INSTITUTE OF
DIRECTORS
SOUTH AFRICA

Guidance for Social and Ethics Committees

SOCIAL AND ETHICS COMMITTEE TRENDS SURVEY REPORT 2023

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This Report is issued under the IoDSA's Social and Ethics Committee Forum. The Social and Ethics Committee Forum (the "Forum") is constituted as a forum of the Institute of Directors in South Africa ("IoDSA") and endorsed by The Ethics Institute. The activities of the Forum have specific focus on the governance, accountability, role and duties of social and ethics committee members.

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FOREWORD

The requirement for certain categories of companies to have a Social and Ethics Committee (SEC) was first introduced in the 2008 Companies Act of South Africa. The specifics regarding the mandate, membership, and powers of the committee were outlined in the Companies Regulations (2011), and as of 1 May 2012, it became mandatory for certain categories of companies to establish a SEC.

The publication of the King IV Report on Corporate Governance™ for South Africa 2016 (King IV™) had a significant impact on the evolution of the SEC. King IV's recommendations regarding the role, responsibilities, and membership of the SEC went beyond the statutory requirements for the SEC. While the statutory mandate is compliance-focused, the King IV recommendations on the mandate of SEC are governance-focused. Furthermore, King IV suggested that the committee's mandate should encompass additional areas of responsibility. It also recommended that the social and ethics performance should apply to all organisations, not just those mandated by the Companies Act and Regulations to have a statutory SEC.

The governance of the social and ethics performance of organisations is not a new concept on a global scale. Governing bodies in various parts of the world have been overseeing the social and ethics performance of organisations to some extent for decades. What sets the SEC apart is its status as a statutory committee required by legislation in South Africa. Thus, it is the statutory nature of the governance structure, rather than the social and ethics mandate of the committee, that is unique on a worldwide scale.

In 2019, the Institute of Directors in South Africa (IoDSA) approached The Ethics Institute (TEI) to collaborate with and endorse the establishment of a Social and Ethics Committee Forum. One of the first projects undertaken by the Forum was to conduct a Social and Ethics Committee Trends Survey.

The survey's purpose is to collect representative data on SECs to establish a baseline for analysing trends related to the SEC over time.

The current edition of the SEC Trends Survey is the fourth iteration, providing insight into the nature, composition, effectiveness, challenges, and impediments of the SEC. Over the past three iterations of the survey, a clear baseline has been established against which trends related to SECs can be monitored. In the 2023 survey new dimensions were added, such as the role of SECs in reporting and monitoring ESG matters, as well as the potential overlap of the SEC with other sub-committees of the governing body.

I would like to thank my colleagues, Dr Paul Vorster and Ms Annie Ou-Yang, who were responsible for drafting this report. I am also grateful to Vikeshni Vandayar and Louisa Netshiombo from the IoDSA for their assistance throughout the research process, as well as with the finalisation of this report. I would also like to thank the members of the IoDSA SEC Forum for their contributions to the questionnaire revision and to the final report. Finally, I would like to express my sincere gratitude to the Chairpersons of SECs who took the time to participate once more in the 2023 SEC Trend Survey. Without their participation, we would still have had very scant insight into the way in which SECs operate in South Africa.

I trust that the findings of this survey will contribute to enhancing the prominence, legitimacy, and impact of the SEC.

Prof Deon Rossouw
Chairperson of the IoDSA Social and Ethics Committee Forum & CEO of The Ethics Institute

EXECUTIVE SUMMARY

The most pertinent findings of the 2023 iteration of the Social and Ethics Committee (SEC) Trends Survey are as follows:

1. **Establishment of SECs for proactive business ethics reasons**: The data reveals a significant increase in the establishment of SECs for proactive business ethics reasons, rising from 43% in 2021 to 57% in 2022. In 2023, this trend continued, with 47% of organisations establishing SECs for this purpose. This indicates a growing recognition of the importance of ethical governance.

2. **Challenges faced by SECs**: SECs encountered a range of challenges, including a lack of understanding of their roles, time and resource constraints, a lack of buy-in, and issues related to environmental concerns, diversity and inclusion, and overlaps with other committees. These challenges highlight the complexity of their mandate.

3. **Notable achievements of SECs**: Notable achievements of SECs included progress with ethics management, BBBEE and employment equity, ESG initiatives, stakeholder relations, and compliance with ISO standards, among others. These achievements underscore the multifaceted role of SECs in promoting ethical and socially responsible practices.

4. **Guidance and importance of SECs**: Respondents generally expressed confidence in the guidance provided by the Companies Act and the King IV report for SEC operations. The SEC's importance in comparison to other committees remained relatively stable, while its perceived effectiveness and value-added saw minor fluctuations between 2022 and 2023.

5. **Extent of SEC overlaps**: A substantial 84% of organisations reported that SEC responsibilities overlap with those of other board committees. This underscores the need for coordination and clear role differentiation among various committees.

6. **Areas for mandate expansion**: SECs expressed a desire to broaden their mandate to include ESG matters, ethical implications of artificial intelligence (AI), stakeholder relations, anti-bribery and anti-corruption efforts, support for anti-corruption organisations, diversity, equity, and inclusion, regulatory compliance, and whistleblower protection.

INTRODUCTION

The Social and Ethics Committee Trends Survey of 2023 (2023 Survey) was conducted by the Social and Ethics Committee Forum of the IoDSA and is a collaborative project of the Institute of Directors in South Africa (IoDSA) and The Ethics Institute (TEI).

The survey is designed to gather information about the nature, effectiveness and impact of SECs operating in South Africa. The 2023 Survey is the fourth survey conducted and builds upon the information gathered in the 2022 SEC Trends Survey. This allowed us to analyse trends whilst making comparisons as well as track the major trends throughout SECs in South Africa.

This Survey Report is composed of five sections:

Section 1 provides an overview of the sample characteristics with particular focus on how gender and ethnicity data compare to other board committees. This section also offers a descriptive overview of the sampled SECs.

Section 2 closely examines the characteristics of SECs operating in South Africa, such as their names, the reasons for their establishment, whether they are standalone committees, and their interactions with other committees and operational structures within the organisation.

Section 3 delves deeper into the issues that occupy most of the time and energy of SECs, providing insight into the priorities of the SECs in South Africa and how closely these priorities align with the SEC's mandate.

Section 4 focuses on vital statistics of SECs, including their average size, remuneration of SEC members, as well as the perceived impact of SECs.

Section 5 addresses the challenges and impediments faced by SECs, such as aspects of their operation that may hinder the primary mandate of the SEC.

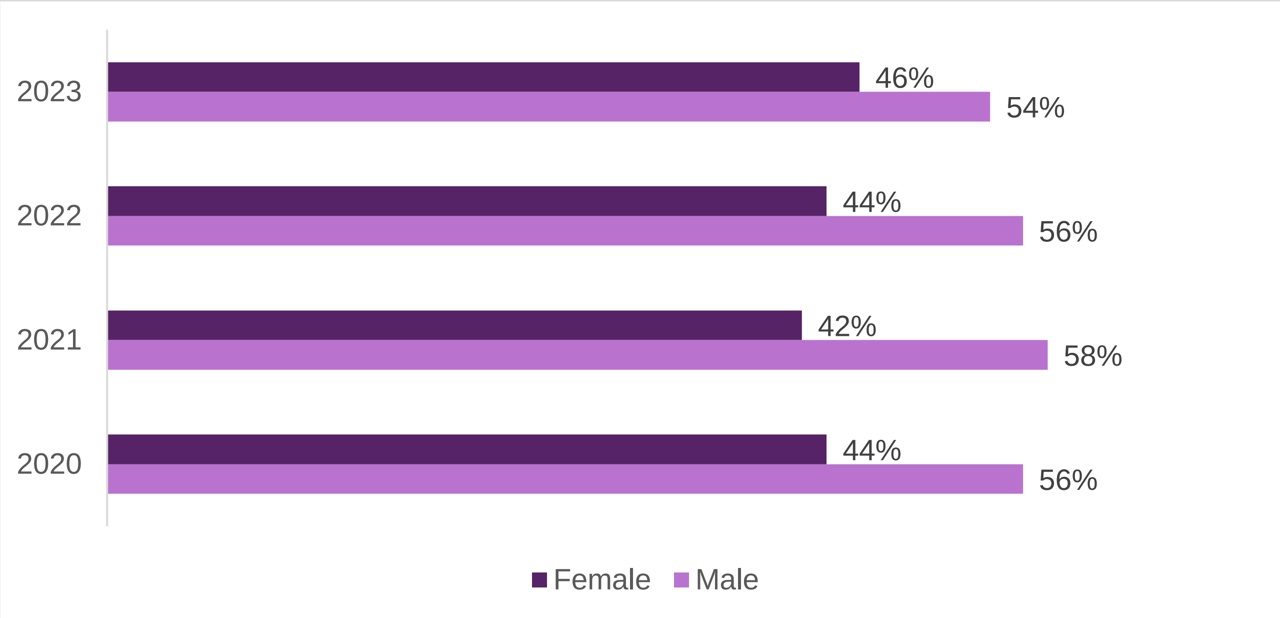
Finally, **Section 6** of this report provides some overarching guidelines and recommendations related to the survey's findings.

SECTION 1: BIOGRAPHIC CHARACTERISTICS OF THE SEC

The SEC Trends Survey was designed to measure the nature of SECs by requesting the Chairperson or a member of a SEC to complete a set of survey questions about their committee. In total, 55 SEC Chairpersons (or individuals designated by the Chairperson) completed the 2023 Survey. As a result, the 2023 Survey encompasses information from SECs in approximately 55 organisations in South Africa.

In the following sections we provide a breakdown of the biographic characteristics of the sample, comparing it to the 2022 sample. Additionally, we compare data to averages in specific demographic categories, such as gender and ethnicity.

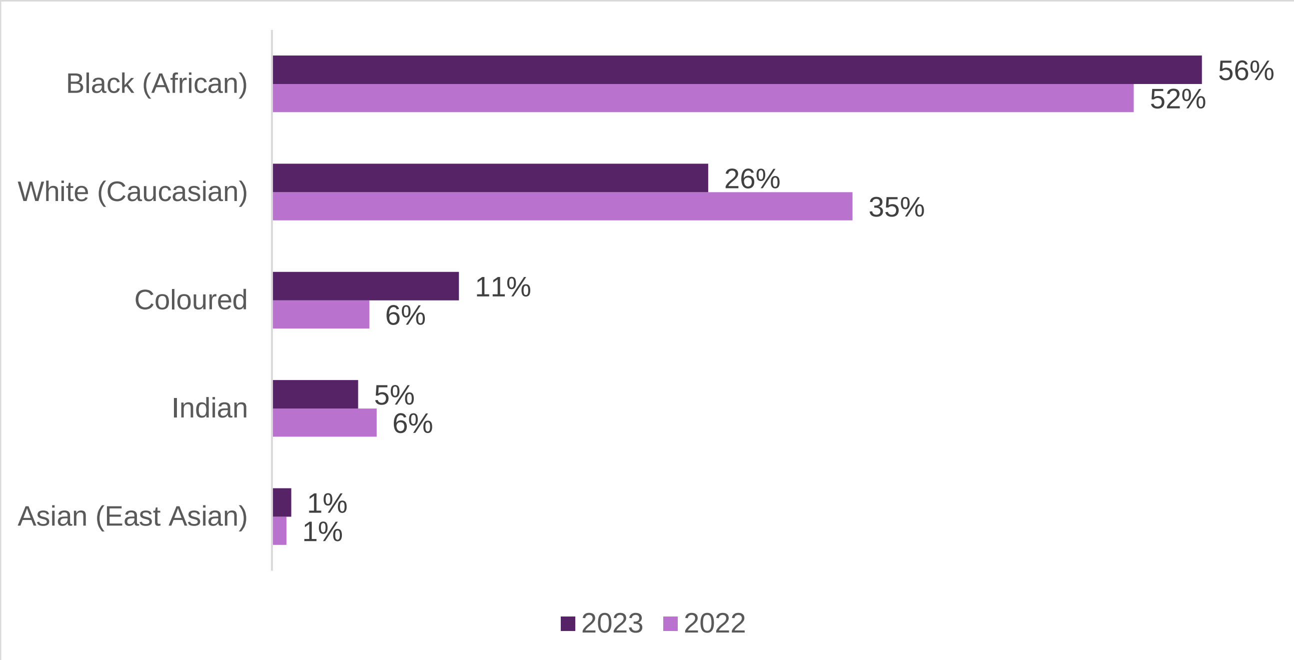
1.1 Gender diversity



Men enjoyed greater representation (54%) compared to women (46%) on SECs. There is a slight decrease in the gender gap in comparison to 2021 and 2022, with slightly higher representation of women serving on SECs this time. However, the gender composition of SEC board members appears to surpass the average representation for Boards. The 16th iteration of the PWC Non-executive Directors' Practice and Fees Trends Report (2023)[1] indicated that 62 percent of non-executive directors are men on JSE listed boards. In comparison, SECs have substantially more gender parity even though men are still overrepresented overall.

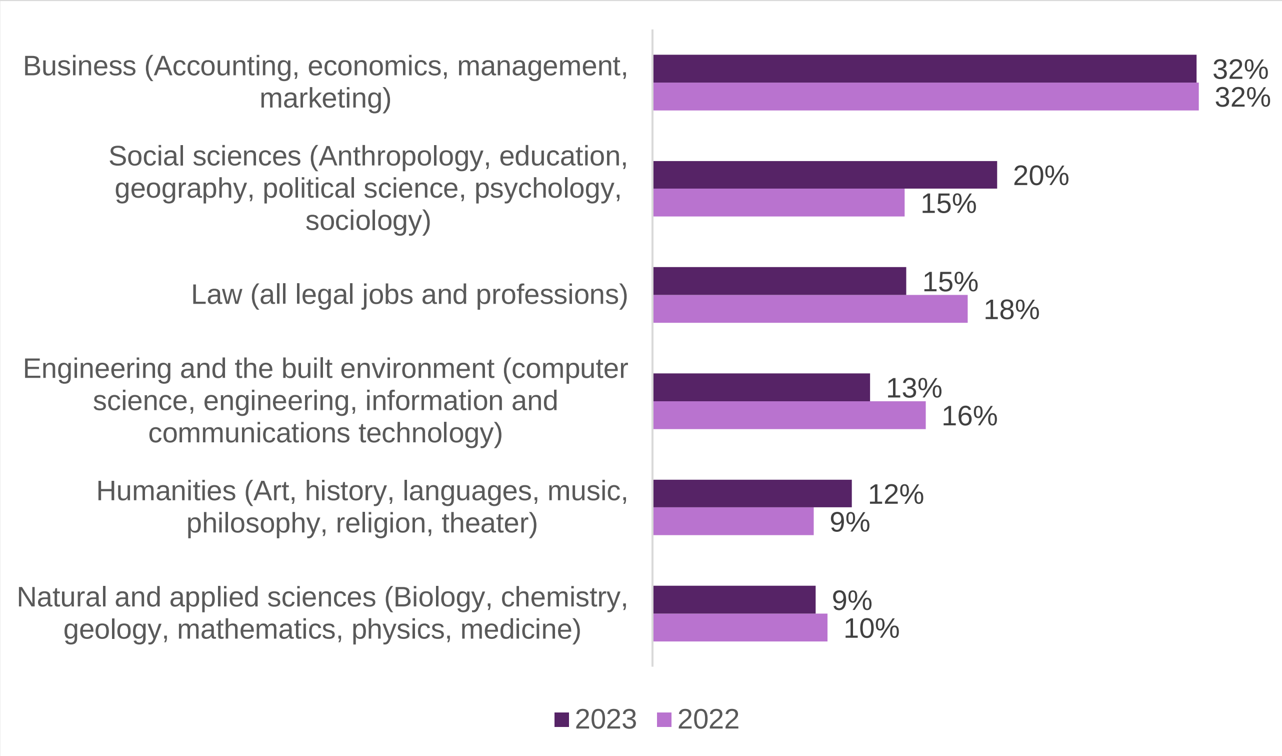
[1] PWC South Africa (2023) Non-executive directors: Practices and Fees Trends Report.

1.2 Ethnic diversity



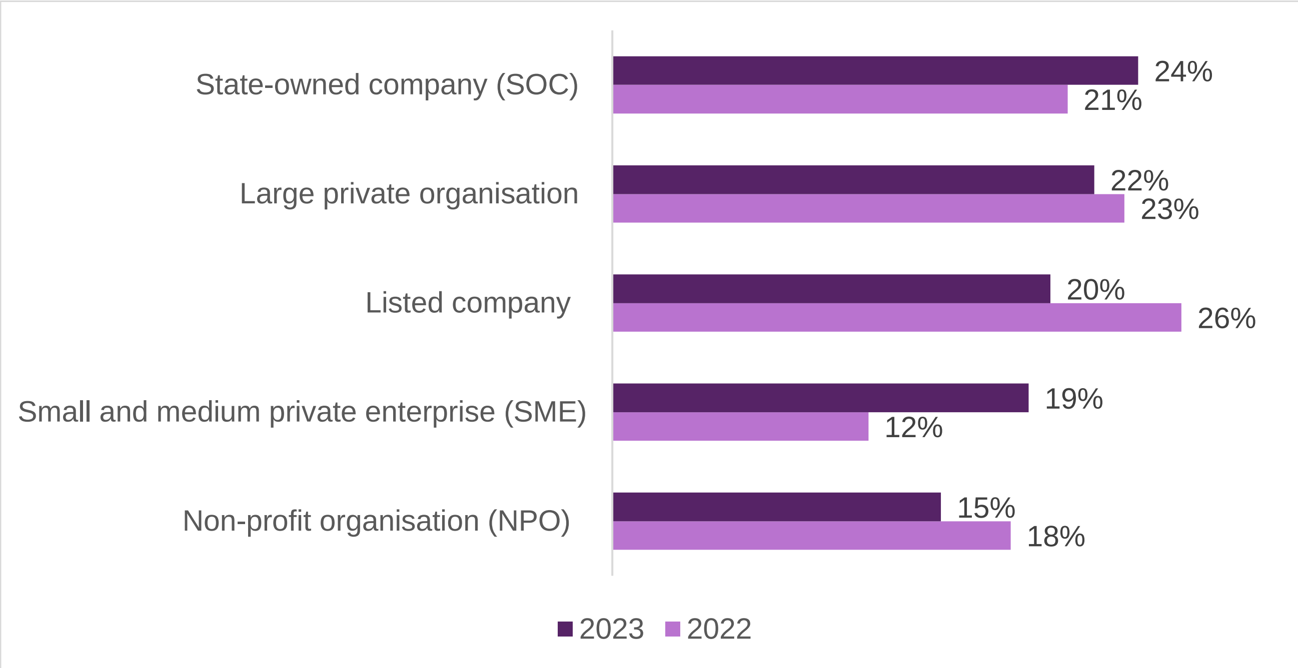
The 2023 sample shows that the representation of ethnic Africans in SECs increased from 52% to 56% compared to the 2022 period. Interestingly this percentage appears to be on the rise overall, as only 44% of SEC membership comprised individuals of Black (African) ethnicity in 2021. This is not surprising as more than 80% of the South African population consist of individuals of Black (African) ethnicity, indicating underrepresentation when compared to the population average. Similar to trends observed from 2021, there is a decrease in the representation of each of the other ethnicities, except for the Coloured ethnicity, which experienced significantly increased representation during the 2023 period (from 6 to 11%). Conversely, there was a substantial decrease noted in White (Caucasian) ethnic representation on SECs, dropping from 35% in 2022 to 26% in 2023. People of Indian ethnicity demonstrated slightly lower representation compared to 2022 (a 1% drop). These results are encouraging and suggest a more representative portrayal of the South African ethnic groups at the SEC level, with ongoing transformation year by year.

1.3 Field of expertise/discipline of SEC members



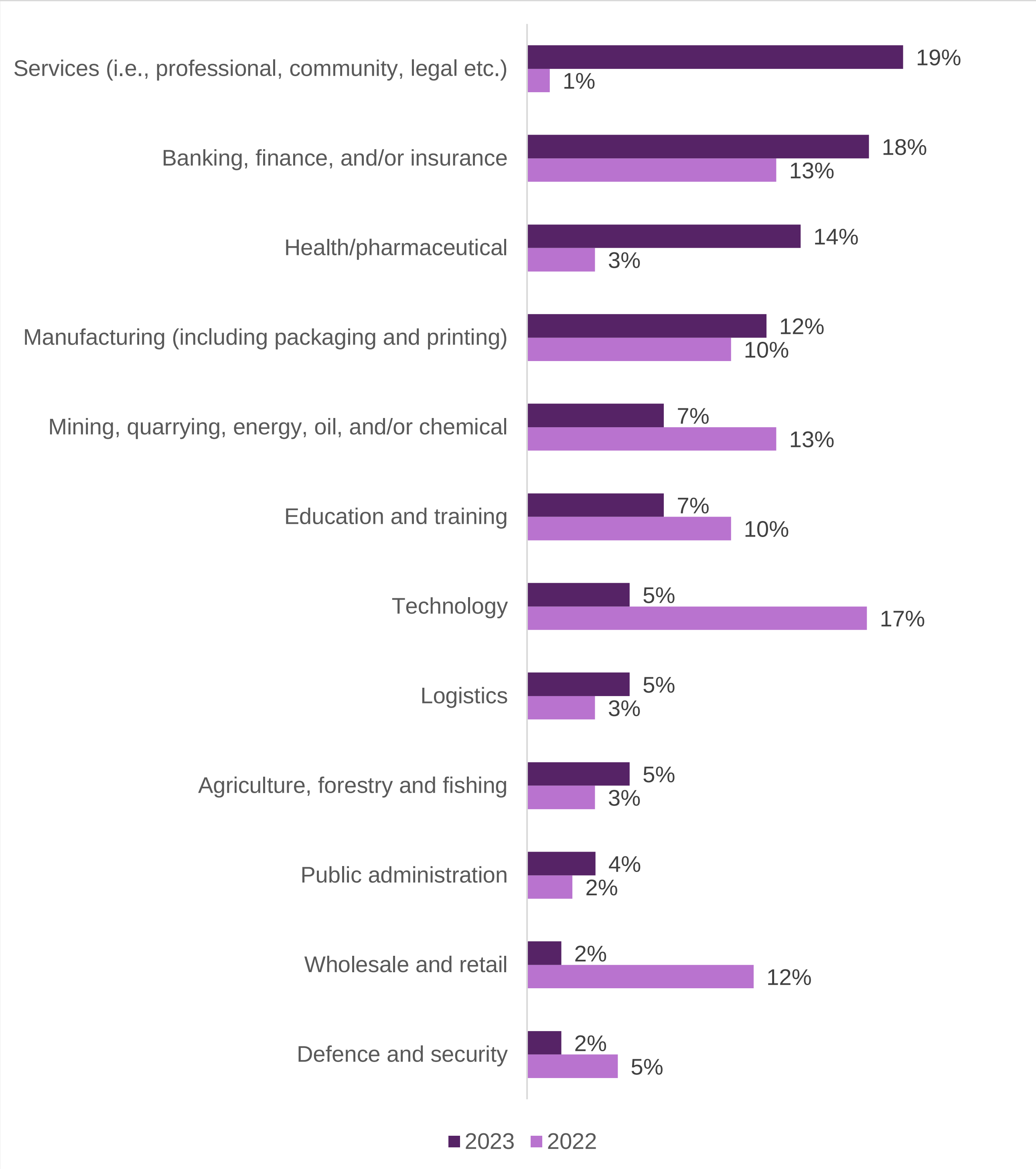
Members of SECs encompass a variety of fields of expertise and disciplines. The sample indicates that SECs mainly consist of members with expertise in business, financial or business administration (32%), which remains unchanged from 2022. However, notable changes were observed in SEC membership in the discipline of Social Sciences, which saw a substantial increase from 15% in 2022 to 20% in 2023, surpassing members from the legal profession that held the second position in 2022. All other rankings for membership remained the same with a slight decrease in representation from the engineering and built environment sector (a 3% drop from 2022).

1.4 The nature of the organisations sampled



The sample primarily consisted of state-owned companies (SOCs) in this 2023 Survey. This marks the first time that the majority of represented organisations belong to this sector. The second most represented group comprises large private organisations, followed by listed companies, SMEs and non-profit organisations. It is indeed encouraging to observe an increased participation of SOCs in this year's Survey, which may indicate a greater commitment to the governance of social and ethics performance in the SOC sector.

1.5 Sector representation



In 2023, a noteworthy shift in industry representation is observed, shedding light on the evolving landscape of various sectors. The most striking change was evident in the services sector, which experienced a substantial increase from a mere 1% representation in 2022 to a significant 19% representation in 2023. This marked shift underscores the growing prominence of the services industry, signifying a considerable surge in interest and participation from this sector.

Similarly, the banking, finance, and insurance industry also displayed a noteworthy uptick in representation, rising from 13% in 2022 to 18% in 2023. This indicates sustained and growing interest within this sector, reaffirming its significance in the survey's demographic makeup.

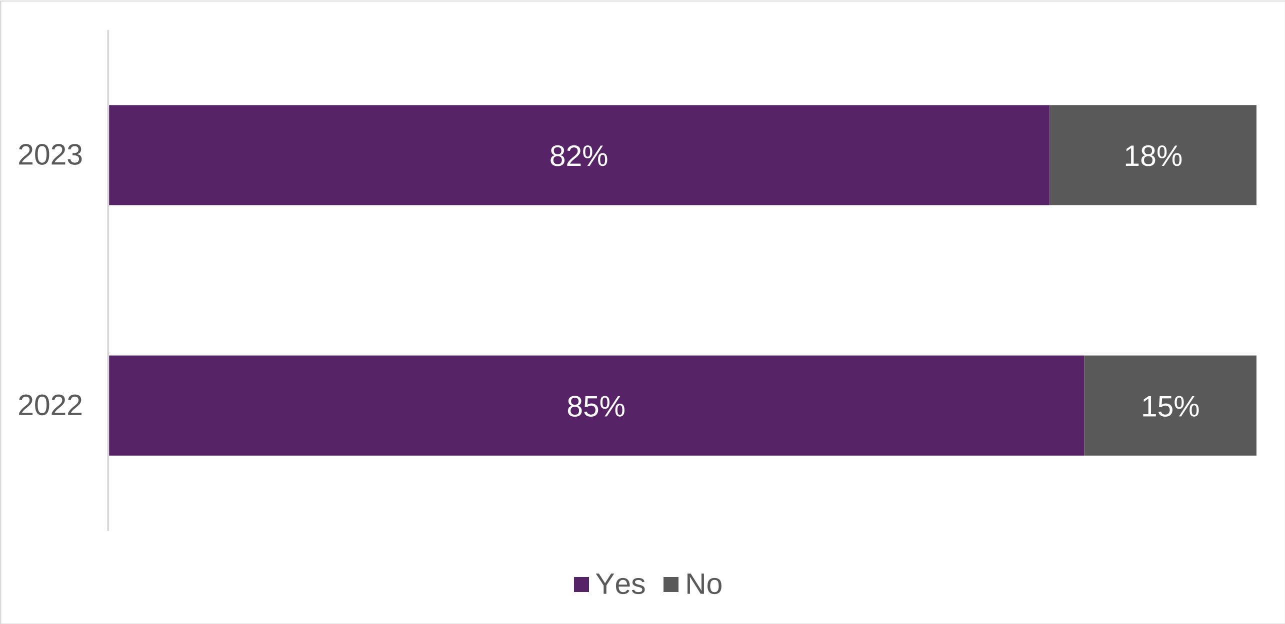
The health and pharmaceutical industry made a strong showing, with a 14% representation in the 2023 compared to only 3% in the 2022 Survey. This marks a notable presence, indicating the growing influence and interest in this field. The manufacturing sector, also exhibited an increase from the previous year, reaching 12% in 2023, and it maintains a solid position in the survey, showcasing its consistent relevance.

The industries with the least representation were wholesale and retail (2%), followed by defence and security (2%).

SECTION 2: THE CHARACTERISTICS OF THE SEC

In this section the characteristics of the SEC as surveyed are presented. Since the research aimed to obtain better insight into the nature of SECs, this section explores topics such as the preferred designation of SECs (what is the SEC called?), their reason for establishment, and whether they are standalone committees or integrated with other committees, to name a few.

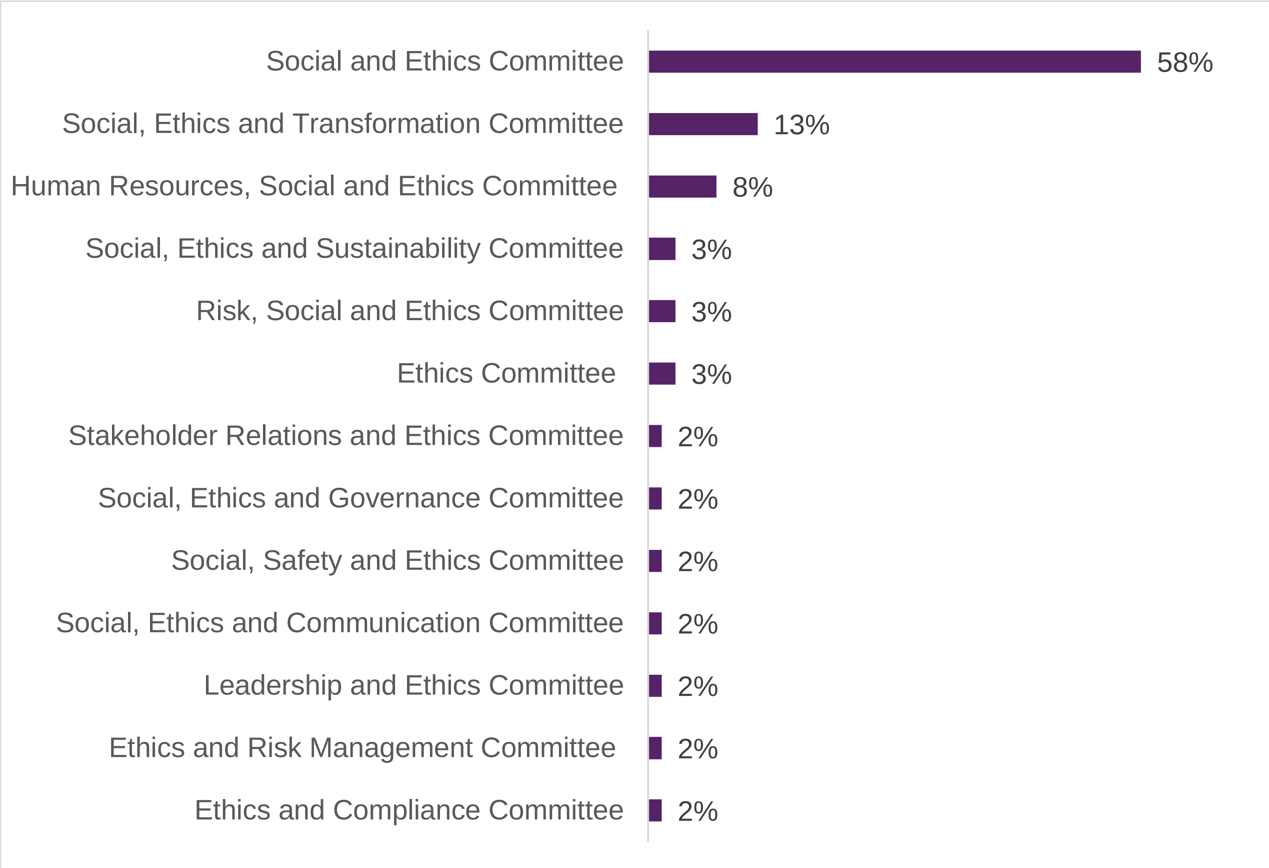
2.1 Is the SEC a standalone committee?



The 2023 Survey results provide valuable insights into the structure and independence of Social and Ethics Committees (SECs). These committees play a critical role in upholding social responsibility and ethical standards within organisations, ensuring that these aspects are governed and managed effectively. In 2023, it was found that 82% of SECs operated as standalone committees. This is a promising statistic as it indicates a significant majority of SECs maintain their independence, ensuring their mandate is not diluted by sharing responsibilities with other board committees.

However, it's worth noting that when compared to the results from 2022, there was a slight decrease in the percentage of SECs operating as standalone committees. In 2022, 85% of SECs were reported as standalone committees, indicating a 3% drop in 2023. Despite this decrease, the overall situation remains encouraging. The fact that 82% of SECs continue to operate independently in 2023 demonstrates that most subcommittees responsible for social and ethics performance within governing bodies maintain their autonomy and integrity.

2.2 Name/Designation of the SEC



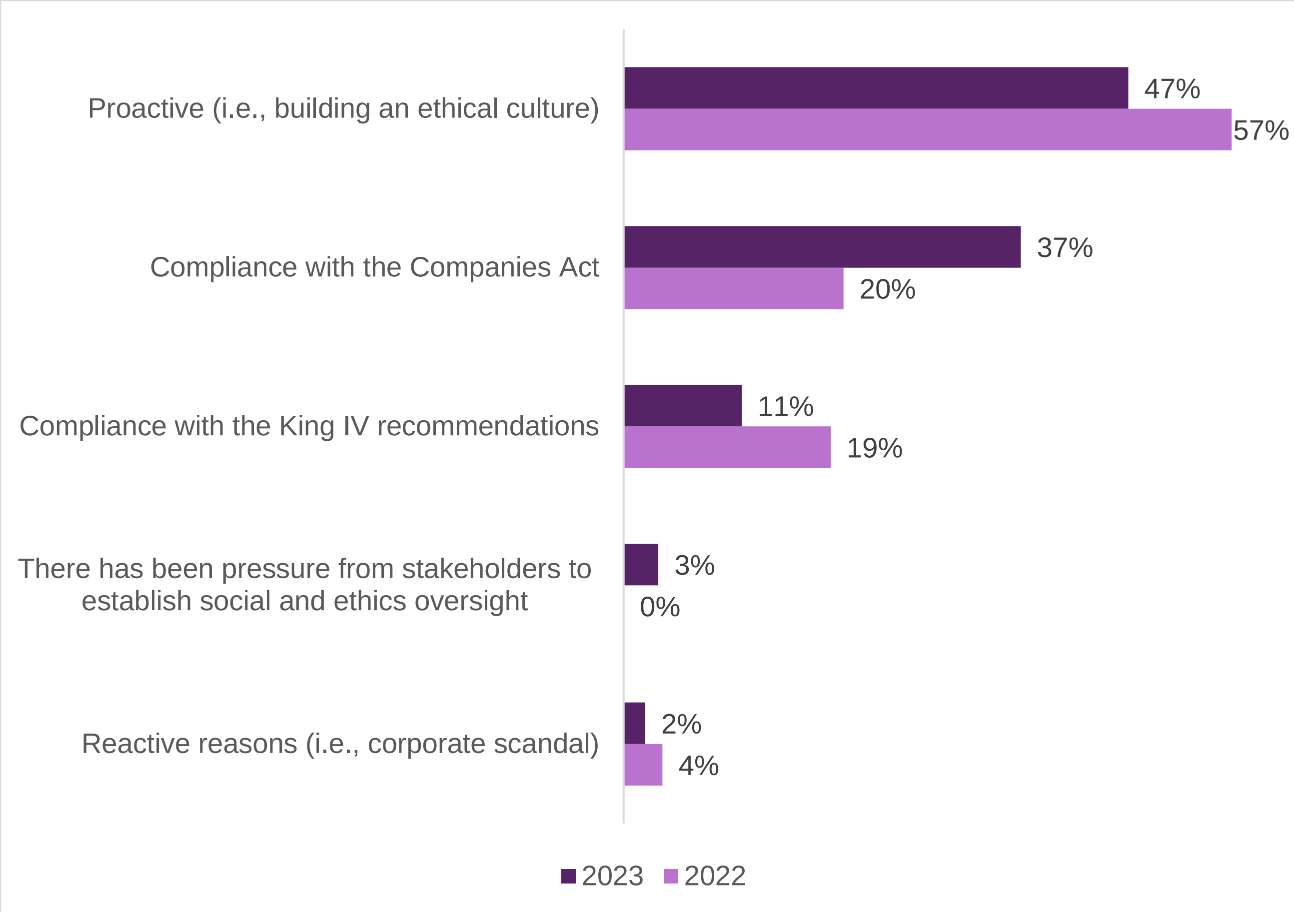
The preferred designation for the subcommittee of the board responsible for the governance of social and ethics performance has evolved over the past few years, reflecting changing priorities and naming preferences among organisations. In 2021, the preferred designation was primarily "Social and Ethics Committee," with 55% of respondents favouring this name. Other designations included "Social, Ethics, and Transformation Committee" (13%), "Social, Ethics, and Sustainability Committee" (6%), and "Social, Ethics, and Human Resources Committee" (4%).

In 2022 "Social and Ethics Committee (SEC)" emerged as the preferred designation, with a significant increase to 81%. There were smaller percentages favouring alternative names such as "Social, Ethics, and Human Resources Committee" (6%) and "Social, Ethics, and Transformation Committee" (1%).

In this 2023 Survey "Social and Ethics Committee (SEC)" remained a prevalent choice, but its percentage decreased to 58%. The "Social, Ethics, and Transformation Committee" designation retained its popularity, with 13% of respondents opting for it. "Human Resources and Social and Ethics Committee" emerged as a new choice, capturing 8% of preferences. "Social, Ethics, and Sustainability Committee" saw a modest representation at 3%.

These results indicate a notable shift from 2021 to 2022 in favour of the "Social and Ethics Committee (SEC)" designation, which then experienced a slight decline in the latest Survey. The emergence of new names, such as "Human Resources and Social and Ethics Committee," suggests a dynamic landscape in the naming preferences of subcommittees responsible for social and ethics governance within governing bodies and also indicates the primary mandate of these committees. This trend reflects a growing emphasis on ethics and social responsibility within organisations, but also indicates some sharing of the mandate of the SEC with other board committees which may dilute its purpose.

2.3 The primary reasons for the establishment of the SEC



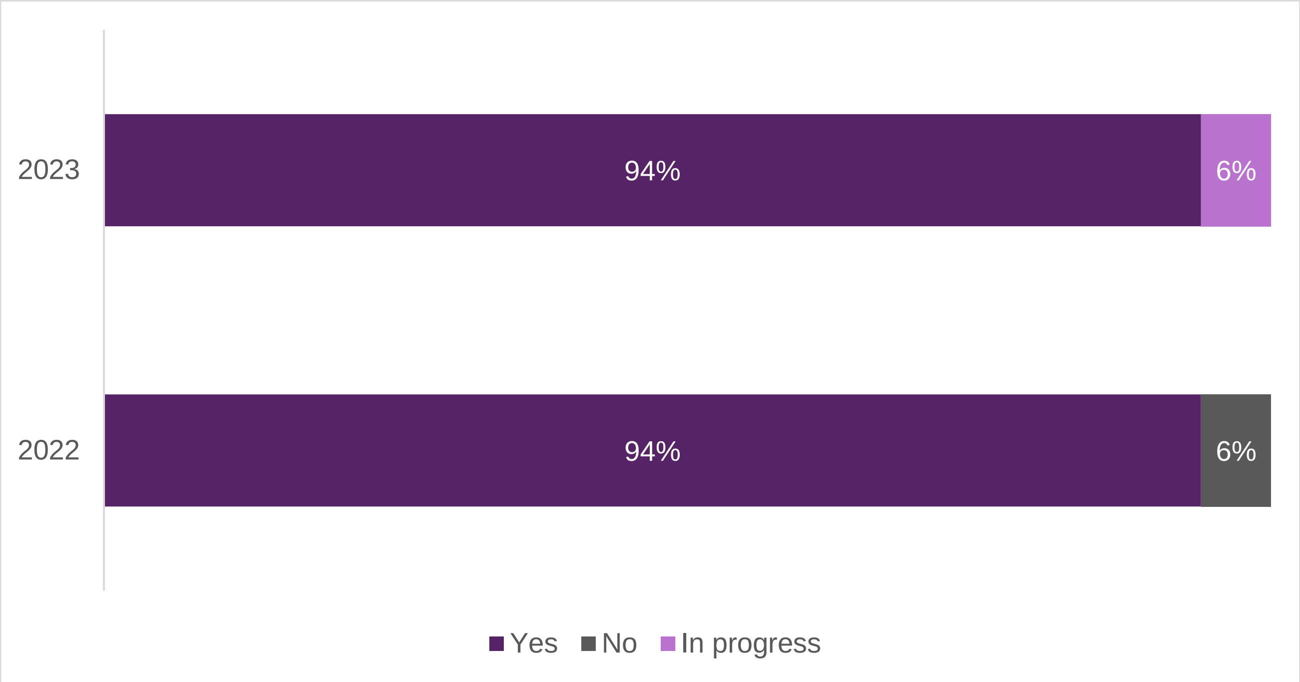
The findings from the 2023 Survey shed light on the motivations behind the establishment of SECs and their evolution over the years.

In 2023**,** the establishment of SECs for proactive business ethics reasons decreased significantly, with 47% of organisations citing this as their primary motivation. This is a notable decrease from the previous year (2022), where 57% of organisations had similar intentions. On the other hand, the establishment of SECs for reasons of compliance with the Companies Act increased again to 37% compared to 20% in the previous year's survey. Compliance with the King IV recommendations for establishing a SEC fell back from 19% to 11% over the last year.

It is evident from 2023 Survey findings that proactive reasons for establishing an SEC remains the most significant rationale with 47% of organisations maintaining their commitment to establishing SECs for proactive business ethics reasons. However, it is noteworthy that the motivation for compliance with the Companies Act experienced a substantial increase, rising to 37%. This uptick may reflect a shift in the regulatory environment or organisations seeking to align their practices more closely with legal requirements. Conversely, compliance with the King IV recommendation saw a decline to 11%, indicating potential adjustments in governance focus. It is encouraging to note that despite these variations, organisations continue to view reactive reasons, such as responses to corporate scandals, as a relatively minor factor, representing just 2% of motivations.

In conclusion, the findings underscore a continuing commitment to proactive social responsibility and organisational ethics, even as the motivations for establishing SECs adapt to external regulatory changes. The focus on ethics and corporate responsibility is evident, and organisations appear to be navigating a dynamic landscape with a keen eye on maintaining ethical integrity and good corporate citizenship. These shifts in motivation signal an evolving landscape where social and ethics considerations play an increasingly pivotal role in shaping organisational practices and priorities.

2.4 Does the SEC have an approved 'Terms of Reference'?



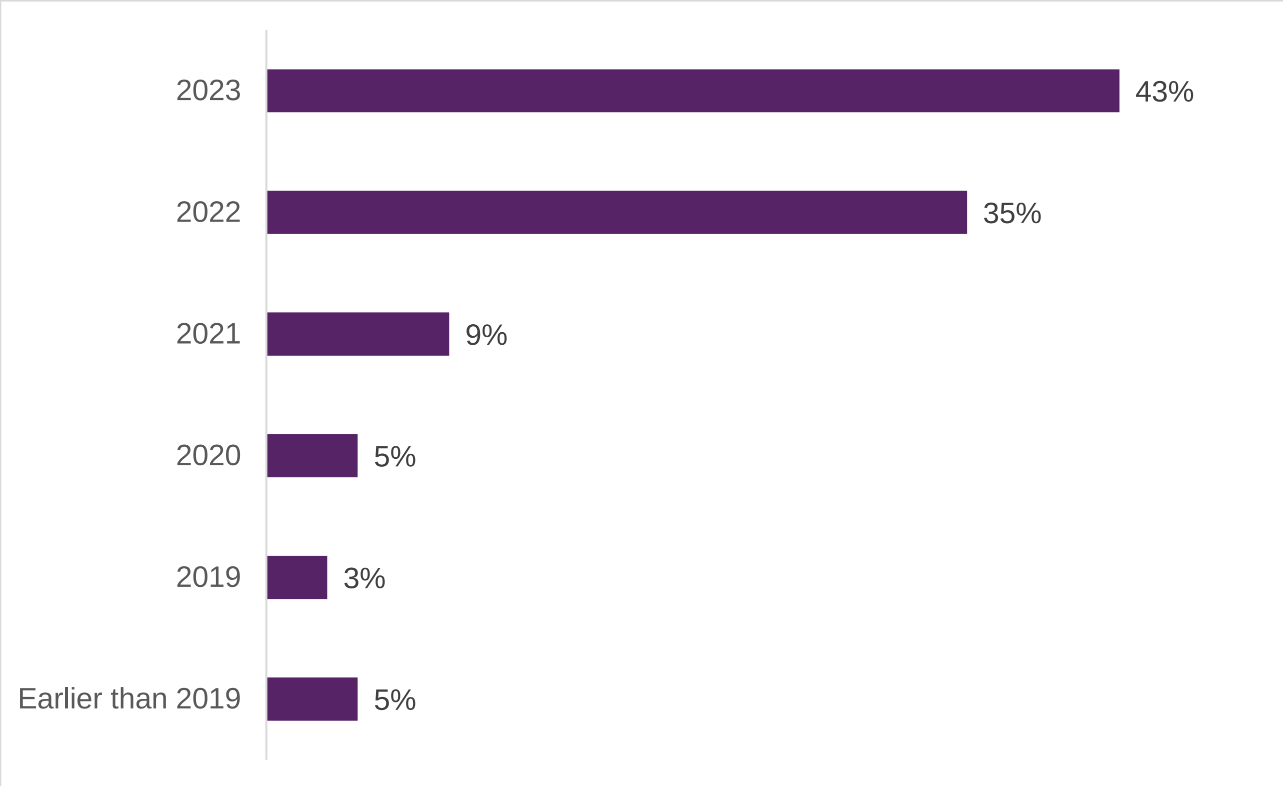
The findings from the 2023 Survey evaluated the presence of an approved 'Terms of Reference' or 'Charter' for Social and Ethics Committees and provide insights into the level of formalisation and governance within the operations of these committees.

In 2022 a majority of SECs (94%) reported having an approved 'Terms of Reference' or 'Charter,' indicating a structured and formalised approach to their operations. Notably, this represented a 3% increase from the previous year (2021), underlining a growing trend in emphasising clarity and accountability in the committee's roles and responsibilities. However, there remains a concern as 6% of SECs indicated that their committee did not yet have an approved 'Terms of Reference' in 2022 (i.e., this was in process). Several factors could contribute to this, including the possibility that some of these committees were newly established and were still in the process of developing their guiding documents.

The 2023 Survey results reveal a positive continuation of the trend seen in 2022. A significant 94% of organisations indicated that they had an approved 'Terms of Reference,' maintaining consistency with the previous year.

These findings highlight a growing commitment to formalising the roles and responsibilities of SECs through the use of 'Terms of Reference' or 'Charters.' The small percentage of committees without these approved documents may indeed be attributed to factors such as their recent establishment. Overall, the results indicate a dedication to ensuring clear governance structures within SECs, which is critical for effectively addressing ethical matters and upholding corporate responsibility standards.

2.5 When last was the Terms of Reference reviewed?



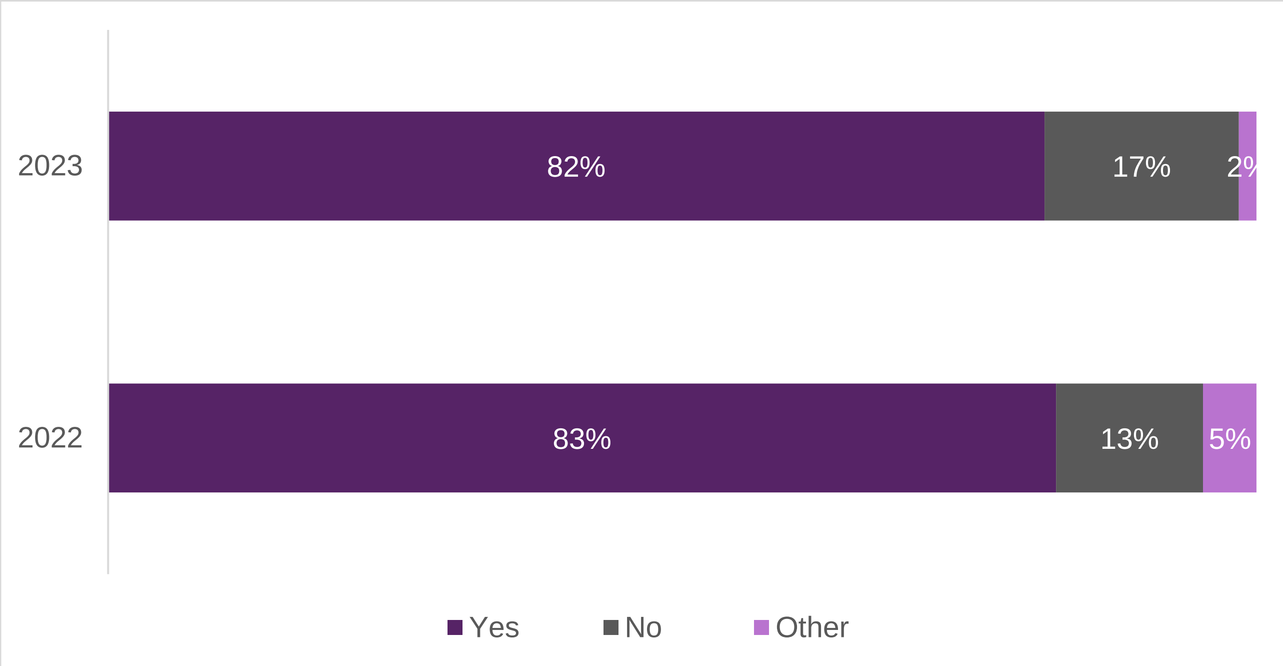
The findings from the survey regarding the frequency of 'Terms of Reference' (ToR) review for Social and Ethics Committees provide insights into the level of diligence and adaptability in these committees' governance practices.

In 2022 the majority of SEC chairpersons reported that, on average, the ToR of the SEC were reviewed on an annual basis, equating to once every 12 months. This demonstrates a commitment to regular evaluation and adaptation of the committee's governing documents, aligning them with changing needs and expectations. However, it was concerning that 8% of SECs indicated that their ToR had not been reviewed since 2019 or earlier. This implies a lack of attention to keeping these guiding documents up to date with legislative, regulatory, or other changes that may have occurred.

In 2023 we find a mixed trend in ToR review. A total of 43% of organisations indicated that they had reviewed their ToR in 2023, showing an effort to maintain their relevance in the face of evolving circumstances. Additionally, 35% of organisations reported that they had conducted a ToR review in 2022, reflecting a commitment to a biennial review process. Worrisomely, we continue to find that 8% of SECs have not reviewed their ToR since 2019 or earlier. This persistent lack of attention to timely reviews remains a concern, as it may leave these committees out of sync with the ever-changing landscape of corporate governance.

The results highlight the importance of periodic ToR reviews to ensure that SECs remain relevant and effective. The significant percentage of SECs not updating their ToR in a timely manner calls for more proactive efforts to prioritise these reviews, taking into account the fast-paced and dynamic nature of the corporate world. A more concerted focus on regular ToR reviews will help ensure that these committees can effectively adapt to the evolving governance and regulatory challenges they may face.

2.6 Are reports on organisational ethics management submitted to the SEC?



The survey results from 2022 and 2023 provide valuable insights into the practices and challenges faced by Social and Ethics Committees (SECs) in receiving reports on organisational ethics management (i.e., usually from an ethics office or ethics practitioner whose role it is to manage ethics in the organisation).

In 2022:

- The findings indicated a positive trend, with an increase of 7% from the previous year in the number of SECs receiving reports on organisational ethics management. This increase is indeed commendable and highlights a growing commitment to ethical governance and management within organisations.
- This finding suggests that SECs continue to draw guidance and inspiration from the King IV recommendations, which emphasise the role of governing bodies in overseeing organisational ethics and ensuring the establishment of an ethical culture.

However, there were still areas of concern in 2022, as 5% of SECs reported not receiving any reports on ethics management activities within their organisations. Additionally, 13% indicated that such reports were submitted haphazardly. These statistics indicate room for improvement in ensuring consistent and systematic ethics management practices within organisations.

In 2023:

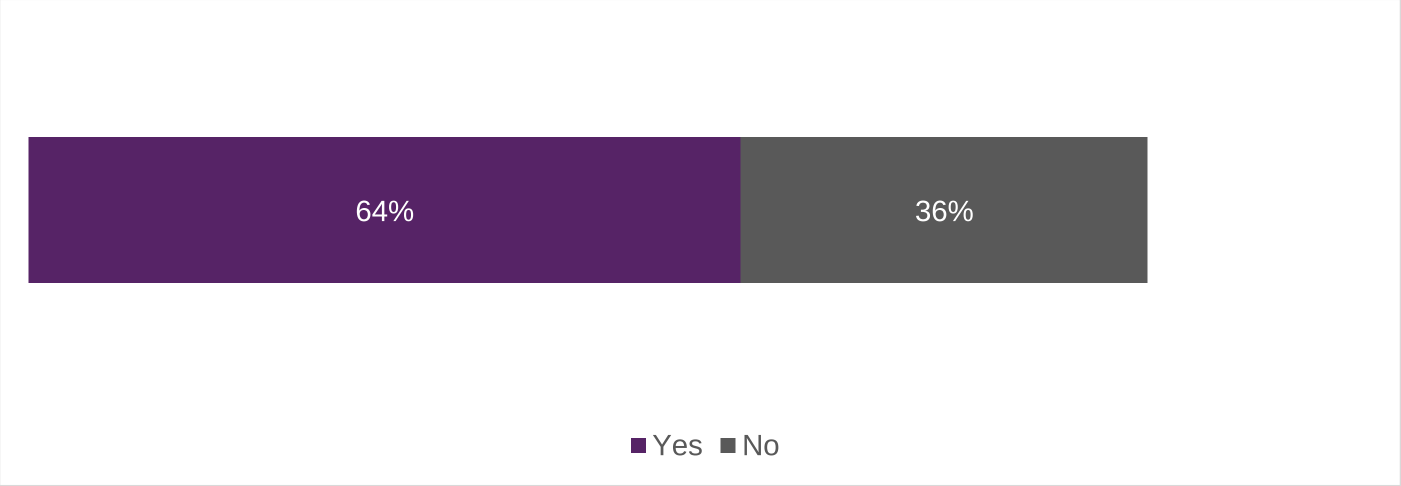
- The findings continue to underscore the importance of receiving reports on organisational ethics management. A significant 82% of SECs reported that they received such reports, indicating a continued commitment to ethics oversight.
- However, it's still concerning that 17% of SECs stated that no reports on ethics management were submitted. This suggests that there remains a substantial portion of organisations that are

not effectively reporting on their ethics management activities, which poses a challenge to building and sustaining an ethical culture.

- An additional 2% mentioned other forms of submissions (haphazardly), which may indicate variability in reporting methods and practices.

In conclusion, while the Survey indicates commendable progress in the number of SECs receiving reports on organisational ethics management, there are still challenges to be addressed. The findings emphasise the importance of establishing consistent and systematic reporting mechanisms to ensure good ethics management, strategic decision-making, and the development of an ethical organisational culture. It is essential to provide effective guidance to SECs to further improve these practices in the future.

2.7 Is your SEC involved in the monitoring of and reporting on ESG?



In this year's Survey, we asked a new question, namely whether SECs are involved in the monitoring and reporting of Environmental, Social, and Governance (ESG) matters. The findings reveal a positive trend in the involvement of SECs in monitoring and reporting ESG matters and requirements within organisations. Here are some conclusions that can be drawn based on these results:

1. **Growing Emphasis on ESG**: The fact that 64% of SECs are actively involved in monitoring and reporting ESG concerns reflects a growing emphasis on sustainable and responsible business practices. This suggests that organisations are recognising the importance of addressing ESG issues and their impact on overall corporate performance and reputation.

2. **Alignment with Global Trends**: ESG considerations have gained significant attention on a global scale as investors, stakeholders, and regulatory bodies increasingly emphasise sustainability and ethical governance. The involvement of SECs in ESG activities aligns with these broader global trends, indicating that organisations are responsive to the evolving landscape of responsible corporate behaviour.

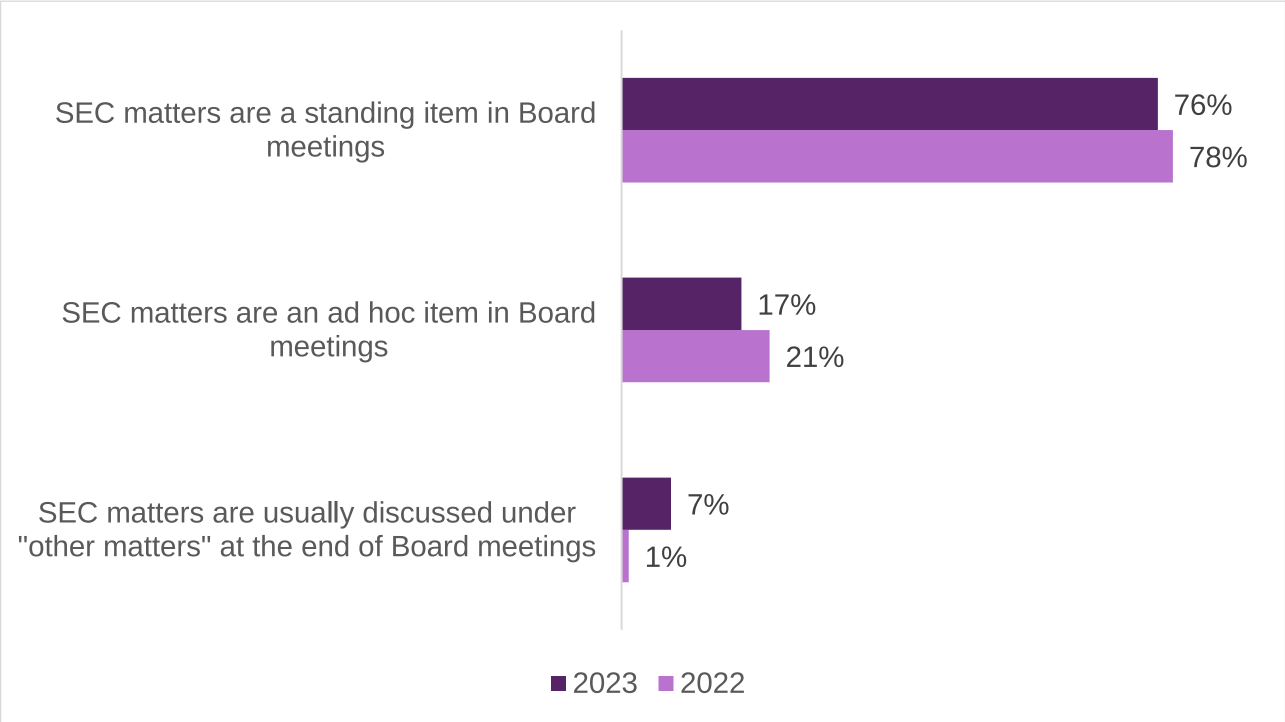
3. **Ethical Governance and Sustainable Practices**: The active participation of SECs in ESG monitoring and reporting underscores the interconnectedness of ethical governance and sustainable business practices. By integrating ESG considerations into their responsibilities, SECs play a pivotal role in ensuring that organisations operate in an ethical and sustainable manner, promoting both responsible conduct and long-term value creation.

4. **Comprehensive Oversight**: SECs are expanding their scope of responsibilities beyond the statutory prescribed social matters to encompass broader ESG issues. This comprehensive approach demonstrates a commitment to addressing a wide range of ethical, social, and environmental considerations, further enhancing corporate social responsibility and accountability.

5. **Room for Improvement**: While the majority of SECs are actively engaged in ESG monitoring and reporting, it is essential to acknowledge that there is room for improvement. The 36% of SECs that are not currently involved in monitoring and reporting ESG aspects may benefit from considering how they can contribute to their organisations' sustainability goals. This suggests an opportunity for organisations to share best practices and guidance to help all SECs embrace ESG responsibilities.

In summary, the findings highlight a positive trend where SECs are actively involved in monitoring and reporting ESG concerns and requirements, indicating a broader commitment to ethical governance and sustainability within organisations. This trend is aligned with global ESG priorities, underlining the vital role SECs play in fostering responsible corporate behaviour and long-term value creation. Organisations should continue to encourage and support SECs in their efforts to address ESG issues comprehensively.

2.8 SEC matters on the board agenda



The findings from 2022 and 2023 offer insights into the visibility and status of Social and Ethics Committee (SEC) matters during board meetings, highlighting potential areas for improvement in corporate governance.

In 2022:

- The results indicated that a majority of SEC matters were included as a standing item on the agenda of board meetings (78%), demonstrating a proactive and structured approach to addressing ethical and social concerns.

- However, there was a slight decrease in this practice compared to the previous year (2021), which raises concerns. A decrease in the visibility of SEC matters could suggest a potential reduction in their perceived importance or effectiveness within the organisation.

Approximately 22% of organisations indicated that SEC matters were either discussed as an "ad hoc" item or under the category of "other matters" during board meetings. This distribution suggests that there is room for improvement in ensuring that SEC concerns and recommendations receive the optimal attention they deserve within the organisation.

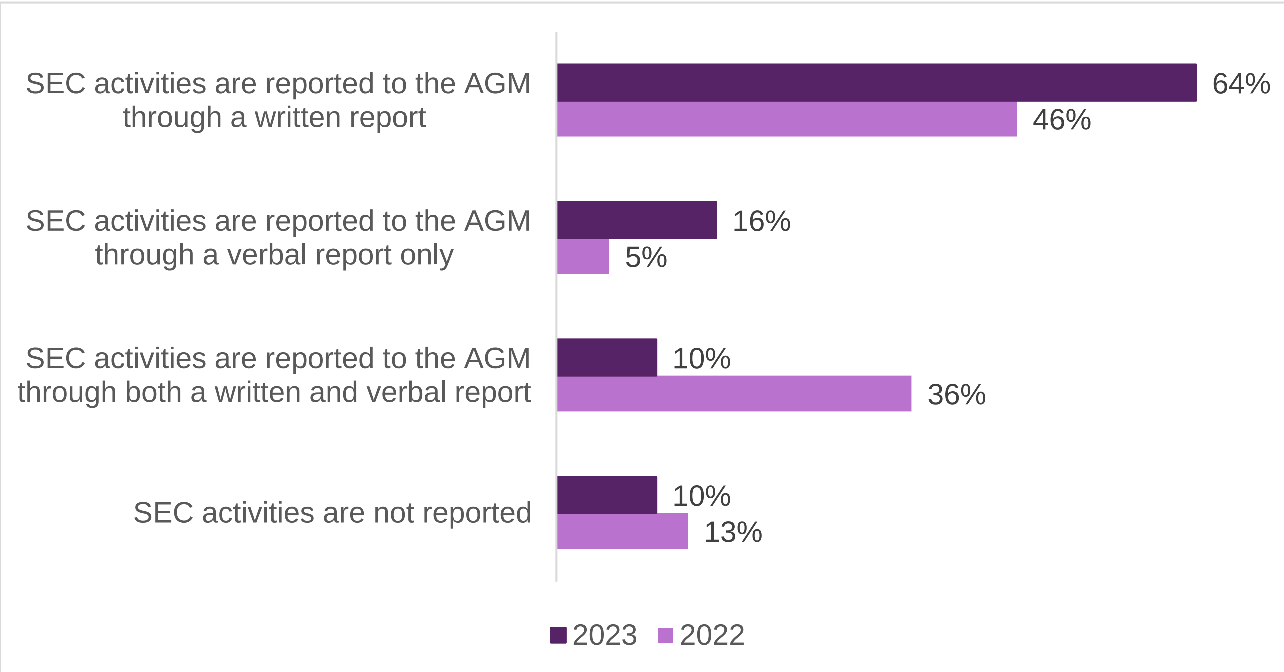
In 2023:

- The results indicate a positive shift, with 76% of organisations confirming that SEC matters are now a standing item on the board meeting agenda. This is a significant percentage, although it does represent a slight decrease from the previous year (78%).

- 17% of organisations reported that SEC matters were discussed as an "ad hoc" item during board meetings, while 7% indicated that these matters were discussed under the category of "other matters" at the end of board meetings. While these percentages represent a smaller portion of organisations, they still underscore the need for ongoing efforts to ensure that SEC matters are given due attention.

The evolving landscape of governance practices emphasises the ongoing need for organisations to recognise the central role of SECs in fostering ethical and responsible corporate behaviour.

2.9 Reporting of the SEC activities at the annual general meeting (AGM)



The findings from 2022 and 2023 highlight the ways in which SECs report their activities to the Annual General Meeting (AGM) of organisations. The results from 2023 Survey reveal a notable increase in organisations opting for written reports, with 64% now reporting SEC activities to the AGM through a written report. This indicates a strengthened commitment to providing detailed and documented information to AGM attendees.

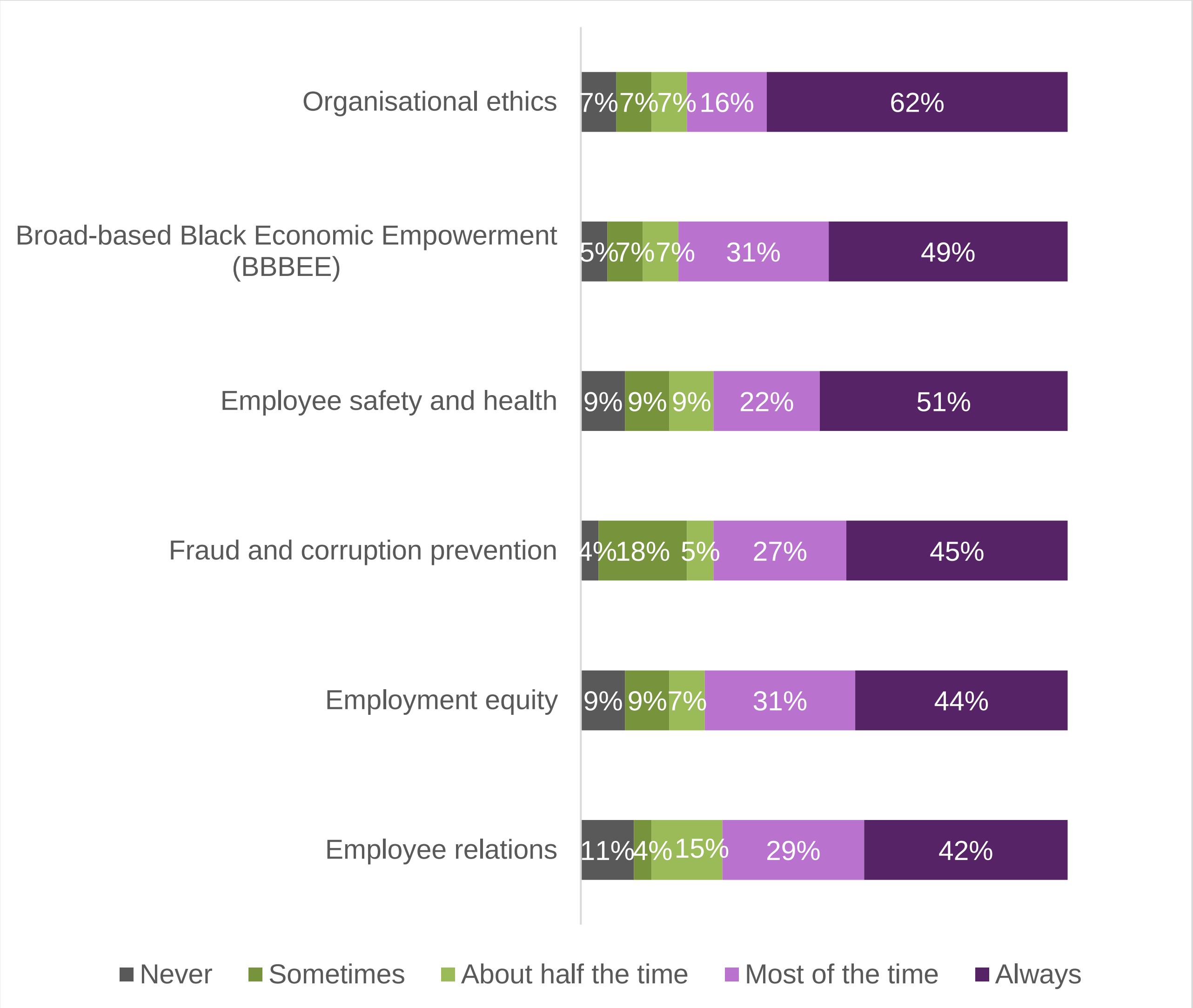
The percentage of organisations relying solely on verbal reports increased to 16%. While this is still a relatively smaller portion, it suggests a desire for more direct and interactive communication. The combined use of both written and verbal reports decreased to 10%, indicating a shift toward more written documentation. Importantly, the percentage of organisations that do not report SEC activities at the AGM remained consistent at 10%, signalling that there is still room for improvement in ensuring transparency and accountability in these cases.

In conclusion, the findings highlight an increasing trend in providing written reports to the AGM regarding SEC activities, which promotes transparency and clarity. While there is still a portion of organisations relying solely on verbal reports or not reporting SEC activities at all, these results suggest a potential for enhancing communication and documentation practices to ensure that the work of SECs is effectively communicated to AGM attendees. This can contribute to better governance, ethical oversight, and stakeholder understanding.

SECTION 3: TIME INVESTMENT OF THE SEC

SECs were asked on which issues they spend most of their time and focus.

3.1. Focus areas on which the SEC spends most of it's time



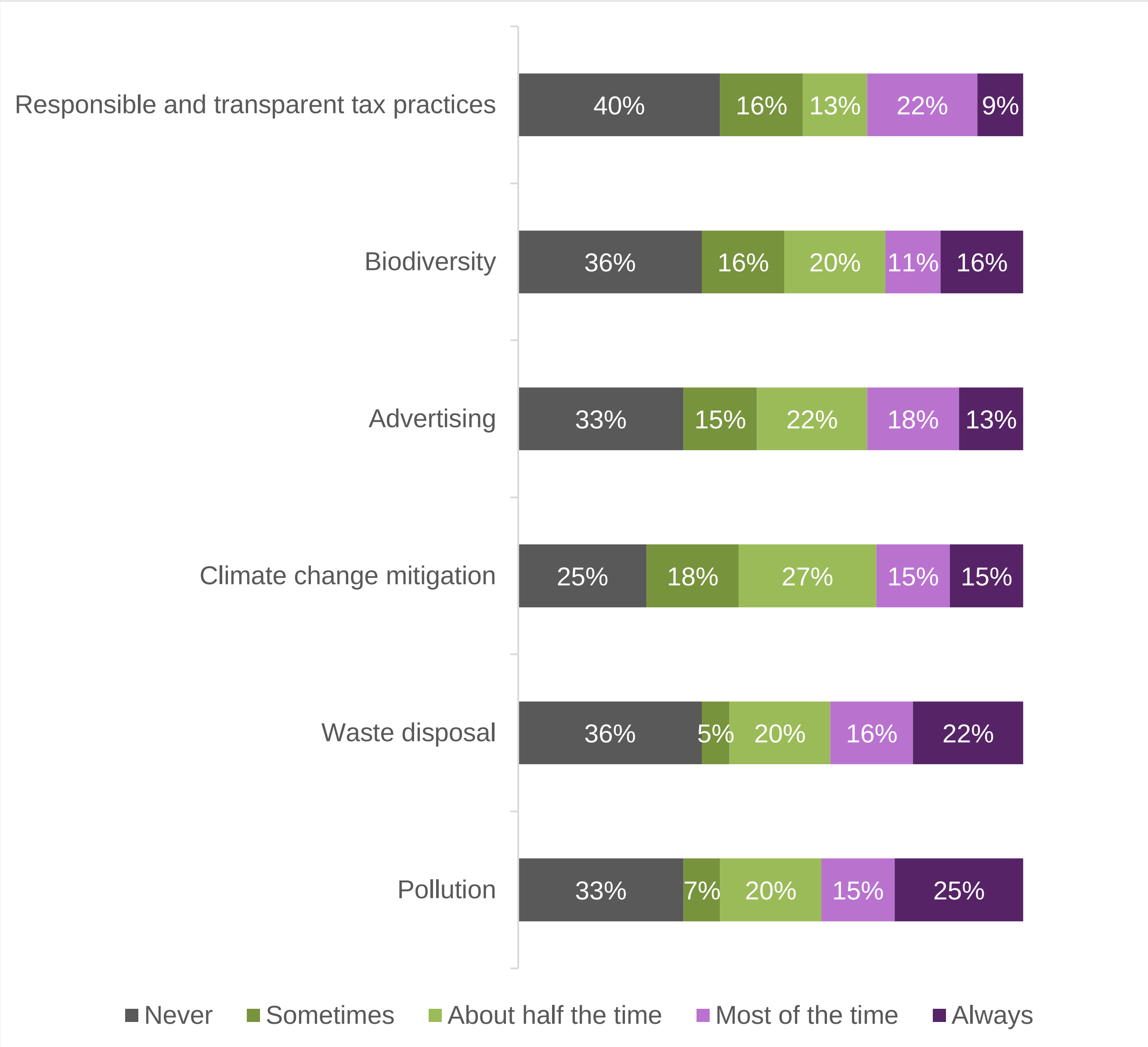
The results from the 2023 Survey provide an overview of how often SECs attend to various responsibilities during their annual cycle of meetings, ranging from "Never" to "Always."

- **Organisational ethics:** SECs consistently address organisational ethics, with 62% indicating that they attend to this responsibility "Always". Only a small percentage (7%) indicated "Never".
- **Broad-based Black Economic Empowerment (BBBEE):** A significant 49% of SECs attend to BBBEE concerns "Most of the time", while 31% address them "About half the time".
- **Employee safety and health:** SECs are actively involved in employee safety and health, with 51% addressing it "Most of the time".
- **Fraud and corruption prevention:** This responsibility is taken seriously, with 45% of SECs attending to it "Most of the time".
- **Employment equity:** A substantial 44% of SECs focus on employment equity "Most of the time".

- **Employee relations:** Most SECs (42%) address employee relations "Most of the time".

These findings illustrate the diverse range of responsibilities that SECs engage with, with a particular emphasis on ethical and social matters. It's clear that many SECs take their roles seriously, addressing these responsibilities frequently or consistently. However, there are still areas where improvements and increased attention are needed, such as "Responsible and transparent tax practices," "Climate change mitigation," and "Biodiversity" which were the least prioritized. These results indicate that there is a broad commitment to ethical, social, and governance matters within organisations, with room for ongoing development and focus in certain areas.

3.2. Focus areas on which the SEC spends least of its time



In 2023, SECs appear to have spent the least amount of their time on the following:

- **Responsible and transparent tax practices:** With 40% of SECs reporting that they address this responsibility "Never" and a further 22% addressing it "Sometimes", it's evident that this area received the least attention from SECs.

- **Pollution:** A total of 33% of SECs indicated that they address pollution "Never", while only 25% address it "Most of the time". This suggests that pollution management is one of the areas where SECs dedicate the least amount of their time and focus.
- **Advertising:** Similar to pollution, 33% of SECs address advertising "Never". Only 13% address it "Most of the time", indicating that this area receives relatively less attention compared to other responsibilities.
- **Waste disposal:** A total of 36% of SECs indicated that they address waste disposal "Never". While 22% address it "Sometimes", it's still an area where SECs appear to allocate less of their time and effort.
- **Biodiversity:** Like waste disposal, 36% of SECs address biodiversity "Never", and only 16% address it "Most of the time". This indicates that biodiversity concerns are among the areas where SECs dedicate the least of their time.
- **Climate change mitigation:** In the case of climate change mitigation, 25% of SECs indicated that they address it "Never". While 27% address it "Most of the time", it's still an area where a significant portion of SECs allocate less time and focus.

These findings suggest that responsible and transparent tax practices, pollution, advertising, waste disposal, biodiversity, and climate change mitigation are areas where SECs tend to spend the least amount of their time and resources in their annual meetings. While these areas are essential, it appears that more attention may be needed to ensure comprehensive governance oversight in these domains.

The results for the frequency with which SECs attend to various responsibilities during their annual meetings in 2023 and the changes from 2022 are compared below:

Increase in "Always" Frequency:

In 2023, there was a notable increase in the "Always" category for several responsibilities, including "Organisational ethics," which saw an increase from 27% to 62%. "Broad-based Black Economic Empowerment (BBBEE)" also saw an increase from 35% to 49%, and "Employee safety and health" increased from 30% to 51%. These increases indicate a greater commitment to addressing these responsibilities consistently.

Decrease in "Never" Frequency:

There was a decrease in the "Never" category for many responsibilities, highlighting a trend towards reduced neglect of these areas. "Advertising" decreased from 30% to 10%, "Responsible and transparent tax practices" decreased from 35% to 8%, "Fair remuneration" decreased from 17% to 13%, "Biodiversity" decreased from 29% to 13%, and "Economic development" decreased from 19% to 16%. These decreases suggest that organisations are placing greater importance on these aspects of their operations.

Consistency in "Most of the Time":

Several responsibilities remained relatively consistent in the "Most of the Time" category, including "Integrated Reporting," "Pollution," and "Climate change mitigation." This consistency suggests that SECs continue to focus on these areas with similar dedication as in the previous year.

Mixed Trends:

There are some mixed trends in responsibilities like "Decent work," "Donations and sponsorships," "Sustainable Development Goals," "Public health and safety," and "Customer relations." These areas saw varying shifts in the frequency of attention, indicating that some organisations have increased their focus, while others have reduced it.

Notable Shift in "Always" Focus:

"Employee relations" and "Stakeholder relationships" saw a shift towards "Always" focus in 2023, with "Employee relations" increasing from 26% to 42% and "Stakeholder relationships" increasing from 27% to 45%. This reflects a growing commitment to these areas.

ESG Responsibility Emphasis:

"ESG responsibilities" saw a shift towards "Always," with an increase from 20% to 38%. This underscores the importance organisations are placing on ESG concerns.

In summary, the trends in the frequencies of addressing various responsibilities by SECs in 2023 compared to 2022 reveal an overall positive shift towards greater attention to ethical, social, and governance matters. While some areas saw consistent dedication, others experienced significant increases in attention, particularly in terms of "Always" focusing on these responsibilities. This indicates a growing awareness of the importance of ethical governance and corporate responsibility in organisations.

SECTION 4: SEC VITAL STATISTICS

This section considers the internal make-up of the SEC and refers to the 'vital statistics' of the SEC such as the number of members and other attendees of the SEC.

Results are presented by looking more closely at the distribution of the sample. The average is used to understand the overall distribution. Please note however that the average is sensitive to large and small numbers (i.e., outliers) in the distribution. For this reason, the median is also indicated, which is the centre most point in the distribution. The median indicates the point where there is an equal number of results below and above the median number. The median, unlike the average is not sensitive to extreme scores (i.e., outliers) and is often a better measure of central tendency. In addition, we also present the range of the dataset by including the maximum and minimum value for each statistic (i.e., data distribution).

4.1 SEC Vital statistics

Vital statistic information	Average		Median		Lowest		Highest	
	2022	2023	2022	2023	2022	2023	2022	2023
How many members does your SEC consist of?	5	5	5	5	2	1	16	17
How many members of your SEC are Non-Executive Directors?	3	3	3	3	0	0	11	9
Please indicate the number of invitees who attend the SEC (non-members)	4	4	3	3	0	0	18	19
How often does the SEC meet per year (12 months)	3	4	4	4	0	0	6	12

The vital statistics for SECs in 2022 and 2023 indicate various aspects related to the composition and functioning of these committees. A summary of the key findings are as follows:

Size of the SEC

- The average number of members in SECs remained consistent at 5 members in both 2022 and 2023.
- The median also remained at 5 members for both years.
- The lowest number of members in SECs was 2 in 2022 and 1 in 2023, indicating that these committees do not meet the statutory requirement of a minimum of 3 members.
- The highest number of members was 16 in 2022 and 17 in 2023, showing that a few committees had quite larger memberships.

Non-Executive Directors on the SEC

- The average number of Non-Executive Directors on SECs remained consistent at 3 members in both 2022 and 2023.
- The median also remained at 3 members for both years.
- In both 2022 and 2023, some SECs did not have any Non-Executive Directors (0 in both years).
- The highest number of Non-Executive Directors on SECs was 11 in 2022 and 9 in 2023, suggesting that some committees had a substantial presence of Non-Executive Directors.

Invitees to SEC Meetings

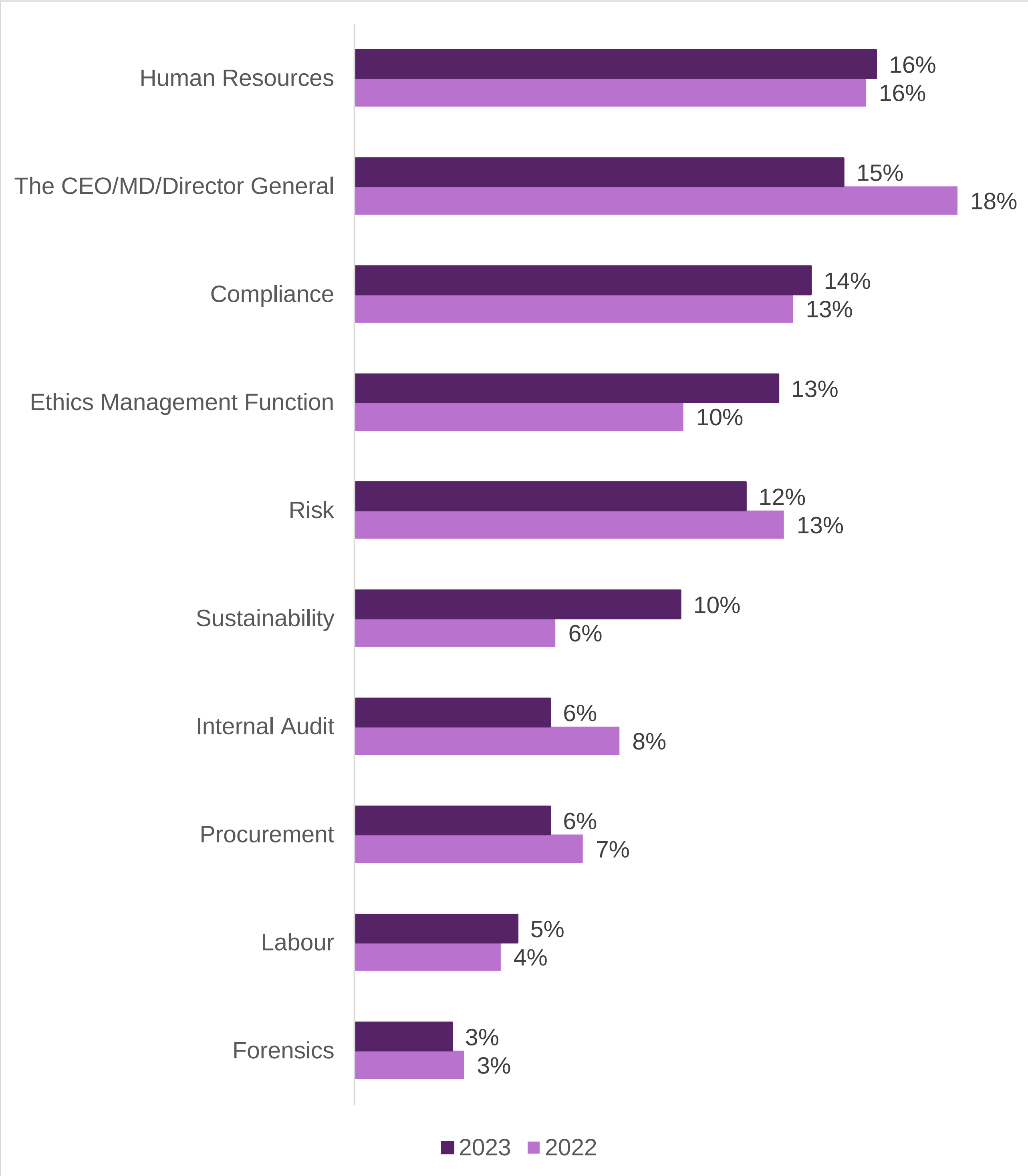
- The average number of invitees who attend SEC meetings remained consistent at 4 in both 2022 and 2023.
- The median was 3 in both 2022 and 2023, indicating that in many cases, three invitees attended meetings.
- In both 2022 and 2023, some SECs did not have any invitees (0 in both years).
- The highest number of invitees was 18 in 2022 and 19 in 2023, demonstrating that in some cases, a significant number of invitees participated in meetings.

Frequency of SEC Meetings

- In 2022, SECs met an average of 3 times per year (12 months).
- In 2023, the frequency of meetings increased, with SECs meeting an average of 4 times per year.
- The median for both years indicate that many SECs met four times annually.
- Some SECs did not hold any meetings (0 in both years).

In conclusion, the vital statistics of SECs show consistency in terms of the number of members, the presence of Non-Executive Directors, and the number of invitees over the two years. However, there is a notable increase in the frequency of SEC meetings in 2023 compared to 2022, which suggests a stronger commitment to addressing ethical and social responsibilities within organisations.

4.2 Operational departments/divisions that attend SEC meetings



The data on departments or divisions that most often attend SEC meetings for the years 2022 and 2023 provides insights into the organisational areas that are actively engaged in social and ethical governance.

In 2022, the most common attendees at SEC meetings were:

1. **The CEO/MD/Director General:** With 18% attendance, top leadership played a significant role in meetings.
2. **Compliance:** With 13% attendance, highlighting a strong focus on adherence to regulations and standards.

3. **Risk:** With 13% attendance, emphasizing the importance of risk management.
4. **Ethics Management Function:** With 10% attendance, indicating the engagement of dedicated ethics management teams.
5. **Human Resources:** With 16% attendance, underlining the involvement of HR in ethical and social matters.

Some departments, such as Operations and Finance, had minimal or no representation at SEC meetings in 2022, suggesting a lack of direct involvement in these areas.

Similarly in 2023, the same key departments/divisions have been noted as attendees at SEC meetings:
1. **The CEO/MD/Director General:** Although still the most common attendee, the percentage decreased to 15%, indicating a slight shift.
2. **Compliance:** With 14% attendance, compliance remained highly engaged.
3. **Risk:** With 12% attendance, risk management continued to be actively involved.
4. **Ethics Management Function:** With 13% attendance, the role of dedicated ethics management teams remained significant.
5. **Human Resources:** With 16% attendance, HR's role in ethical and social governance remained stable.

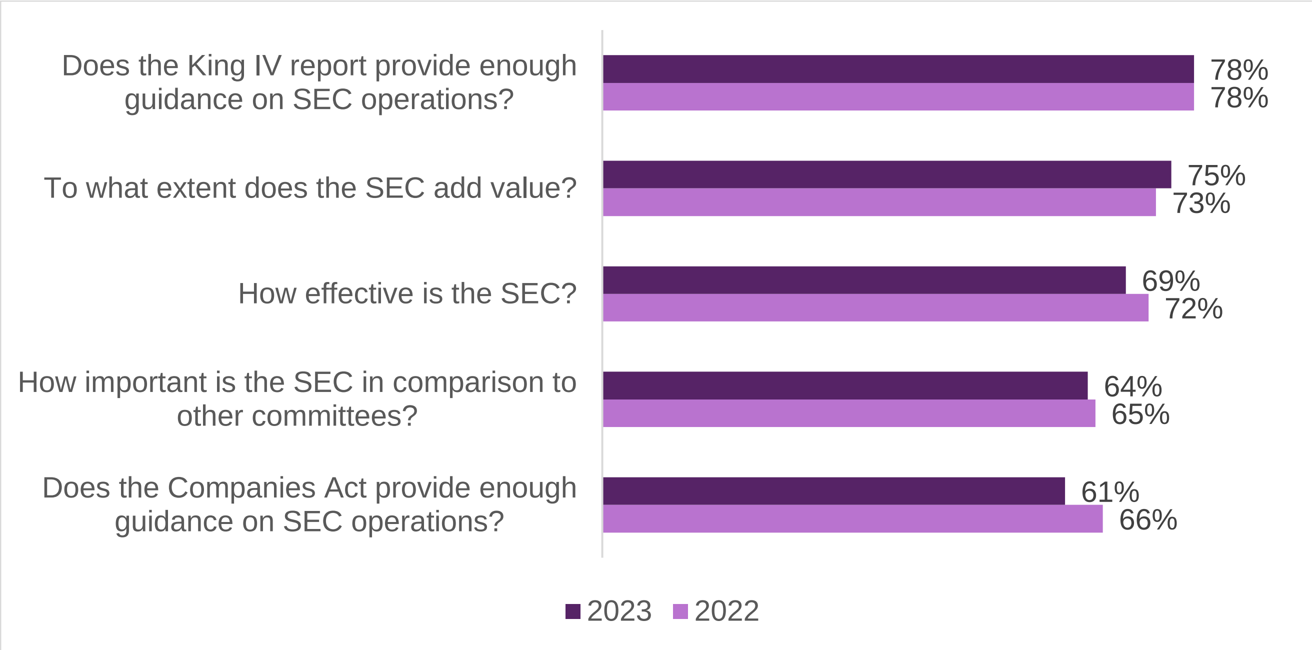
Notably, **Sustainability** saw an increase in attendance from 6% in 2022 to 10% in 2023, indicating a growing emphasis on sustainability concerns. Other areas, such as Operations, Finance, and Forensics, still showed minimal or no representation at SEC meetings, implying a continued lack of representation in these areas.

In summary, the data for 2022 and 2023 reveals that SEC meetings continued to involve top leadership, compliance, risk management, ethics management, and human resources departments. While there were minor shifts in percentages, these areas consistently remained actively engaged. Sustainability saw an increase in participation in 2023, reflecting a growing emphasis on environmental and social sustainability concerns. On the other hand, some areas like Operations and Finance continued to have minimal involvement in SEC meetings, suggesting potential areas for increased engagement and awareness of ethical and social governance within these departments.

4.3 The impact and mandate of the SEC

In addition to the vital statistics of the SEC that provide us with an overview of the nature of SECs operating in the South African environment, the survey attempted to evaluate the clarity of the mandate and the impact that the SEC makes in the organisation. This was accomplished by asking the chairperson of the SEC to provide their perceptions on a rating scale from 1 to 10, with 10 being the optimal. The scores were averaged and converted into a percentage for better presentation.

The data from 2022 and 2023 provides insights into the perceptions of SECs and their effectiveness, guidance, and importance within organisations.



Guidance from the Companies Act

In 2022, 66% of respondents believed that the Companies Act provided enough guidance on SEC operations, indicating a relatively high level of satisfaction. In 2023, this percentage slightly decreased to 61%, suggesting a slight decline in confidence regarding the guidance provided by the Companies Act. This may reflect a need for additional clarity or an evolving regulatory landscape.

Importance of the SEC

In 2022, 65% of respondents considered the SEC as important in comparison to other committees, signifying a significant role within the organisation. In 2023, the importance of the SEC remained relatively consistent at 64%, indicating a continued recognition of its significance among committees.

Effectiveness of the SEC

In 2022, 72% of respondents perceived the SEC as effective, showing confidence in its performance. In 2023, the perception of effectiveness decreased slightly to 69%, suggesting a marginal decrease in confidence in the SEC's effectiveness. Organisations may be looking for ways to enhance its performance.

Value Added by the SEC

In 2022, 73% of respondents believed that the SEC added value, reflecting a positive view of its contributions. In 2023, this perception of value increased to 75%, indicating a growing recognition of the value the SEC brings to the organisation's ethical and social governance.

Guidance from the King IV Report

In both 2022 and 2023, 78% of respondents believed that the King IV report provided enough guidance on SEC operations. This consistent high level of confidence in King IV suggests that it continues to be a valuable resource for SECs.

In summary, the data from 2022 and 2023 highlights several key trends:

- SECs generally find the guidance from the Companies Act and the King IV report to be helpful, with consistent positive perceptions.
- The importance of the SEC, as compared to other committees, remained relatively stable between the two years, indicating a recognised and sustained role within organisations.
- While the perception of SEC effectiveness slightly decreased in 2023, the continued recognition of its importance and increased perceived value suggest a continued commitment to its role in ethical and social governance.

Overall, these findings reflect a positive view of SECs and their role within organisations, with ongoing considerations for improvement and effectiveness.

4.4 Overlapping of SEC responsibilities

In this latest iteration of the SEC Trends Survey, a new question was introduced to assess the extent to which the responsibilities of the Social and Ethics Committee overlap with those of other board committees. The data reveals that a significant majority of respondents, comprising 84%, indicated that the SEC's responsibilities do overlap with the responsibilities of other board committees. This finding suggests that there is either duplication or a notable degree of coordination and shared focus among various committees in addressing ethical, social, and governance matters within organisations. The high percentage of overlap highlights the interconnectedness of these responsibilities and the need for effective collaboration among different committees to ensure comprehensive governance and ethical oversight.

4.5 Board committee(s) that overlap with SEC responsibilities

The data from the survey indicates the extent to which the responsibilities of the SEC overlap with those of other board committees.

Audit and Risk Committee: The highest degree of overlap was reported with the Audit and Risk Committee, with 38% of respondents indicating shared responsibilities, especially in the areas of auditing and risk management.

Human Resources and Remuneration Committee: 25% of respondents reported an overlap with the Human Resources and Remuneration Committee, indicating shared responsibilities in human resources and remuneration matters.

Risk and Compliance Committee: A significant 22% of respondents highlighted an overlap with the Risk and Compliance Committee, suggesting that risk management and compliance responsibilities are often shared between the SEC and this committee.

These findings underscore the complex and interrelated nature of governance responsibilities within organisations. It appears that the SEC collaborates with various committees, particularly in risk, compliance, HR, and audit matters, to ensure a comprehensive approach to the governance of social and ethics matters. The extent of overlap varies across committees, reflecting the multifaceted nature of the SEC's role in organisations.

SECTION 5: ACHIEVEMENTS, MANDATE CHALLENGES AND IMPEDIMENTS

5.1 Achievements by SECs

A total of 48 discrete response units were obtained from the 55 SEC chairpersons who completed the survey. These response units were integrated into ten (10) recurring themes. The relative importance of these themes can be viewed below on a 10-point scale. Each chairperson was asked to list the most pertinent achievements of their SEC.

	Theme descriptor	1	2	3	4	5	6	7	8	9	10
1	**Ethics management**	●	●	●	●	●	●	●	●	●	●
	Dedication to fostering an ethical culture, complying with ethical standards, and actively managing ethics-related risks and challenges was mentioned.										
2	**Employment equity**	●	●	●	●	○	○	○	○	○	○
	There is a commitment to employment equity and economic empowerment, such as addressing employment equity issues in recruitment of employees with disability as we well as achieving and maintaining BBBEE (Broad-Based Black Economic Empowerment) Level 1 status was highlighted.										
3	**ESG**	●	●	●	●	○	○	○	○	○	○
	There are initiatives and considerations that highlight dedication to environmental responsibility, social impact, and ethical business practices, aligning with contemporary sustainability and corporate responsibility goals.										
4	**Ethics training**	●	●	●	○	○	○	○	○	○	○
	Regular ethics training for all employees, including the board, highlights a commitment to educating the organisation's members about ethical conduct.										
5	**Stakeholder relations**	●	●	●	○	○	○	○	○	○	○
	The mention of stakeholder relations suggests efforts to maintain positive relationships with external parties.										
6	**Establishment of the Committee**	●	●	●	○	○	○	○	○	○	○
	The SEC was established, which is a significant achievement in itself as it demonstrates the organisation's commitment to ethical and social responsibility.										
7	**Compliance with required standards**	●	●	●	○	○	○	○	○	○	○
	There is a focus on governance, ethics, compliance, safety, and sustainability demonstrating a commitment to responsible business practices and aligning with relevant standards and guidelines to uphold ethical and socially responsible conduct.										
8	**Employee wellbeing**	●	●	●	○	○	○	○	○	○	○

	There is a focus on staff training, health insurance equity, and preventing sexual exploitation and abuse policies, which shows concern for the well-being and safety of employees.										
9	**Transformation charter**	●	●	○	○	○	○	○	○	○	○
	The development of a Transformation Charter for inclusion in all investments and internally is noteworthy. This indicates a focus on promoting diversity and inclusion within the organisation.										
10	**Fraud prevention and guidance**	●	○	○	○	○	○	○	○	○	○
	Providing guidance on fraud and ethics matters that resulted in a drastic reduction in incidents is a clear indicator of the committee's effectiveness in addressing fraud and other ethical issues.										

The most frequently mentioned notable achievement by SECs was related to ethics management. This theme underscores the central role that SECs play in promoting and overseeing ethical practices within their organisations. Achievements in this area may include the development of ethical policies, the enforcement of ethical standards, or the successful management of ethical concerns.

A notable number of SECs reported achievements related to Broad-Based Black Economic Empowerment (BBBEE) Level 1 status and employment equity. This suggests that some organisations have made significant progress in advancing employment equity and meeting BBBEE criteria, which is a critical aspect of corporate social responsibility.

ESG achievements were also frequently cited. This indicates that SECs are actively engaged in addressing sustainability, environmental impact, and social responsibility matters, aligning with global ESG standards and initiatives.

The notable achievements of SECs are diverse and reflect their multi-faceted role in organisations. They encompass a wide range of areas, including ethics management, BBBEE and employment equity, ESG, stakeholder relations, committee establishment, compliance, employee well-being, transformation, and the reduction of fraud and ethics incidents. These achievements highlight the proactive and impactful contributions of SECs to ethical governance and corporate social responsibility within their organisations.

5.2 Mandate challenges faced by SECs

A total of 41 discrete response units were obtained from the 55 SEC chairpersons who completed the survey. These response units were integrated into nine (9) recurring themes. The relative importance of these themes can be viewed below on a 10-point scale. Each chairperson was asked to indicate the primary challenges faced regarding the SEC's mandate.

	Theme descriptor	1	2	3	4	5	6	7	8	9	10
1	**Lack of understanding of SEC role**	●	●	●	●	●	●	●	●	●	●
	One of the primary challenges is the lack of understanding of the committee's role, which can hinder effective decision-making and action. The committee also faces a challenge related to the expertise and knowledge gap of SEC issues among its members.										
2	**Time and resource constraints**	●	●	●	●	●	●	○	○	○	○
	Limited resources to attend to reporting requirements in various departments can hinder the committee's ability to effectively fulfil its responsibilities. Moreover, deliberations within the SEC are noted as sometimes being too long due to complex agenda items.										
3	**Lack of buy-in**	●	●	●	●	○	○	○	○	○	○
	Gaining buy-in from both the board and internal stakeholders is challenging, with some perceiving the SEC as a compliance requirement rather than a value-added function. There may also be resistance from management to implement SEC recommendations, potentially hindering the committee's influence.										
4	**Environmental concerns**	●	●	●	●	○	○	○	○	○	○
	Addressing environmental, health, and pollution mitigants may be limited, posing challenges in meeting broader social responsibility goals.										
5	**Diversity and inclusion**	●	●	●	○	○	○	○	○	○	○
	Ensuring diversity in the organisation is mentioned as a challenge, suggesting the need for more inclusive practices.										
6	**Overlap with other committees**	●	●	○	○	○	○	○	○	○	○
	The committee may encounter difficulties due to overlap in functions (e.g., human capital issues), possibly leading to confusion and inefficiencies.										
7	**Focus on safety**	●	○	○	○	○	○	○	○	○	○
	Ensuring a focused approach to safety management to assist in minimising injury on duty.										
8	**Black economic empowerment**	●	○	○	○	○	○	○	○	○	○
	Achieving black economic empowerment was mentioned to be challenging for organisations with few shareholders.										
9	**Whistleblower policy**	●	○	○	○	○	○	○	○	○	○
	Improving the whistleblower policy is a challenge, which is likely related to fostering an environment where individuals feel safe reporting misconduct.										

The most commonly cited challenge is a lack of understanding of the role and responsibilities of SECs. This indicates that some organisations may struggle with defining and communicating the specific functions and objectives of their SECs, which could hinder their effectiveness. SECs face challenges related to limited time and resources. This suggests that some SECs may not have adequate resources or the necessary time to fulfil their mandates effectively, potentially impacting their ability to address ethical and social issues comprehensively. Some SECs encounter challenges related to a lack of buy-in from key stakeholders within the organisation. This can make it difficult to garner support for their initiatives and recommendations.

The challenges faced by SECs are multifaceted and reflect the evolving landscape of corporate governance. These challenges range from organisational and resource-related issues to broader concerns such as environmental sustainability, safety, diversity, and inclusion. Addressing these challenges requires effective communication, coordination, and a proactive approach to fulfilling the SEC's mandate within organisations.

5.3 Aspects not currently covered effectively by SECs

A total of 11 discrete response units were obtained from the 55 SEC chairpersons who completed the survey. These response units were integrated into ten (10) recurring themes. The relative importance of these themes can be viewed below on a 10-point scale. Each chairperson was asked to indicate any matters that are not currently within the mandate of the SEC that should be added.

	Theme descriptor	1	2	3	4	5	6	7	8	9	10
1	**ESG matters**	●	●	●	●	●	●	●	●	●	●
2	**Ethical implications of artificial intelligence**	●	●	●	●	●	○	○	○	○	○
3	**Stakeholder relations**	●	●	●	○	○	○	○	○	○	○
4	**Anti-bribery and anti-corruption**	●	●	○	○	○	○	○	○	○	○
5	**Supporting anti-corruption organisations**	●	●	○	○	○	○	○	○	○	○
6	**Diversity, equity, and inclusion**	●	●	○	○	○	○	○	○	○	○
7	**Regulatory compliance**	●	●	○	○	○	○	○	○	○	○
8	**Whistleblower protection**	●	●	○	○	○	○	○	○	○	○

The results provide insights into the areas that some Social and Ethics Committees Chairpersons believe should be covered more within their mandate.

- **ESG (Environmental, Social, and Governance) Matters**: A significant number of SECs indicated a desire to broaden their mandate to cover ESG matters. This reflects a growing emphasis on sustainability and responsible business practices.
- **Ethical Implications of Artificial Intelligence (AI)**: Some SECs expressed a need to address the ethical implications of artificial intelligence. This suggests recognition of the importance of addressing AI-related ethical concerns and ensuring responsible AI use within organisations.
- **Stakeholder Relations**: Stakeholder relations were highlighted as an area where SECs believe their mandate should expand. Effective stakeholder engagement is crucial for responsible corporate citizenship.
- **Anti-Bribery and Anti-Corruption**: A desire to focus more on anti-bribery and anti-corruption efforts was noted. This aligns with the commitment to maintaining high ethical standards and compliance with anti-corruption regulations.

- **Supporting Anti-Corruption Organisations**: Some SECs expressed a need to support anti-corruption organisations, suggesting a proactive and collective action approach to combating corruption and promoting ethical conduct.
- **Diversity, Equity, and Inclusion**: A desire to include diversity, equity, and inclusion matters within the SEC's mandate reflects a commitment to fostering diverse and inclusive workplace environments.
- **Regulatory Compliance**: A few SECs suggested that regulatory compliance should be a more prominent aspect of their mandate. This indicates a recognition of the importance of adhering to regulations and standards.
- **Whistleblower Protection**: Whistleblower protection was also mentioned as an area that should be covered more within the SEC's mandate, emphasising the need to safeguard those who report unethical behaviour.

In summary, the areas that SECs believe should be more comprehensively covered within their mandate are diverse and reflect the evolving landscape of corporate governance. These include a focus on ESG matters, addressing AI-related ethical concerns, strengthening stakeholder relations, combating bribery and corruption, promoting diversity and inclusion, ensuring regulatory compliance, and enhancing whistleblower protection. Expanding the SEC's mandate in these areas reflects a commitment to ethical governance, sustainability, and social responsibility.

SECTION 6: CONCLUSIONS

The data from the 2023 SEC Trends Survey reveals a dynamic landscape of governance and ethics within organisations. There is a notable shift towards proactive business ethics reasons for establishing SECs, reflecting a growing commitment to ethical governance. However, these committees face challenges, including role clarity, resource constraints, and issues related to diversity, environmental concerns, and overlaps with other committees.

SECs have made significant achievements in ethics management, employment equity, ESG initiatives, and stakeholder relations, among other areas. Organisations generally find guidance from the Companies Act and the King IV report to be adequate. The SEC's importance remains consistent, but perceptions of its effectiveness and value-added fluctuated slightly.

The extensive overlap with other committees underscores the need for coordination and collaboration within organisations to address ethical and social governance comprehensively.

SECs are also looking to expand their mandates to include emerging areas like ESG, AI ethics, and diversity and inclusion, reflecting the evolving landscape of corporate governance.

Overall, the data indicates a commitment to ethical governance and social responsibility, as well as a recognition of the evolving challenges and opportunities that SECs face in their critical role within organisations. The results provide valuable insights for organisations seeking to enhance their ethical and social governance practices.

Notes

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