



Guidance for Social and Ethics Committees

SOCIAL AND ETHICS COMMITTEE TRENDS SURVEY REPORT 2024

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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 is endorsed by The Ethics Institute ("TEI"). The activities of the Forum have a specific focus on the governance, accountability, role and duties of Social and Ethics Committee members.

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EXECUTIVE SUMMARY

The 2024 Social and Ethics Committee (SEC) Trends Survey (“2024 Survey”), marks the fifth annual survey of SECs in South African organisations.

Key Findings of the 2024 Survey¹

1. Diversity in SEC Composition:

- **Gender and Ethnic Representation:** SECs achieved a notable milestone with female members representing 55% of total SEC membership, surpassing male representation for the first time in this Survey’s results. Ethnic diversity saw minor shifts, with black (African) professionals making up the largest segment.
- **Professional Expertise:** SECs remain largely composed of members who have business-related experience, however, there is a slight increase in social sciences representation, indicating a broader governance approach to social issues.

2. SEC Structure and Responsibilities:

- **Committee Structure:** Most SECs function as a standalone committee (82%), reflecting the organisations’ commitment to focused social and ethics governance.
- **Overlap with Other Committees:** While significant overlap remains, particularly with the Audit and Risk Committee and Human Resources Committee, there was a decrease in perceived overlap, suggesting efforts to delineate governance roles more clearly.
- **Time Investment:** Core focus areas include organisational ethics, fraud prevention, Broad-Based Black Economic Empowerment (BBBEE), employee health and safety, and employment equity, aligning with South Africa’s regulatory landscape and social priorities. However, emerging issues such as Artificial Intelligence (AI) and climate change received less attention, indicating a possible gap in SEC agendas regarding these global risks.

3. Impact of Regulatory Frameworks:

- **Guidance and Effectiveness:** Respondents reported increased confidence in the Companies Act of 71 of 2008 (Companies Act) and King IV Report on Corporate Governance® for South Africa 2016 (King IV Report®) recommendations. The IoDSA’s SEC Forum resources (i.e. papers and webinars) were considered valuable by 76% of participants. Perceptions of SEC effectiveness have continued to rise, reflecting stronger alignment with good governance standards.

Looking Forward

The 2024 Survey results identified the following areas of focus which are necessary for SEC advancement and to ensure continued relevance and effectiveness in an evolving corporate environment:

- **Expanded Focus on Emerging Risks:** Implications of AI and climate change are critical governance issues, yet they remain underrepresented on SEC agendas. To meet current and future challenges, SECs will need to integrate these areas within their mandates.
- **Enhanced Education and Resources:** As SECs face growing responsibilities, particularly in Environment, Social and Governance (ESG) matters, dedication to continued professional development is essential for SEC members. Organisations should prioritise capacity building within the organisation to support the SEC with implementation and reporting.

¹ These results are solely based off the 139 respondents/SEC Chairs that participated in the 2024 Survey.

INTRODUCTION

The 2024 Survey aims to collect data on the characteristics, effectiveness, and impact of SECs operating across South Africa. Building on the 2023 survey, this edition allows for the continued analysis of key trends, including governance structures, diversity and the evolving role of SECs.

The survey results provide valuable insights into how SECs are adapting to the changing corporate governance landscape, with particular attention to gender and ethnic diversity, professional expertise, and how SECs interact with other governance bodies. It is also the first time that a trend baseline was introduced for ease of comparison, rather than keeping the details of each of the preceding survey years. Furthermore, it explores new questions on SEC responsibilities, overlap with other board committees, and the SEC’s involvement in ESG monitoring and reporting.

Number of Respondents (SEC Chairs) 139	Organisation size				
	SME (5-199 employees) 34%	Mid-sized (200-100 employees) 30%	Large (1000 or more employees) 36%		
Sector Representation					
Public 5%	SOC 24%	Private 23%	Listed Entity 20%	SMEs 11%	NGO/NPO 19%
Industry Representation					
Services 23%	Banking, Finance & Insurance 13%	Agriculture, Forestry & Fishing 12%	Mining, Energy, Oil & Chemical 10%	Logistics 10%	Manufacturing 8%
Tourism and Hospitality 7%	Health/ Pharmaceutical 7%	Technology 4%	Education & Training 4%	Wholesale and Retail 2%	Public Administration 2%
		Data & Security 1%	Construction 0%		

2024 SEC Sample Size Data ²

² Percentage figures in this diagram as well as throughout the Report have been rounded off to the nearest whole number, as such some graphs may add up to more than 100%.

The 2024 sample data (as depicted in the image above) in comparison to 2023 indicates:

- An increase in large organisation participation by 8% and a decrease in both SME (4%) and mid-sized organisations (5%) participation.
- Participation by SECs in public and large private organisations remained the same; whilst those from SME (7%), NPO (2%) and listed entity (5%) sectors decreased, with a notable increase (6%) in participation of SECs operating in the SOC sector.
- A decline in participation between 2-5% in the following industries: Defence and Security, Public Administration, Wholesale and Retail, Education and Training, Technology, Health/Pharmaceutical, Manufacturing, Banking, Finance and/or Insurance. With Construction now unrepresented. Whereas sectors such as Tourism and Hospitality, Logistics, Agriculture, Forestry and Fishing and Services had increased representation from 4 to 10%. Services showed the most significant growth of 10%.

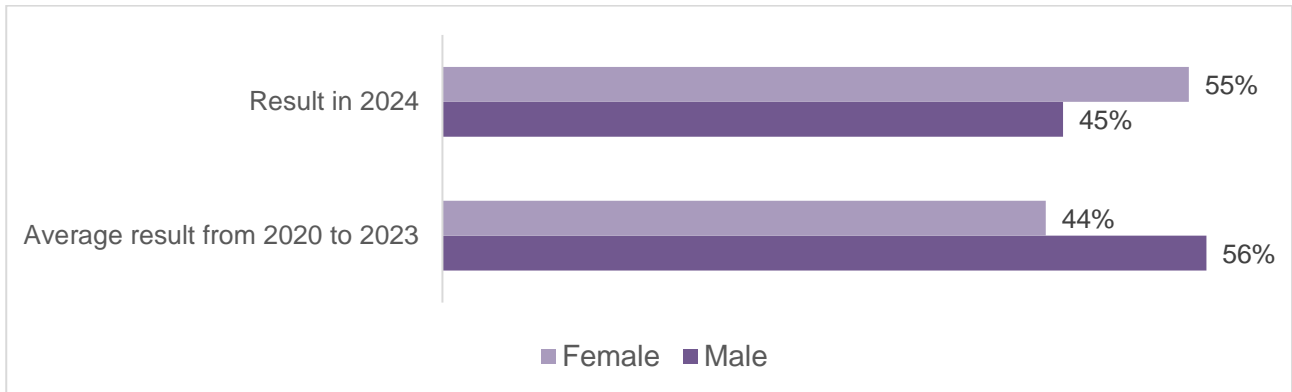
This report is structured into four sections:

1. **Biographic Characteristics of the SEC:** Focuses on gender and ethnic diversity, as well as the professional disciplines represented on SECs.
2. **Structural Characteristics of the SEC:** Explores how SECs are structured, whether they are standalone committees, the primary reasons for their establishment, composition and frequency of meetings among other areas.
3. **SEC Oversight and Reporting:** Analyses the areas where SECs spend most and least of their time, oversight and reporting statistics on various areas as well as perception on the effectiveness of the SEC.
4. **SEC Achievements and Challenges:** Highlights the areas which SECs felt they are excelling, experiencing challenges and not covering adequately.

As with previous iterations, this survey allows for the tracking of major trends while offering valuable data points for understanding the evolving role of SECs in South African corporate governance. It also highlights areas for improvement and further research, ensuring that the SEC remains an effective body for promoting ethics and social responsibility in organisations.

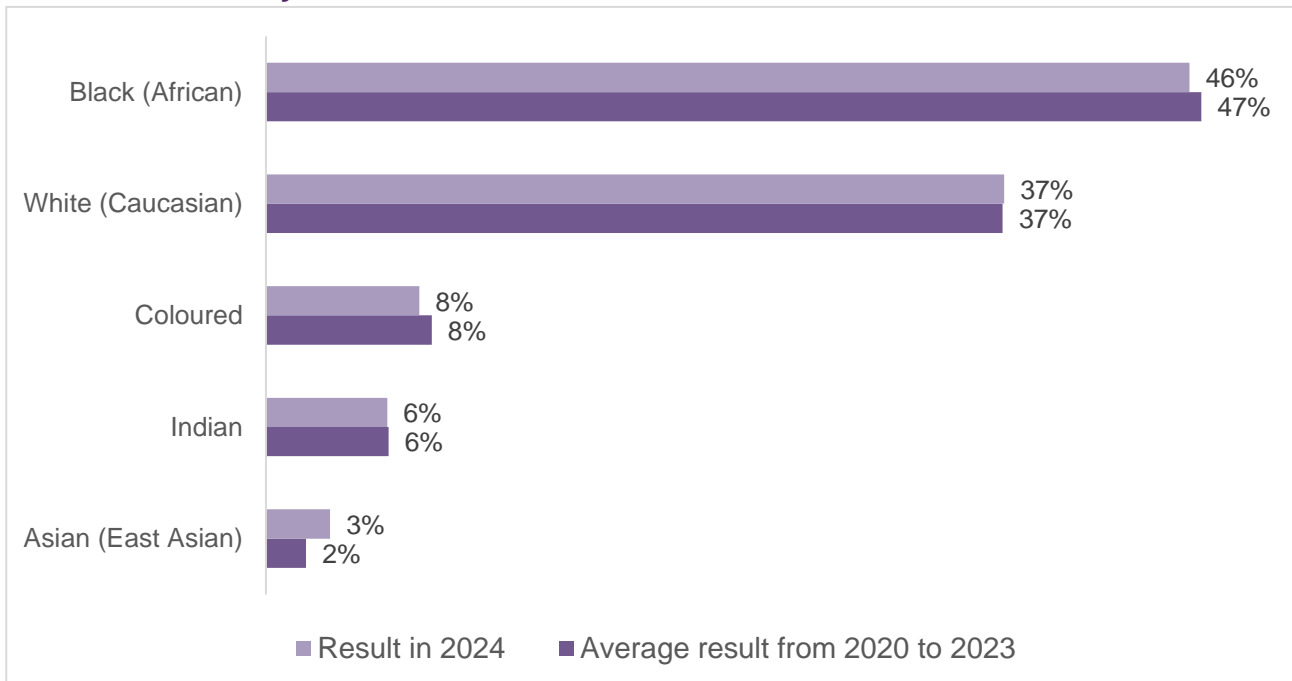
SECTION 1: BIOGRAPHIC CHARACTERISTICS OF THE SEC

1.1 Gender diversity



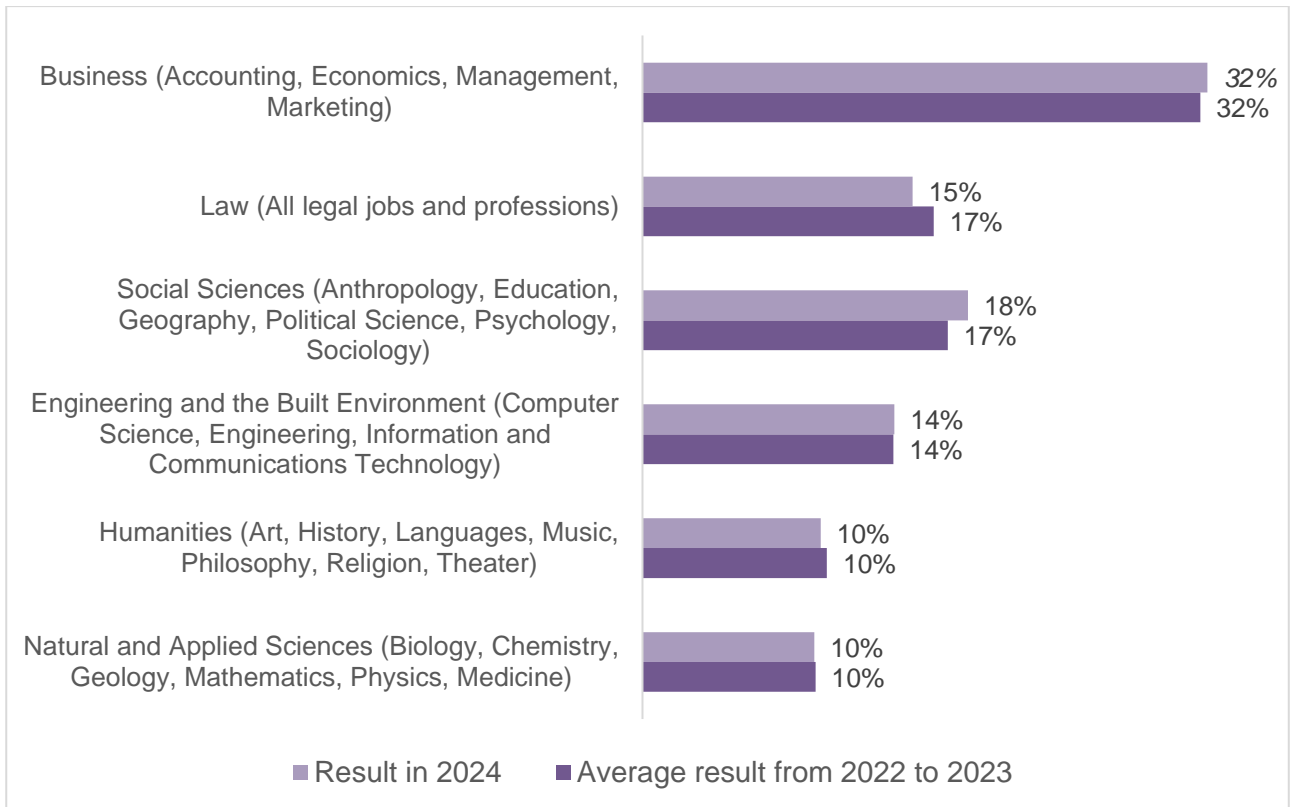
The data from SECs participating in the Survey since 2020 shows a significant shift in gender representation, with SEC Chairs who participated in 2024 indicating that they have more female than male members on the committee. This data reflects a shift towards gender balance in SEC composition.

1.2 Ethnic diversity



Overall, the data shows that the ethnic diversity of the SECs participating in the Survey over the years has remained relatively the same.

1.3 Field of expertise/discipline of SEC members

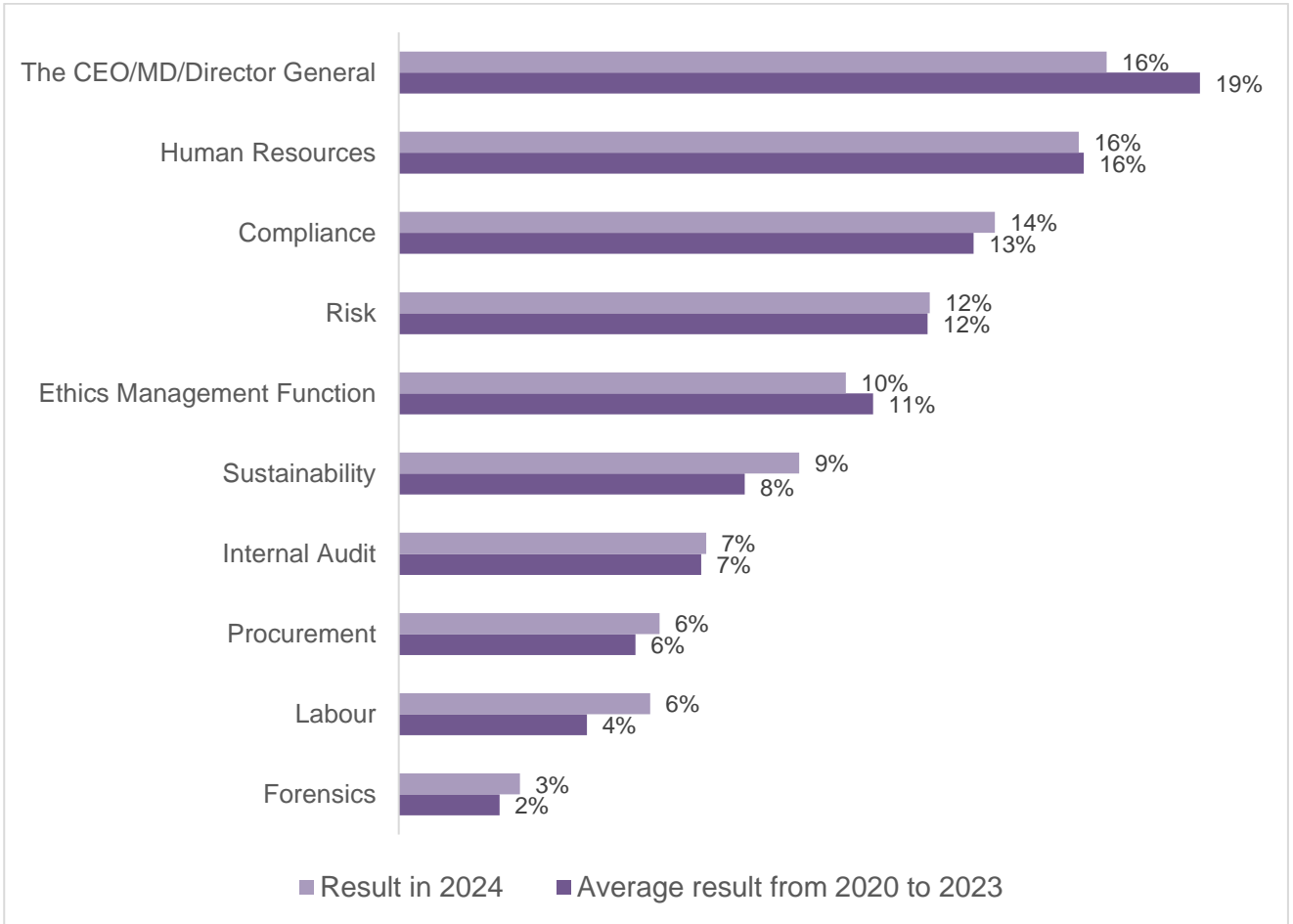


Overall, the data reveals consistent trends in most fields, with minor fluctuations. Social sciences had a small rise and Law had a slight decline. Business-related expertise remains the dominant discipline among SEC members.

4.2 Operational departments/divisions that attend SEC meetings

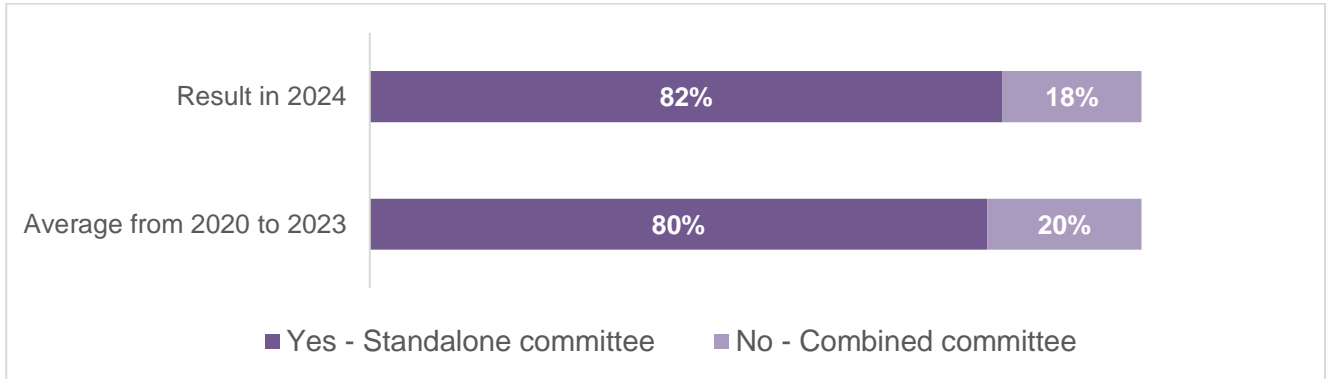
The graph below provides an overview of the various departments or divisions that attend SEC meetings.

Trends from previous years to 2024 remain relatively similar, with the biggest shift relating to the attendance by the CEO/MD/Director General which decreased by 3%. There were minor increases (1%) in areas like Forensics, Labour, and Sustainability, while Ethics Management showed a slight decline (1%).



SECTION 2: STRUCTURAL CHARACTERISTICS OF THE SEC

2.1 Standalone or combined committee



Survey Question: Is the SEC a standalone committee or is it combined with another committee?

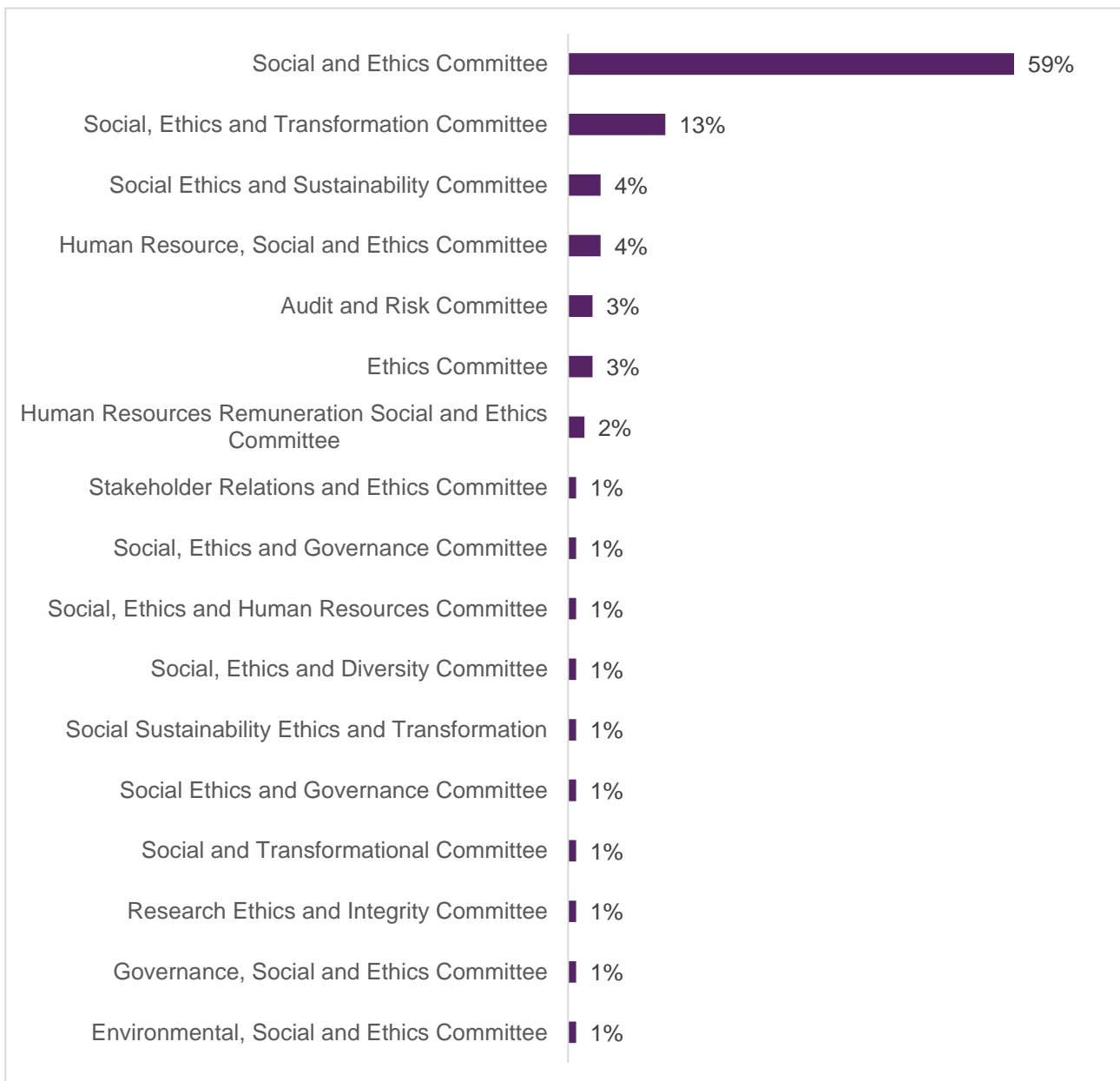
In 2024, **82%** of SEC Chairs that participated in the Survey indicated that they had a standalone social and ethics committee, a slight increase from previous years. With the remaining SEC Chairs indicating that they had combined committees.

2.2 Naming Convention

The diversity in committee names (as depicted in the graph below) reflects both the varied scope of responsibilities and the focus areas prioritised by organisations.

- The **Social and Ethics Committee** remains the most common naming convention, used by **59%** of respondents. This indicates that a majority of organisations are aligned with the statutory structure and mandate as defined by the Companies Act and Companies Regulations.
- The **Social, Ethics and Transformation Committee** is the second most common name, used by **13%** of respondents. This name highlights a focus not only on social and ethics governance but also on transformation, which is a key consideration in the South African socio-economic context, where transformation refers to racial, gender, and economic inclusivity.
- Committees such as the **Social Ethics and Sustainability Committee** and the **Human Resource, Social and Ethics Committee**, each used by **4%** of respondents, show a growing trend of integrating sustainability and human resource oversight within the remit of Social and Ethics Committees. This trend likely reflects the increasing importance of ESG factors in corporate strategy and the need to oversee employee-related ethical issues.

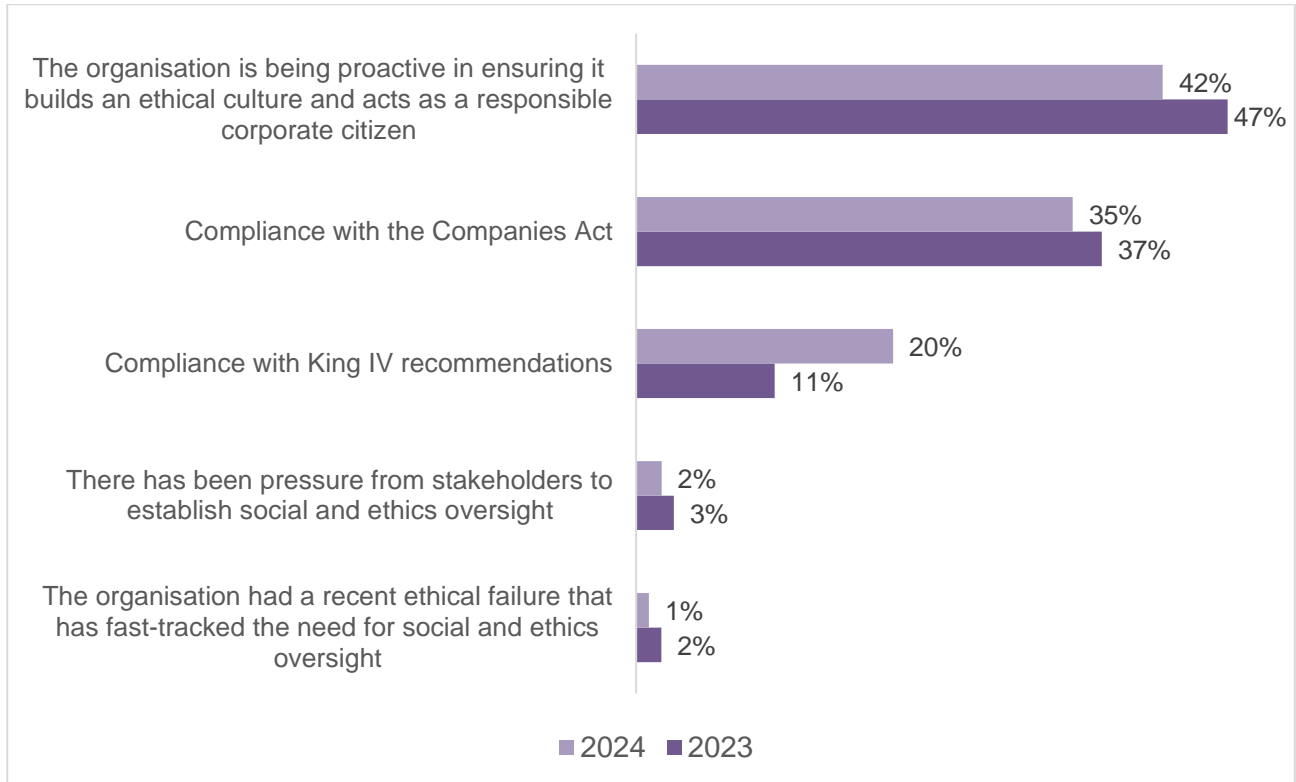
- The presence of **Audit and Risk Committees** (3%) and standalone **Ethics Committees** (3%) tasked with handling social and ethical matters suggests that in some organisations, SEC responsibilities are integrated with or managed alongside financial and risk oversight or separated entirely into a standalone ethics committee.
- A number of other naming conventions, each representing 1% to 2% of respondents, point to a variety of committee names with specific focuses, including **Diversity, Governance, Human Resources**, and **Stakeholder Relations**.



This diversity in committee naming and structuring suggests that while the majority of organisations have the conventional "Social and Ethics Committee," others are adapting their SECs to meet the specific

needs and focus areas of their business environments, particularly in relation to transformation, sustainability, and stakeholder management.

2.3 Reasons for establishment

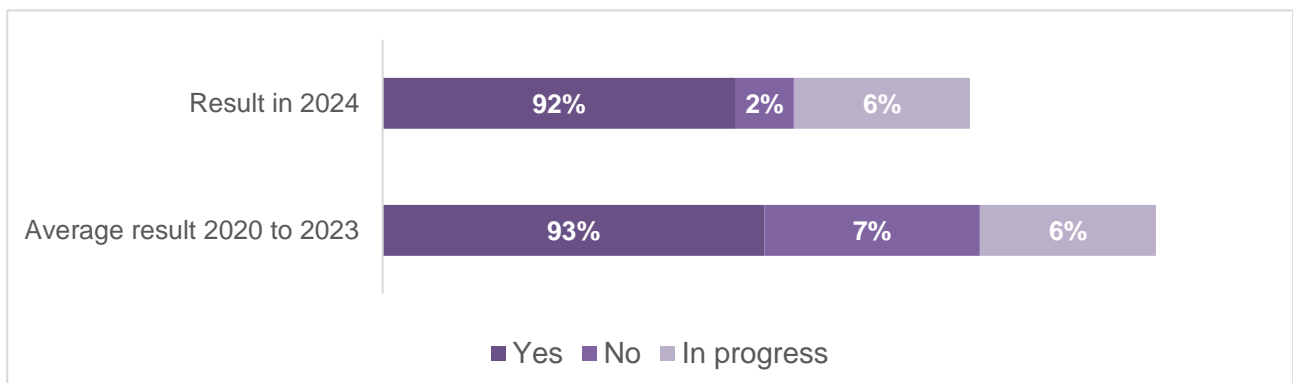


There are several key motivations driving organisations to establish SECs. The data collected from respondents in the last two years, show:

- The primary reason for establishing an SEC continues to be a **proactive approach to building an ethical culture and acting as a responsible corporate citizen**, with 42% of respondents citing this as their motivation, compared to 47% in 2023. This result, despite the slight decrease demonstrates that organisations are recognising the strategic value of embedding ethics and social responsibility in their corporate identity and long-term sustainability goals.
- **Compliance with the Companies Act** remains a significant driver, with 35% of respondents in 2024 indicating this as a reason for establishing an SEC, down slightly from 37% in 2023. This reflects the ongoing importance of regulatory compliance, though it appears from the data that more organisations are moving beyond mere legal obligations.
- **Compliance with King IV recommendations** saw a notable increase as a reason for establishing SECs, rising from 11% in 2023 to 20% in 2024. This uptick underscores the growing influence of corporate governance frameworks like King IV.
- **Pressure from stakeholders** remains a relatively minor factor, with 2% of organisations citing this as a reason in 2024, down from 3% in 2023.

- Finally, the **need for social and ethics oversight due to recent ethical failures** remains a rare motivation, with 1% of organisations indicating this in 2024, compared to 2% in 2023. While ethical failures can prompt organisations to formalise SECs, this data suggests that most organisations are establishing these committees proactively, rather than reactively in response to crises.

2.4 Approved Terms of Reference



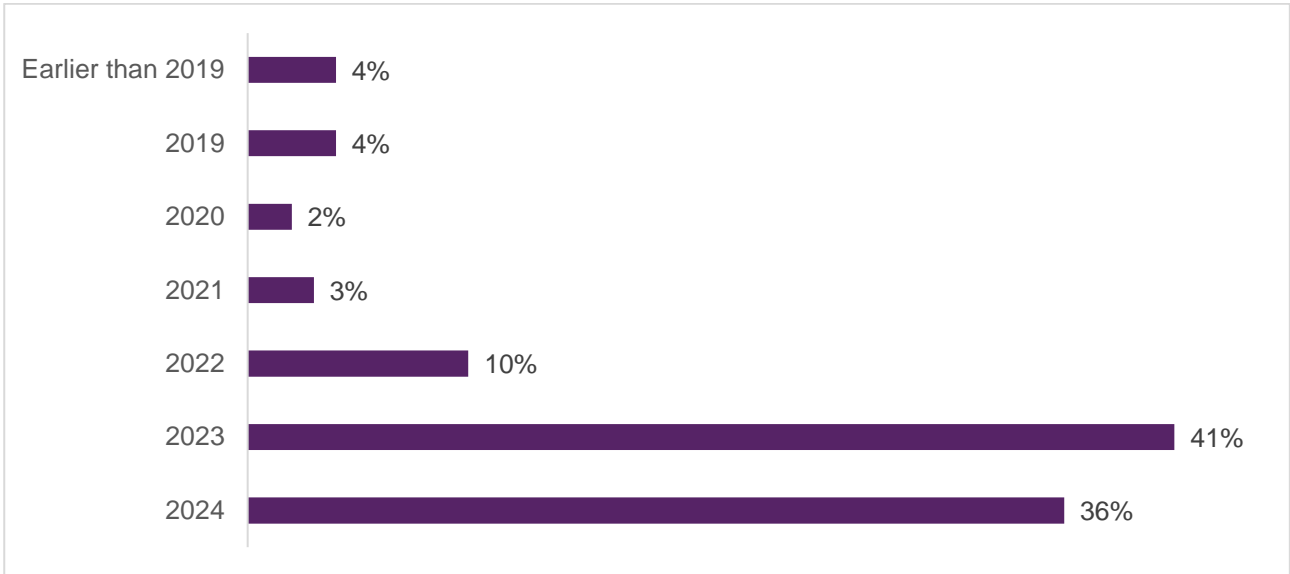
Survey Question: Does the SEC have an approved terms of reference?

92% of SEC Chairs who participated indicated that they have an approved terms of reference (ToR), similar to the previous years. Of concern, is that there remains a small percentage of respondents who do not have an approved ToR for their SEC. It is a recommended governance practice to have a terms of reference for each board committee.

2.5 Terms of Reference review frequency

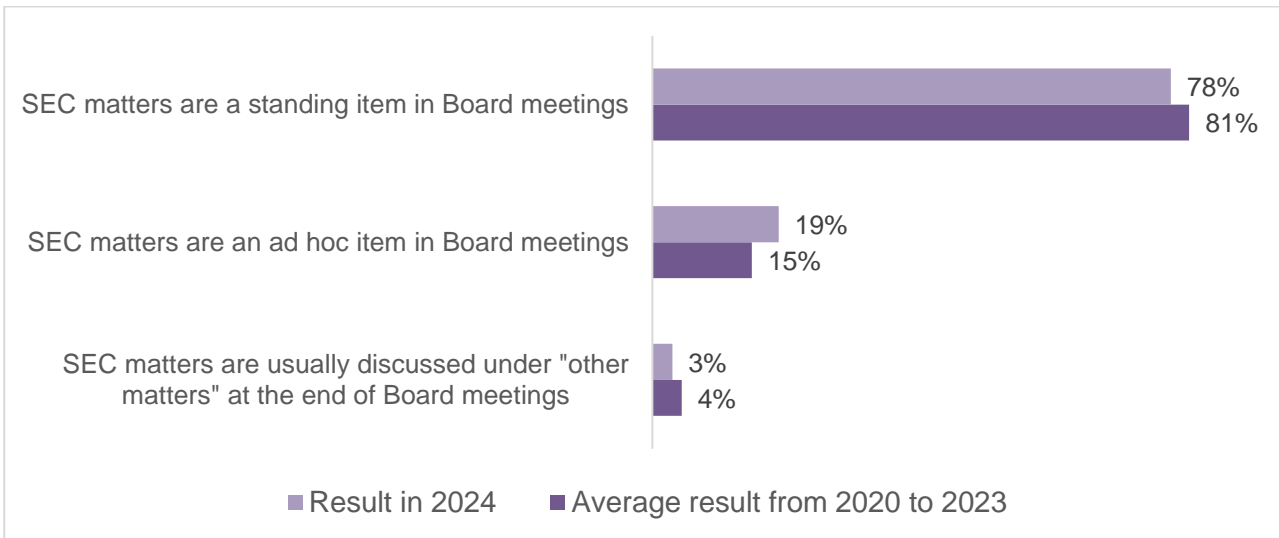
The below graph represents the timeline for when the SEC ToR was last reviewed by respondents. The data indicates that:

- A majority of SEC Chairs have reviewed their ToR either this year or last year, indicating that their ToR is likely either reviewed annually or periodically. This implies that several SECs are keeping their governance documents up to date and following best practice.
- There is however a small percentage of respondents who have not reviewed their ToR in the last two years. The review of these ToRs is overdue and should be placed on the agenda for 2025.



It is important for committees to regularly review their ToR to ensure it is updated to align with current organisational practices, good governance practices and regulatory requirements.

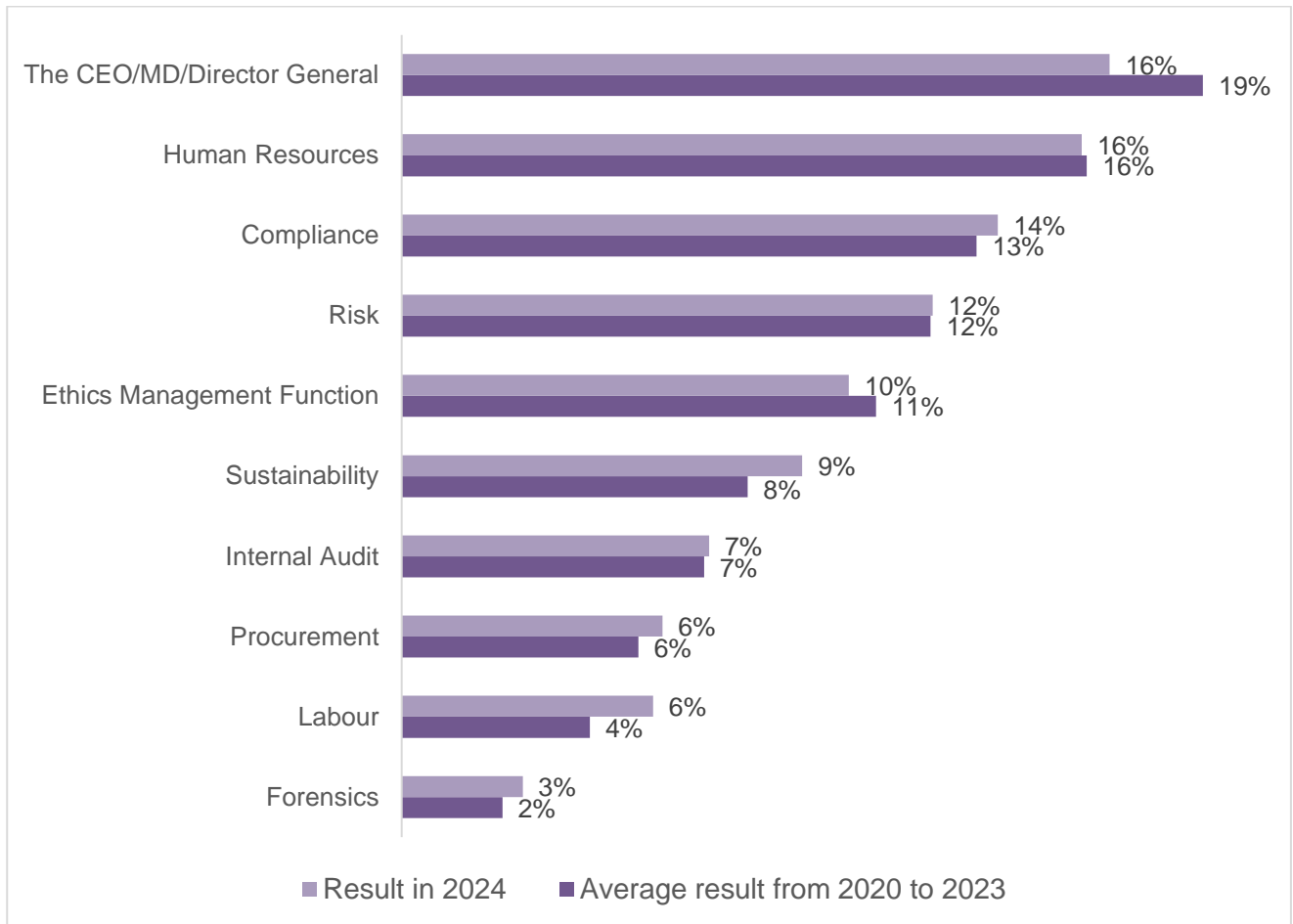
2.6 Board oversight of SEC matters



Albeit a slight shift in percentages (when compared to previous years), the majority of respondents indicated that SEC matters are a standing agenda item at their Board meetings, indicating that Boards are placing importance on SEC matters. There, however, remains a percentage of organisations where SEC matters are dealt with on an ad hoc basis or raised under “other” at Board meetings, which is an area of concern as to the treatment of such matters by the Board.

2.7 Operational departments/divisions that attend SEC meetings

The graph below provides an overview of the various departments or divisions that attend SEC meetings.



Trends from previous years to 2024 remain relatively similar, with the biggest shift relating to the attendance by the CEO/MD/Director General, which decreased by 3%. There were minor increases (1%) in areas like Forensics, Labour, and Sustainability, while Ethics Management showed a slight decline (1%).

2.8 SEC composition and meeting statistics

This section considers the internal makeup of the SECs that responded to this year's survey.

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 centremost 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.

	Average	Median
Number of SEC members	5	5
Number SEC members that are Non-Executive Directors?	3	3
Number of invitees who attend SEC meetings (non-members)	5	3
Number of SEC meetings per year (12 months)	3	4

- SEC membership remained consistent, with an average of 5 members.
- Non-executive Directors on the SEC also remained consistent, with 3 members on average.
- Invitees (non-members) attending SEC meetings were on average 5, compared to 3 invitees as the median.
- Number of SEC meetings per year are 3 on average, with a median of 4 meetings per year

SECTION 3: SEC OVERSIGHT AND REPORTING

3.1. Focus areas on which the SEC spends most of its time

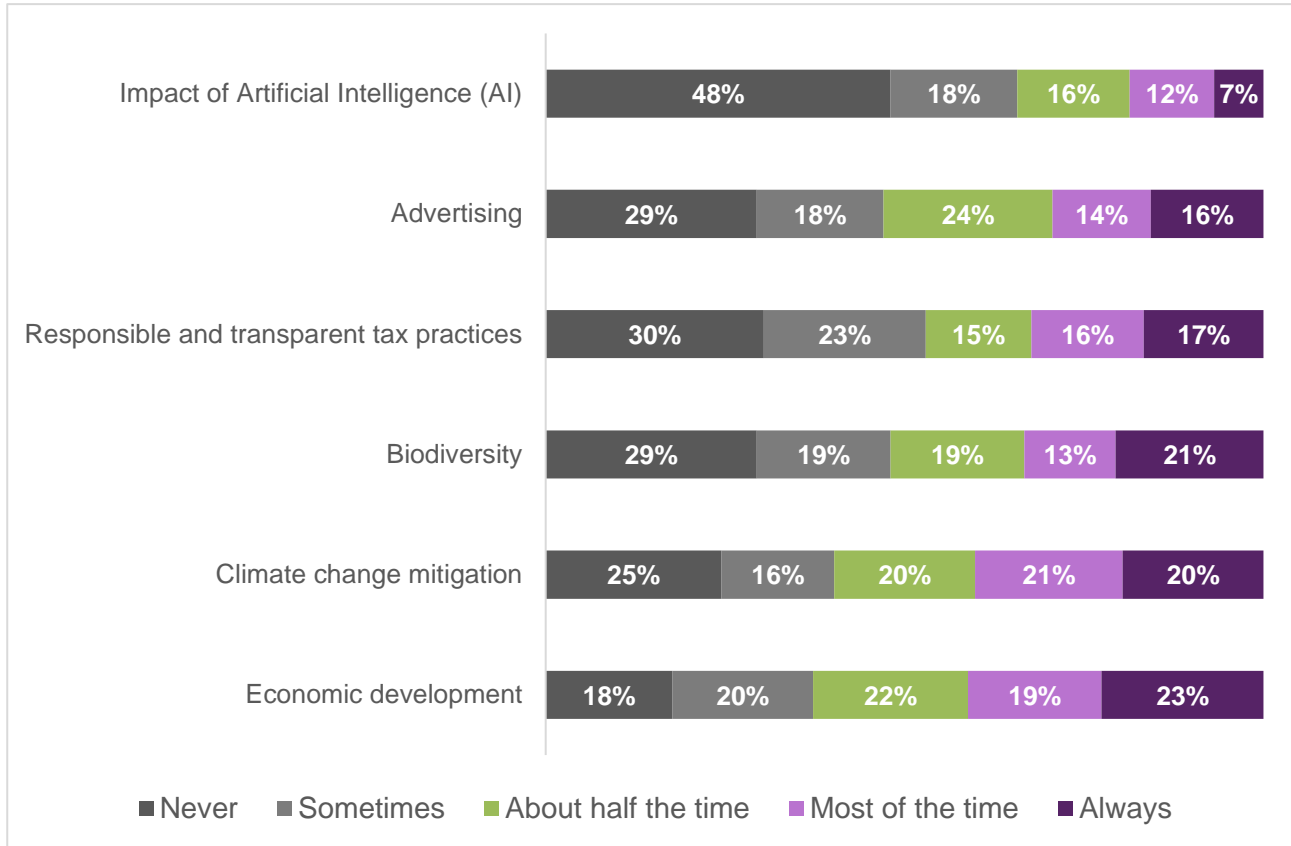


For the purpose of this analysis, commitment scores were calculated by combining the categories “most of the time” and “always”, which best reflect the time spent by SECs in each area at meetings.

SEC Chairs have indicated that their SECs spend most of their time on Organisational ethics (78%), closely followed by Fraud and corruption prevention (73%) and Employment equity (73%). The graph above depicts the governance areas in the order of the most amount of time spent.

Compared to the previous year’s results, there is a general consistency in focus areas, with slight increases in attention towards BBBEE, employee relations, and employment equity. Attention to environmental impact has significantly decreased in respect to this year's participating SECs.

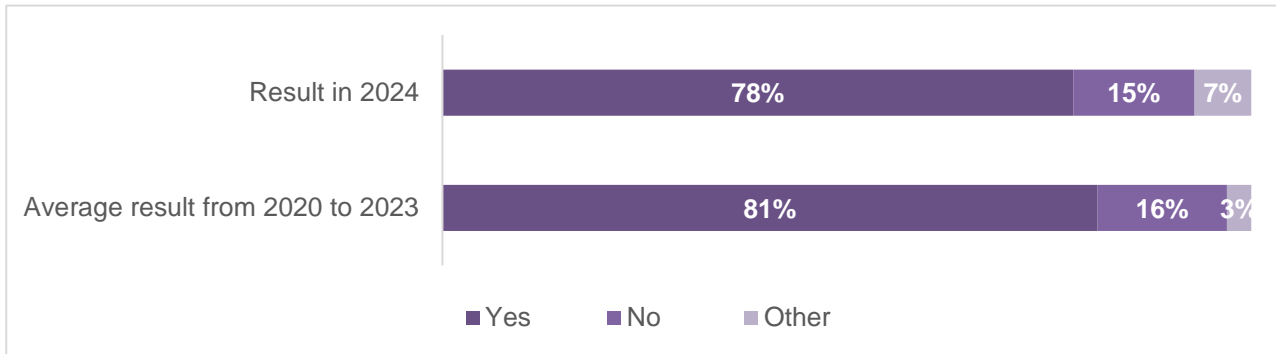
3.2. Focus areas on which the SEC spends the least of its time



In 2024, SEC Chairs indicated that their SECs allocated the least amount of time to several key areas (as depicted in the graph above), with the highest percentage of "never" responses recorded for Impact of Artificial Intelligence (AI). 48% of SECs surveyed reported never addressing AI, indicating that, despite its growing relevance, AI has not yet become a focus. This could be due to AI ethics being a relatively new area and in addition is not a statutory mandate for SECs.

From an environmental perspective, the data indicates that areas such as climate change and biodiversity remain low on SEC agendas and/or time allocated at meetings despite the increased local and global focus on such areas. These results may be due to the type of organisations who participated in the survey and who may either not be impacted by these areas or may be in the early stages of understanding the impact on their business and monitoring thereof.

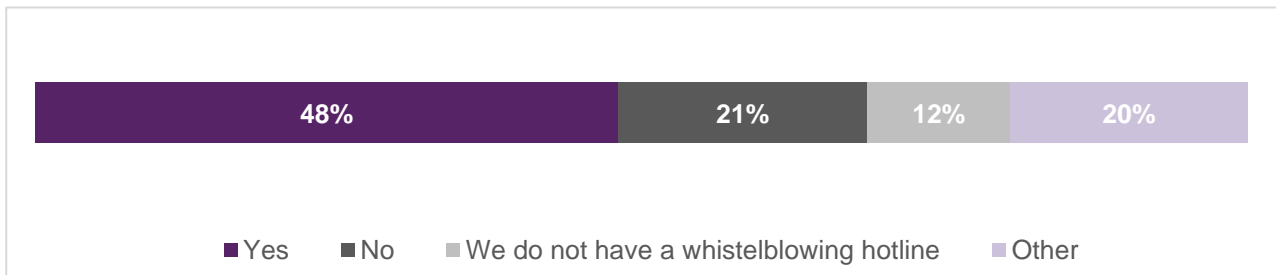
3.3 Organisational ethics management reporting



Survey Question: Are reports on organisational ethics management submitted to the SEC?

In 2024, 78% of respondents indicated that their SECs received reports on ethics management, slightly down from the 81% average trend observed between 2020 and 2023. 15% did not receive reports, which is consistent with the previous average of 16%, while the 'Other' category had increased from 3% to 7%.

3.4 Whistleblowing reports



Survey Question: Do whistleblowing reports go to both the SEC Chair and CEO?

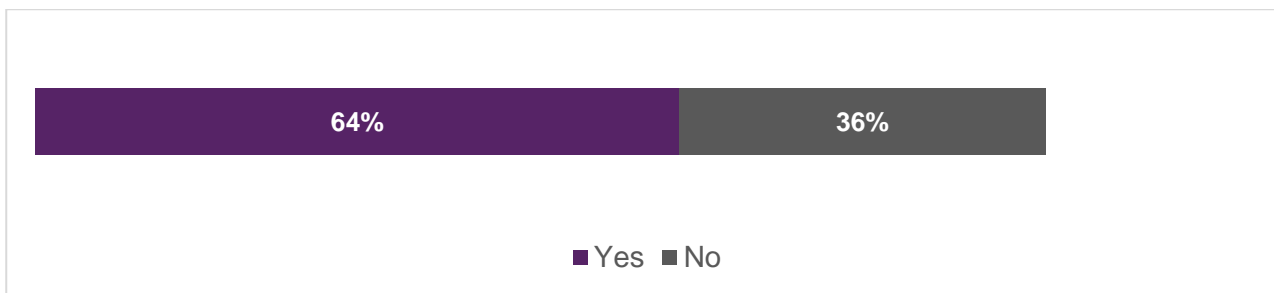
This is the first year this question has been asked, as such there is no comparative data from previous years. From the responses received:

- 48% of respondents indicated that both the SEC Chair and CEO receive whistleblowing reports. This suggests that nearly half of the surveyed SECs have integrated their whistleblowing systems within their SECs, ensuring that ethical concerns raised by employees and other stakeholders can be used to assist the SEC in its monitoring and oversight role.
- From the respondents who selected No and Other, the limited data received suggests that whilst the reports may not go to both the SEC Chair and CEO, they may go to either one or the other, and in some cases, may also go to other board committees like the Audit and Risk Committee.
- 12% of respondents reported that their organisation does not have a whistleblowing hotline. This may highlight a gap in some organisations' ethics governance frameworks, as whistleblowing

hotlines are often considered a key tool for identifying and addressing unethical behaviour within an organisation. However, the absence of a whistleblowing hotline does not necessarily indicate that there are no reporting mechanisms in place.

Overall, the data reveals that while a significant portion of SECs provide monitoring and oversight of whistleblowing reports, there is still variation in how organisations monitor whistleblowing reports and who receives such reports. It is worth noting that oversight of whistleblowing reports is not included in the statutory mandate of the SEC, but it is implied in the King IV recommendation that SECs should oversee organisational ethics.

3.5 ESG monitoring and reporting



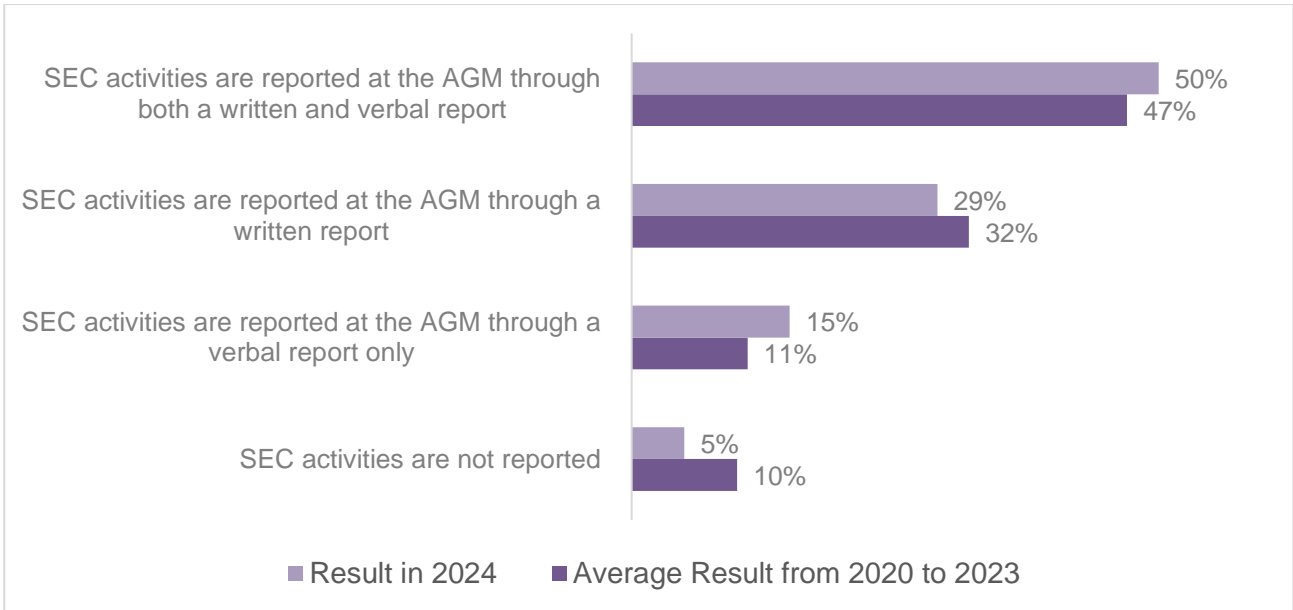
Survey Question: Is your SEC involved in the monitoring and reporting of ESG?

This is the first year this question has been asked, as such there is no comparative data from previous years. From the responses received:

- 64% of respondents indicated that their SECs are involved in monitoring and reporting on ESG. This reflects a possible trend towards integrating ESG matters into the mandate of SECs, suggesting that these committees are becoming central to overseeing environmental, social and governance concerns.
- 36% of respondents reported that their SECs are not involved in ESG monitoring and reporting. This could indicate that in these organisations, ESG matters are handled by other governance structures, such as dedicated sustainability or ESG committees, or by operational teams focused on specific ESG areas.

As sustainability practices and reporting continue to gain prominence, the SECs' oversight over these areas may evolve further in the coming years.

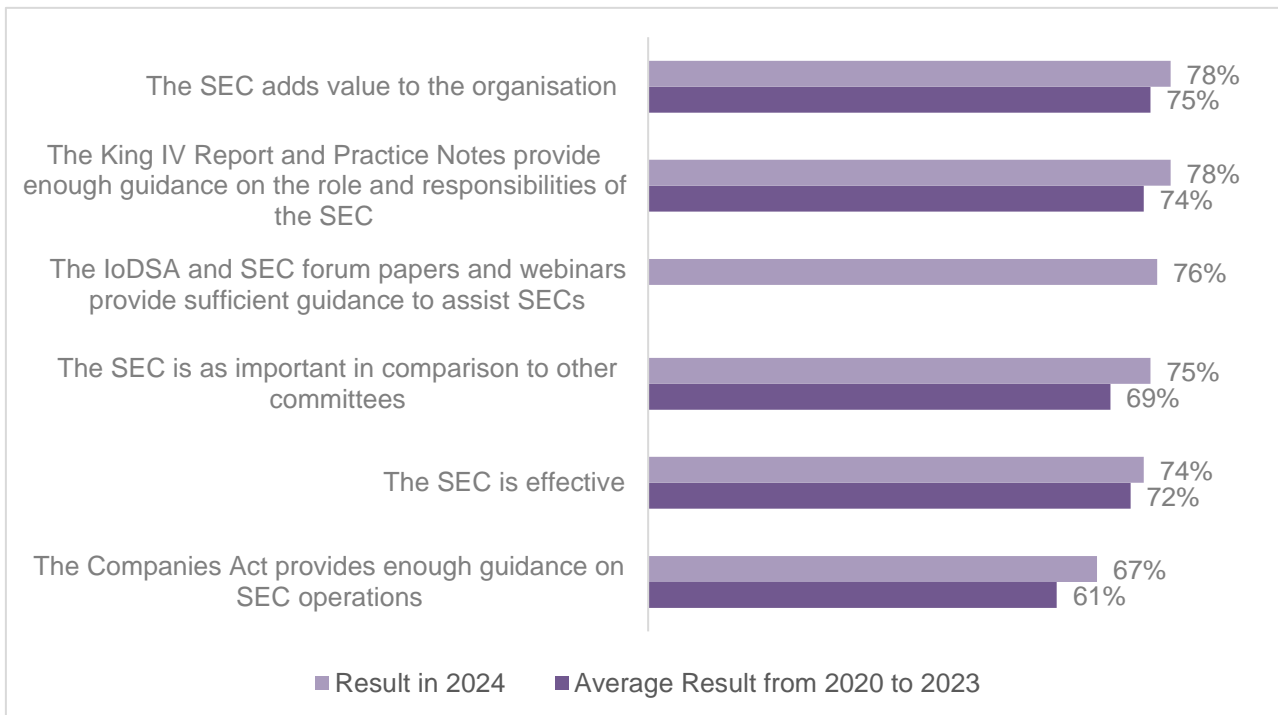
3.6 Reporting of SEC activities at the Annual General Meeting (AGM)



All but 5% of respondents in this year’s survey indicated that SEC activities are reported on at AGMs, with majority providing both a written and verbal report. In comparison to previous survey results, there has been a 5% decrease in SEC activities not being reported.

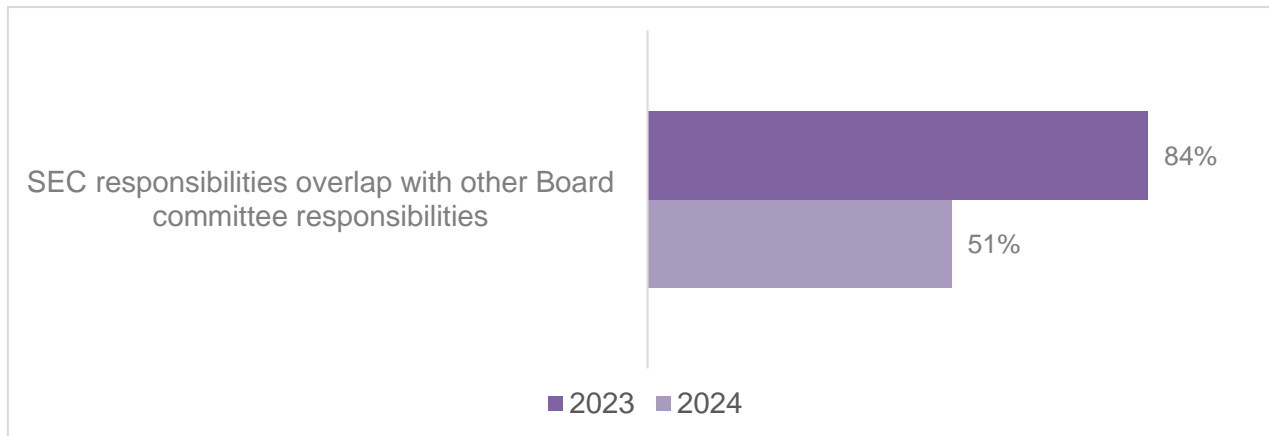
These results reflect a trend towards more formalised reporting of SEC activities at AGMs.

3.7 The impact and mandate of the SEC



All areas saw an increase in responses. 78% of respondents felt that the King IV Report provides enough guidance for SECs and that SECs add value. The majority of respondents felt that the guidance provided by the IoDSA and its Social and Ethics Committee Forum were of value, and that SECs are effective and is just as important compared to other Board committees. Whilst 67% felt that the Companies Act provides enough guidance to SECs.

3.8 Overlap between the SEC and other Board Committees



The newly introduced question in 2023 regarding whether the SEC's responsibilities overlap with other Board committees' responsibilities shows notable differences between 2023 and 2024.

In 2023, 84% of respondents indicated that there was an overlap between the SEC's responsibilities and those of other Board committees. This percentage has considerably dropped in 2024 to 51%. This drop could reflect a reduction in the actual overlap of responsibilities or potentially a difference in the sample between the two years. It can also be linked to the positive finding about role clarification of the SEC reported in Section 5 of this Report, as well as a growing understanding that overlap does not necessarily imply duplication. Whilst the substantial drop is interesting, it's clear that more data will be required to identify whether this is part of a larger trend or simply a year-on-year fluctuation due to sampling variations. What remains evident, however, is that a significant portion of respondents continue to see substantial overlap in the roles and responsibilities of the SEC and other governance committees, even as this perception shifts.

We further asked SECs which Board committee(s) the SEC responsibilities overlap with the most. The data (as depicted in the diagram below) reveals that the most commonly cited committee for overlap is the **Audit and Risk Committee**, with 45% of respondents indicating this. This is followed by the **Human Resources and Remuneration Committee**, cited by 29% of respondents.

The overlap between the SEC and the Audit and Risk Committee, potentially indicates that many of the SEC's responsibilities may align with risk management. Similarly, the overlap with the Human Resources and Remuneration Committee suggests that ethics and social issues intersect closely with HR functions such as employment equity, BBBEE and remuneration.



These initial findings reflect only the first year of data collection, and further data points will be needed to establish long-term trends in perceived overlap across Board committees. What is clear is that there are notable intersections between the SEC’s mandate and several other key governance committees.

SECTION 4: ACHIEVEMENTS, CHALLENGES AND AREAS NOT EFFECTIVELY COVERED

4.1 Achievements by SECs

A total of 90 responses were obtained from the 139 SEC Chairs who completed the survey. These responses were grouped into eight (8) 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	Building an Ethical Culture	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
	There have been significant strides in fostering an ethical culture, including setting up comprehensive ethics policies and enhancing awareness and training across the organisation.										
2	Governance and Role Clarification	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Clear governance structures were established, and roles were clarified within the organisation, ensuring better alignment with its mandate and enhanced effectiveness.										
3	ESG and Sustainability Initiatives	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Key achievements include the integration of ESG considerations into organisational strategies and reporting, with dedicated roles and frameworks established to drive sustainability efforts.										
4	Policy Development and Compliance	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
	A range of policies have been successfully developed and enforced to ensure compliance and ethical behaviour, supporting robust governance and risk management.										
5	Reporting and Accountability	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Reporting mechanisms and accountability were strengthened through comprehensive integrated reports and ongoing monitoring of compliance and strategic goals.										
6	Social Responsibility and Impact	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Notable progress has been made in social responsibility, including initiatives aimed at community development, transformation, and enhancing employee welfare.										
7	Training and Capacity Building	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Significant efforts have been made to build capacity and knowledge within the organisation, ensuring that key personnel are equipped to handle ethical and compliance challenges.										

8	Stakeholder Engagement and Transparency	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	There has been advanced stakeholder engagement and transparency through formalised programs and regular communication, enhancing trust and accountability.										

Overall, the SEC's achievements reflect a strong focus on ethics, sustainability, policy and compliance enhancements and stakeholder engagement, contributing to a well-rounded and effective approach to social and ethical oversight within the organisation.

4.2 Mandate challenges faced by SECs

A total of 82 responses were obtained from the 139 SEC Chairs who completed the survey. These responses were grouped into seven (7) 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 Role Clarity and Understanding of SEC	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
	The SEC struggles with a lack of clear understanding and perception of its role, leading to confusion and overlap with other committees, which undermines its effectiveness and authority.										
2	ESG and Transformation	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	Organisations appear to be grappling with how to implement ESG and transformation goals, particularly in terms of setting measurable targets.										
3	Capacity and Resource Constraints	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
	The SEC faces significant limitations in resources and capacity, including inadequate information, budget constraints, and insufficient expertise, impacting its ability to perform effectively.										
4	Contextual and Regulatory Challenges	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	These challenges suggest that regulatory complexity and lack of contextual understanding are barriers to effective SEC functioning in some sectors.										
5	Insufficient Support and Buy-in	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Inconsistent support and buy-in from management and stakeholders weaken the SEC's influence and ability to enforce its recommendations.										
6	Challenges with Stakeholder Relationships	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	These concerns reflect the ongoing challenge of managing diverse stakeholder expectations within the governance framework.										
7	Lack of Diversity and Representation	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	There is a need for greater diversity within the SEC and the executive levels to enhance decision-making and support a stronger transformation agenda.										

The major themes identified from the data reveal that some SECs face challenges in understanding their roles, addressing ESG and transformation goals, and dealing with capacity and resource constraints.

Additionally, regulatory pressures, contextual differences, and insufficient support and buy-in contribute to the complexities these committees navigate. It is interesting to note that the challenges mentioned by some SECs were noted as achievements by other SECs (as depicted in the section above), which indicates there are various degrees of SEC maturity and experience, and depending on the size of the organisation, industry or sector in which it operates and the experience of board/SEC members SECs will face different challenges.

4.3 Aspects not currently covered effectively by SECs

A total of 29 responses were obtained from the 139 SEC Chairs who completed the survey. These response units were grouped 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 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	Technology and AI	●	●	●	●	●	●	●	●	●	●
	There is a recognised need to address the ethical impacts and risks associated with technology and AI, including their effects on organisational operations and decision-making processes.										
2	Environmental and ESG Issues	●	●	●	●	●	●	●	●	●	●
	This reflects the growing importance of sustainability and the need for comprehensive ESG governance.										
3	Ethical Culture	●	●	●	●	●	●	●	○	○	○
	Proactively promoting and understanding employee culture related to ethics is emphasised. This involves including executives in ethics training and culture change initiatives, addressing issues such as sexual harassment, and conducting ethics risk assessments.										
4	Human Capital Management	●	●	●	●	●	●	●	○	○	○
	There is a call to include more comprehensive human capital management matters, such as employment equity, remuneration, and recruitment into the SEC's remit. These are seen as crucial for a holistic approach to governance.										
5	Whistleblowing and Complaints	●	●	●	●	●	○	○	○	○	○
	There is a need to focus more on whistleblowing mechanisms and the handling of complaints. Ensuring effective and transparent whistleblowing oversight is important for maintaining ethical standards.										

6	Stakeholder Relations	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Expanding the SEC's role to include more comprehensive stakeholder relations and communication plans is proposed. This would improve engagement and address stakeholder concerns more effectively.										
7	Procurement and Equity	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	The inclusion of procurement equity and compliance with BBBEE and Preferential Procurement Policy Framework Act (PPPFA) regulations is suggested. This would ensure fair and equitable procurement practices.										
8	Socio-Economic Development	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Addressing socio-economic development aspects, such as apprenticeships and recruitment, within the SEC's mandate is recommended. This aligns with broader goals of economic empowerment and community development.										

These themes reflect a need for broadening the SEC's role to address emerging issues and gaps, particularly in technology, ESG, human capital, and stakeholder engagement.

CONCLUSION

The 2024 SEC Trends Survey provides a snapshot of SEC structures, priorities, and challenges within South African organisations. This year's results highlight the strides made in gender diversity, role clarity, and traditional governance concerns, while also exposing gaps in addressing emerging global risks and resources for SEC operations.

Key areas for SEC growth and improvement include expanding focus on emerging risks, increasing role clarity, and aligning SEC priorities with pressing global governance challenges. As SECs become more integral to corporate governance, organisations must ensure they have the resources, support, and frameworks necessary to address both statutory and emerging responsibilities effectively.

Of the 139 SECs that participated, the following key takeaways were noted from the 2024 Survey:

- Diversity and Representation:** Female members constitute 55% of total SEC membership. This is the first time female representation has surpassed male representation in survey results, underscoring a positive shift toward gender inclusivity.
- Role Clarification and Committee Independence:** 82% function as standalone committees. This structure reflects organisations' commitment to focused social and ethics governance. A significant reduction in perceived role overlaps with other committees from 84% to 51% suggests successful role clarification efforts. Clearer mandates help SECs avoid duplication of efforts and foster a more streamlined approach to governance.
- Time Investment and Focus Areas:** SECs reported considerable time investment in traditional governance areas, including organisational ethics, employee safety and health, fraud prevention, and BBBEE. However, attention to emerging global issues such as artificial intelligence, biodiversity, and climate change remains low. Nearly half (48%) of SECs reported no focus on AI, and 25% have not addressed climate change mitigation.
- Impact of Regulatory Frameworks:** SECs reported increased confidence in the Companies Act and King IV recommendations, with many citing the value of resources provided by the IoDSA's SEC Forum. In 2024, 76% of participants found SEC Forum webinars and resources beneficial, contributing to improved perceptions of SEC effectiveness and clarity. However, continued support and updated guidance are essential, particularly as SECs navigate complex ESG responsibilities and stakeholder expectations.
- Challenges in Resources and Capacity:** SECs reported ongoing challenges related to limited organisational resources, including insufficient budget, staffing, and expertise. These constraints hamper SECs' ability to effectively carry out their mandates and manage expanding ESG and governance demands. Building organisational capacity, alongside access to enhanced training and resources, will be critical for SECs to sustain their growth and adaptability.

6. **Achievements and Positive Developments:** SECs reported achievements in several key areas, notably in building ethical cultures, enhancing governance clarity, and strengthening policies for compliance and social responsibility. Many SECs reported improvements in transparency and accountability through robust reporting mechanisms, integrated sustainability efforts, and increased focus on community development. This progress shows SECs' potential to contribute positively to South African organisations' ethical, social, and environmental impact.

Looking Ahead

To ensure SECs remain relevant and effective within the evolving governance landscape, organisations should consider prioritising:

- **Enhanced training and resources** for SEC members, particularly in emerging areas like ESG, AI ethics, and environmental sustainability; and
- **Integration of emerging risks** into SEC agendas, with a particular focus on AI, climate change, and biodiversity, to address the full spectrum of social and ethical challenges facing organisations today.

The 2024 SEC Trends Survey highlights the evolving role of SECs in South Africa, underscoring both achievements and opportunities for improvement. By addressing these areas, SECs can continue to foster ethical conduct, social responsibility, and sustainable business practices.



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