw	Business Live
Ethics and Leadership in a time of crisis	Deon Rossouw	Business Brief
As a rule, I follow the rules – but what happens when the rules do not make sense?	Kris Dobie	Daily Maverick
Reclaiming the rational middle ground	Kris Dobie	Business Live
Why do South Africans endanger everyone by ignoring COVID-19 rules?	Deon Rossouw	Business Day
Organisations with stronger ethics perform better – here is why	Leon van Vuuren / Paul Vorster	Finance 24
You cannot fight corruption by fighting corruption	Leon van Vuuren	News 24
The shift to ethical culture	Deon Rossouw	Accountancy SA
Citizens can help prevent graft through integrity and ethical choices	Liezl Groenewald	Business Day
Evil triumphs when the middle ground is no longer worth re-tweeting	Kris Dobie	Business Live
The ethics of monitoring your employees	Deon Rossouw	Finance Week
Whistleblowers should be rewarded, not discarded, or punished	Kris Dobie	Daily Maverick
Culture and Tone at the Top	Deon Rossouw	GCC Board Institute
Organisational ethics likely to remain high on the agenda after the pandemic	Deon Rossouw	Business Day
Ethical Leadership – remotely	Deon Rossouw	Business Day
Call to deal successfully with corruption in South Africa	Liezl Groenewald	The Citizen
Making ethics practical	Deon Rossouw / Fatima Rawat / Paul Vorster	Automotive Business Review

Social media

TEI continues to gain traction on the social media channels on which we are active, as measured in the number of LinkedIn and Twitter 'followers' and Facebook 'likes'.



Join our online community



The Ethics Institute



@EthicsInst



The Ethics Institute

Academic contributions

The material academic contributions made by TEI staff are summarised below:



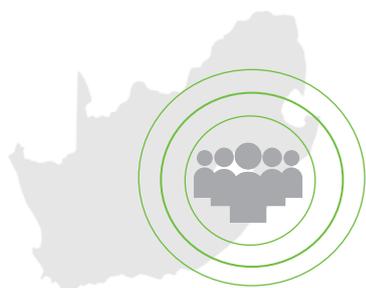
Served on the editorial boards of four academic journals, namely:

- African Journal of Business Ethics
- Journal of Business Ethics
- Turkish Journal of Business Ethics
- Journal of Economic and Financial Sciences



Served various part-time academic roles at the following institutions:

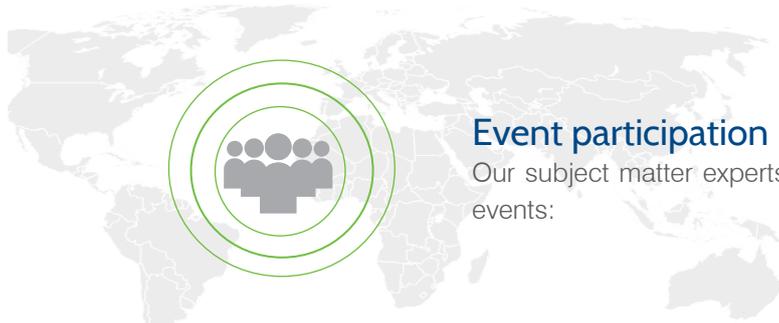
- University of Stellenbosch
- University of Cape Town
- University of Johannesburg
- Management Center Innsbruck (Austria)



Event participation

Our subject matter experts represented TEI at the following national events:

NATIONAL EVENTS		
TOPIC	EVENT	PRESENTER
Beyond ethical compliance: the challenge of building ethical culture in organisations	IoDSA @BoardroomBytes	Deon Rossouw
Ethical Culture	TEI Open Webinar	Leon van Vuuren Paul Vorster
Ethics in a time of crisis	SAICA Leadership Series	Deon Rossouw
Governance and/of Ethics	PWC Leadership Development Seminar	Deon Rossouw
Whistleblowing Management	Chief Audit Executive Forum: Western Cape Treasury	Liezl Groenewald
Ethics Dilemmas Discussion	Allan Gray Forum for Independent Financial Advisors	Paul Vorster
Launch of Social and Ethics Committee Trend Survey	IoDSA @BoardroomBytes	Deon Rossouw Paul Vorster
Launch of King IV Practice Note on Social and Ethics Committees	IoDSA @BoardroomBytes	Deon Rossouw
Making Ethics Real	SAICA Ethics Webinar series	Deon Rossouw Fatima Rawat Paul Vorster
Whistleblowing Management	SARS Audit Executive Forum: Western Cape Treasury	Liezl Groenewald
Ethics in the Industrial and Organisational Psychology profession	Society for Industrial and Organisational Psychology	Paul Vorster
Managing Whistleblowing	TEI Annual Supporter Master Class	Deon Rossouw Liezl Groenewald
Ethical Culture	Tygerberg Forum	Paul Vorster



Event participation

Our subject matter experts represented TEI at the following international events:

INTERNATIONAL EVENTS		
TOPIC	EVENT	PRESENTER
Anti-corruption collective action initiatives: Lessons from the ground	2021 Spring Meetings of the World Bank Group and IMF: Panel Civil Society Policy Forum (United States of America)	Celia Lourens
TEI Handbook Series and funded initiatives	KBA NotaSys Integrity Fund (Switzerland)	Celia Lourens
Launching a Collective Action Initiative	Basel Institute of Corporate Governance (Switzerland)	Deon Rossouw
Conflicts of Interest	Coalition for Organisational Integrity (Mozambique)	Deon Rossouw
Business Integrity: The Power of Collective Action	Coalition for Organisational Integrity (Mozambique)	Deon Rossouw
Codes of Ethics	Institute of Directors Nigeria – Codes of Ethics launch (Nigeria)	Deon Rossouw
Collective Action for Advancing Business Integrity in Mozambique	Oil, Gas and Energy Forum of Coalition for Organisational Integrity (Mozambique)	Deon Rossouw
Launch of Codes of Ethics Handbook in Portuguese: Manual de Codigos de Etica	Coalition of Organisational Integrity (Mozambique)	Deon Rossouw
The What, Why and How of Whistleblowing	Gulf Coast Countries Board Directors Institute (United Arab Emirates)	Deon Rossouw

Research innovation

Throughout the year, TEI experts were engaged in updating existing research instruments and adding new tools to our intellectual toolkit.

Ethics assessments



- The benchmarking and scoring procedures for our *Ethical Culture Maturity Indicator* as well as for our *Ethical Behaviour Risk Indicator* instruments were adapted for organisational-level reporting.
- Further expansion was carried out on our organisational ethics survey databank which now includes data for more than 70 organisations.
- Our ethics risk assessment reporting format to clients was redesigned to provide for clearer distinctions between ethical culture and ethical conduct, as well as to simplify our scoring processes.



Safe reporting service provider assessment

- Our best practice standard for digital safe reporting service providers, called the Safe-Line-DigEX Standard, was further refined to ensure ease of use.

Surveys



- A *Social and Ethics Committee Trends Survey* was developed and then administered in collaboration with the Institute of Directors of South Africa Social and Ethics Committee Forum. The chairpersons of the social and ethics committees of 75 organisations participated in the survey.

Services provided

Funded projects

TEI is involved in coordinating two large-scale projects under the Siemens Integrity Initiative, which was created as part of the World Bank–Siemens AG comprehensive settlement agreed on 2 July 2009. Over the course of three funding rounds which commenced in 2010, Siemens is making US\$100 million available to anti-corruption projects around the world. After being a successful bidder for two projects in the first funding round (2010–2015), TEI again successfully bid for funding in the second round (2014–2019) and successfully completed these projects. For a third time, TEI successfully bid for two projects in the final funding round (2020–2025) and is currently involved in executing these projects in South Africa and Mozambique.

TEI has also been involved in providing strategic and administrative support to the Coalition for Ethical Operations during the reporting period, as well as in rolling out the Ethically Aware Supplier Induction (EASI) programme in Kenya, Ghana, Ethiopia and Nigeria. More detail about all these funded projects is provided below.

Combating municipal and procurement corruption in South Africa (2019- 2024)

This Siemens Integrity Initiative-funded project aims to use strategic levers of ethical change to combat municipal and procurement corruption in South Africa. The objectives of this project are:

(1) to reduce political pressure for corruption in South African municipalities through the development and adoption of a Code for Ethical Governance; (2) to mainstream a structured anti-corruption training and accreditation system for suppliers through the Ethically Aware Supplier Induction programme; and (3) to build capacity in the Gauteng Provincial Government to support municipalities in sustainably institutionalising their ethics management programmes.



During the reporting period, the following was accomplished:

- The Local Government Ethical Leadership Initiative kicked off with the purpose of developing and institutionalising a Code for Ethical Governance in Local Government over the next five years.
- A technical Working Group has been formed with members from the relevant government and civil society organisations on board, and an Advisory Committee was established.
- The Ethically Aware Supplier Induction programme (www.easi-online.org) was launched at an Ethics in the Supply Chain webinar on the 25th of July 2020 where it was promoted to more than 80 business representatives.
- In the Gauteng Province we have formalised our collaboration for capacitating the Gauteng Provincial Government to assist the Gauteng municipalities with improving their ethics management capacity.
- Two learning forums were held on Ethics in Municipal Procurement, and Ethics in the Municipal Appointment Process.

Collective action for advancing business ethics in Mozambique (2019- 2024)

This project's aim is to enhance the ease of doing business in Mozambique. The objectives of this project are: (1) to establish and maintain a collective action Coalition for Organisational Integrity in Mozambique; (2) to build ethics management capacity within the member companies of the Coalition for Organisational Integrity; and (3) to build ethics and anti-corruption capacity in small and medium enterprise suppliers.

Despite the travel restrictions, the TEI team mitigated the challenges with the following outcomes during the reporting period:

- The Coalition for Organisational Integrity was launched virtually on 30 June 2020. To advance the visibility of the coalition, a logo with a slogan was created and a website was launched. The website is supported on social media platforms such as Facebook, LinkedIn and YouTube.
- Two best practice sharing sessions of the Coalition for Organisational Integrity were hosted, with discussions focused on Conflicts of Interests and Ethics and Compliance.
- A major milestone was the publication of the Codes of Ethics Handbook in Portuguese.
- The first ever Ethical Culture Maturity Assessment in Portuguese was conducted.



Coalition for Ethical Operations

TEI remained involved in providing strategic and administrative support to the Coalition for Ethical Operations in South Africa during the reporting period. The Coalition for Ethical Operations is a group of multinational companies that came together to support each other in the implementation of programmes to advance organisational ethics in the fight against corruption. The Coalition for Ethical Operations' supporters receive frequent invitations to participate in best-practice-sharing webinars.



Business Integrity Initiative (2019- 2024)

TEI developed an online training programme, called the Ethically Aware Supplier Induction (EASI) programme, which was funded by the United Kingdom's Business Integrity Challenge Fund. The EASI programme was successfully rolled out in Kenya, Ghana, Nigeria and Ethiopia.

The EASI programme provides high-quality, standardised, practical and engaging training on doing business ethically to small and medium enterprises. The programme aligns with the supplier codes of conduct of a sample of multinational companies, as well as with the United Nations Global Compact (UNGC) focusing on:

- Doing business with integrity;
- Treating employees fairly;
- Protecting human rights; and
- Environmental impact.

This project was implemented in partnership with the United Nations Global Compact (UNGC) Kenya, UNGC Ghana, UNGC Nigeria and the Addis Ababa Chamber Corporate Governance Council.

TEI developed and launched a website (www.easi-online.org) that includes a two-minute promotional video clip on the EASI programme.



Client work

The measurable indicators of services rendered to paying clients during the reporting period are displayed below. These numbers do not capture the nature or extent of each engagement, but are useful in gauging the consistency and growth of our services over time.



Other ethics training

Besides the EOCP, other in-house training programmes were presented to 52 organisations (2020: 53 organisations).



Ethics assessments

Ethics diagnostic assessments were undertaken in 36 organisations (2020: 45 organisations).



Advisory services

Advisory services were provided to 22 organisations (2020: 23 organisations).

Product development

TEI is always looking for opportunities to introduce new products that organisations can use in the governance and management of ethics. We are particularly eager to explore digital product development in response to a growing demand for digital products.



Ethics Management Application

During the reporting period, TEI collaborated with a business partner to develop an application called the “Ethix App”. This communication app is intended for stimulating conversation on ethics in organisations.



Video Series

TEI’s library of ethics training videos is growing. It comprises:

- Public sector ethics dilemmas (11-part live action series)
- Business Ethics: Everyone’s Responsibility (16-part animated series)
- Managing Ethics in Organisations (12-part animated series)
- Ethically Aware Supplier Induction Programme (6-part animated series)

The latter two video series were completed during the reporting period.

Non-income generating services

TEI performs services free of charge when the opportunity arises. During the past year, the following non-income generating contributions were made by TEI staff:

- Guest lecturing and moderation at the Nelson Mandela University, Business School.
- A presentation on “The Ethics of Selection and Assessment” at the University of Johannesburg.
- A presentation on “Research Ethics” at the Sustainable Seas Trust.
- “Social and Ethics Committee training” at the Abraham Kriel-Bambanani Children’s Home.
- A “Schools as Moral Communities” trial project at Parktown Girls High School.
- Curriculum oversight of the Masters’ programmes in Industrial Psychology at the Universities of Fort Hare, Nelson Mandela and Rhodes.
- Served on the King Committee for Corporate Governance in South Africa.
- Served on the social and ethics committee of the Abraham Kriel-Bambanani Children’s Home.
- Contributed to the development of two new standards of the International Organisation for Standardisation, viz., *ISO 37000* (on corporate governance) as well as *ISO 37002* (on whistleblowing).

Events calendar

Over and above the organisation-specific training programmes offered during the reporting period, TEI coordinated and hosted the following events and training.

<p>11 May 2020</p> <p><i>Ethical Resilience in the Time of COVID-19</i></p> <p>Virtually attended by 384 delegates.</p> <p>Presenters: Prof Thuli Madonsela Prof Deon Rossouw Prof Piet Naude</p>	<p>12 May 2020</p> <p><i>Building Ethical Organisational Culture</i></p> <p>Virtually attended by 43 delegates.</p> <p>Presenters: Prof Leon van Vuuren Dr Paul Vorster</p>	<p>27 July 2020</p> <p><i>Annual Supporter Gathering</i></p> <p>Virtually attended by 177 delegates.</p> <p>Presenters: Prof Deon Rossouw Mr Malik Melamu</p>
<p>24 August 2020</p> <p><i>Ethics Investigations Workshop</i></p> <p>Virtually attended by 22 delegates.</p> <p>Presented by: Liezl Groenewald</p>	<p>18 September 2020</p> <p><i>13th Ethics Officer Learning Forum</i></p> <p>Virtually attended by 51 delegates.</p> <p>Presented by: Several presenters and panellists</p>	<p>27 October 2020</p> <p><i>Managing Conflicts of Interest</i></p> <p>Virtually attended by 50 delegates.</p> <p>Presenters: Mohamed Adam Kris Dobie</p>
<p>13 November 2020</p> <p><i>Supporter Masterclass on Whistleblowing</i></p> <p>Virtually attended by 94 delegates.</p> <p>Presented by: Liezl Groenewald</p>	<p>15–19 March 2021</p> <p><i>Ethics Ambassador Training</i></p> <p>Virtually attended by 33 delegates.</p> <p>Presenters: Dr Paul Vorster and Fatima Rawat</p>	

Achievements



Two of our existing training courses, the Ethics Officer Certification Programme (EOCP) and the Ethically Aware Supplier Induction (EASI) programme were converted to fully online courses.



TEI published three new handbooks in the *TEI Handbook Series*, now consisting of eight handbooks. The latest additions include the Codes of Ethics Handbook, *Whistleblowing Management Handbook* and the *Ethics Ambassador Handbook*.



TEI participated in a number of standard-setting bodies involved in setting ethical standards for organisations. These include the King Committee on Corporate Governance for South Africa, where TEI played a prominent role in compiling the *Social and Ethics Committee Practice Note*. TEI also contributed substantially to the development of two new standards of the International Organisation for Standardisation, viz., *ISO 37000* (on corporate governance) and *ISO 37002* (on whistleblowing).



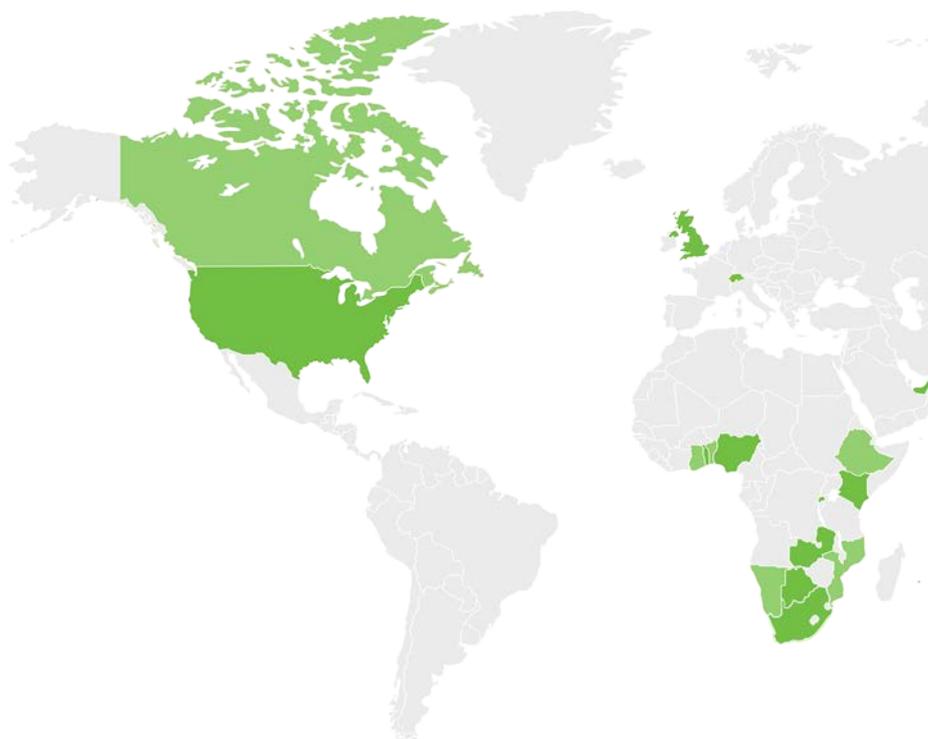
The organisational ethics survey databank for two of TEI's ethics measurement instruments (the *Ethical Culture Maturity Indicator* and the *Ethics Behaviour Risk Indicator*) was expanded, and now includes data for more than 70 organisations against which organisations can benchmark themselves.



A new survey instrument, the *Social and Ethics Committee Trend Survey*, was developed and administered for the first time in collaboration with the IoDSA Social and Ethics Committee Forum.



TEI provided training, services or participated in events in 18 countries during the reporting period, as indicated on the world map below.



1. Benin
2. Botswana
3. Canada
4. Ethiopia
5. Ghana
6. Kenya
7. Mauritius
8. Mozambique
9. Namibia
10. Nigeria
11. Rwanda
12. Togo
13. South Africa
14. Switzerland
15. United Arab Emirates
16. United Kingdom
17. United States of America
18. Zambia

PARTNERSHIPS



TEI's social and relationship capital, in the form of strategic organisational partnerships, extends our reach beyond our own immediate touchpoints with stakeholders. We are proud to be associated with an array of organisations with whom we have memoranda of understanding to achieve specific objectives based on the synergies extant in each partnership. The organisations with whom we have partnerships include, among others:



Accountability Lab South Africa



African Corporate Governance Network



Association of Certified Fraud Examiners South Africa



Business Ethics Network of Africa



Bentley University: W. Michael Hoffman Center for Business Ethics



Chartered Institute of Government Finance, Audit & Risk Officers



Ethics Practitioner Association



Financial Planning Institute of Southern Africa



FluidRock Governance Group



Globethics.net (based in Switzerland)



Institute of Business Ethics (based in the UK)



Institute of Commercial Forensic Practitioners



Institute of Directors in South Africa



Institute of Internal Auditors of South Africa



Institute of Risk Management South Africa



Information Systems Audit and Control Association



JvR Africa Group



Small Business Institute



South African Board for People Practices



Society for Industrial and Organisational Psychology of South Africa



South African Institute of Chartered Accountants



South African Institute of Professional Accountants



Unashamedly Ethical



Institute for Business Ethics (St. Gallen University)

Broadly, there are two roles that internal staff members fulfil: subject matter experts and corporate services staff. We also have a network of part-time associates who assist us on an ongoing retainer basis, or for specific ad hoc projects.



Kris Dobie
Senior Manager: Org. Ethics Development

Master of Workplace Ethics

Joined TEI in 2007

Liezl Groenewald
Senior Manager: Org. Ethics Development

Master of Applied Ethics for Professionals
Ethics Officer 008

Joined TEI in 2008

Remofiloe Kobue
Administrative Assistant
Certified Office Manager

Joined TEI in 2016

Nicole Konstantinopoulos
Intern

Masters in Industrial and Organisational Psychology
Ethics Officer 1076

Joined TEI in 2020

Celia Lourens
Project Manager

B.Com Honours: Business Management
Ethics Officer 568

Joined TEI in 2015

Dinah Mafahlane
Housekeeper

Joined TEI in 2012

Rebecca Motale
Administrative Assistant

Joined TEI in 2005

Annie Ou-Yang
Intern

Masters in Industrial and Organisational Psychology

Joined TEI in 2021

Lulama Qabaka
Ethics and Anti-Corruption Specialist

B.Com Law
Ethics Officer 943

Joined TEI in 2020

Fatima Rawat
Subject Matter Expert (Associate)

Master of Management
Ethics Officer 578

Joined TEI in 2016

Dantia Richards
Office Manager, Company Secretary

Certified Managerial Office Professional
Cert.Dir.® Ethics Officer 277

Joined TEI in 2012

Prof Deon Rossouw
Chief Executive Officer

Doctor of Philosophy

Joined TEI in 2010

Rehilwe Senatla
Project Administrator

MPhil Workplace Ethics
Ethics Officer 764

Joined TEI in 2019

Kgothatso Tshabalala
Training and Events Coordinator

BA Communication
Ethics Officer 844

Joined TEI in 2016

Prof Leon van Vuuren
Executive Director: Business and Professional Ethics

Doctor of Industrial Psychology

Joined TEI in 2014

Dr Paul Vorster
Research Specialist

Doctor of Industrial Psychology
Ethics Officer 889

Joined TEI in 2016

Corisa Walter
Accountant

B.Compt Accounting
Ethics Officer 1013

Joined TEI in 2018

Yonela Zidlele
Corporate Communications Officer

B.Com Honours: Communication

Joined TEI in 2020



We find meaning and joy in what we do.

Funding model

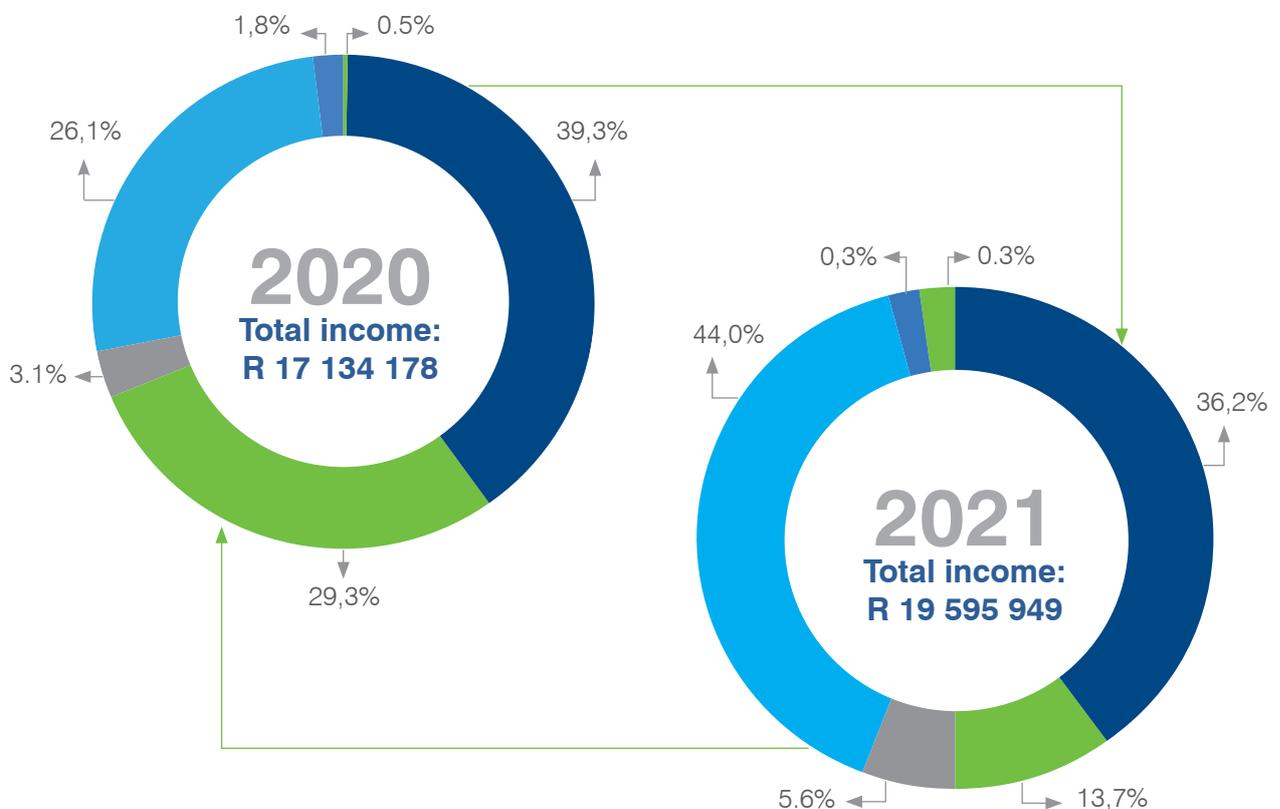
TEI is a non-profit, non-government organisation and operates simultaneously as a public institute and as a social enterprise. In the former role, TEI produces freely available research and contributes to national and international ethics standard setting and policy making. In the latter role, we render a wide variety of services to paying clients and secure funding from large organisations for specific projects. Any profit made is reinvested in the capacity to undertake more research, and to render additional services and products, in pursuit of our vision of building ethically responsible societies.

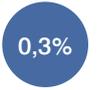
We are on a trajectory that requires ongoing innovation to meet the needs of our target organisations and society at large, and our diversified funding model contributes to the sustainability of this trajectory.

Commentary

TEI budgeted for a financial loss in the period under review. The eventual financial performance was much better than anticipated, mostly due to a substantial growth in our training, advisory and assessment services, increased supporter subscriptions, as well as higher than expected income from funded projects.

Income distribution



 <p>36,2%</p>	<p>Training, Advisory, Assessments and Certification Increase: TEI adapted its training offering to allow access for virtual participation.</p>
 <p>13,7%</p>	<p>Open courses, workshops and conferences Decrease: Due to the pandemic, TEI did not host its annual conference.</p>
 <p>5,6%</p>	<p>Supporters and Sponsors Increase: Tier 1 and Tier 3 sponsors renewed their sponsorship, and a marketing campaign targeted at supporters who did not renew their subscriptions resulted in substantial renewals.</p>
 <p>44,0%</p>	<p>Funded Projects Increase: Over and above the Siemens Integrity Initiative funding for two five-year projects (2019–2024), TEI received project funding from the UK’s Business Integrity Challenge Fund as well as from the KBA Notasys Integrity Fund.</p>
 <p>0,3%</p>	<p>Products Decrease: Sales turnaround were slower than expected due to delays caused when clients require additional music rights or sole right of use of TEI’s products and intellectual property.</p>
 <p>0,3%</p>	<p>Committees Decrease: Staff members serve as board and committee members for various organisations. Fees received for this service are paid to TEI. Reduced participation in boards and committees resulted in decreased income.</p>

Statement of financial position

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

	2021	2020
	R	R
ASSETS		
Non-Current Assets	192,606	230,130
Property, plant and equipment	192,606	230,130
Current Assets	16,440,278	14,494,382
Trade and other receivables	2,432,679	1,976,216
Other financial assets	8,252,872	9,211,036
Cash and cash equivalents	5,754,727	3,307,130
Total assets	16,632,884	14,724,512
EQUITY AND LIABILITIES		
Equity		
Retained income	15,000,567	12,952,536
Liabilities		
Non-Current Liabilities	263,923	187,843
Finance lease liability	0,00	18,388
Income received in advance	263,923	169,455
Current Liabilities	1,368,394	1,584,133
Finance lease obligation	26,269	31,523
Trade and other payables	634,028	527,887
Income in advance	708,097	1,024,723
Total Liabilities	1,632,317	1,771,976
Total Equity and Liabilities	16,632,884	14,724,512

Statement of comprehensive income

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

	2021	2020
	R	R
Revenue	19,595,948	17,134,178
Cost of sales	(4,549,020)	(4,068,141)
Other income	6,347	53,297
Operating expenses	(13,528,723)	(14,538,034)
Operating profit (loss)	1,524,552	(1,418,700)
Investment revenue	528,280	878,508
Finance costs	(4,801)	(5,227)
Surplus / (deficit) for the year	2,048,031	(545 419)
Other comprehensive income	-	-
Total comprehensive income / (loss)	2,048,031	(545,419)

We wish to acknowledge our Tier 1 and Tier 3 Grant Sponsors whose generosity helps us strive towards our vision of building an ethically responsible society.

Tier 1 Grant Sponsors



Tier 3 Grant Sponsors



building an
ethical
SOCIETY
2021

www.tei.org.za



The Ethics Institute (TEI) is an independent institute producing original thought leadership and offering a range of organisational ethics-related services and products.

Thank you

