Quick Brief

A news update from the NBI on its programmes,
business leadership and issues on sustainable development.

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Potential Power and Influence of Social and Ethics Committees of Company Boards Critical for South Africa's Success

Social and Ethics Committees, a statutory sub-committee of company boards has potential leverage on companies to contribute to South Africa's success. This is due to their strategic positioning on company boards and their mandate to monitor the company's performance on a range of social, governance and environmental issues. A company performing well on these key societal responsibilities is likely to improve its reputation and strengthen its social licence to operate.

This was a key message at a roundtable discussion of a group of social & ethics committee members from several company boards. The event was organised by the UN Global Compact Network South Africa and the National Business Initiative (NBI).

Regulatory directive for companies to set up Social & Ethics Committees within company boards came into effect in April 2012. The Committee is mandated, in accordance with Section 72 (4) of the Companies Act 71 of 2008, to monitor and report back to the board and directly to shareholders on the company's performance on socio-economic development; good corporate citizenship; environmental health and safety; consumer relations and; labour and employment.

Led by Ms Nozipho January-Bardill, Chairperson of the Global Compact Network South Africa, the roundtable exchanged experiences on how the Committee functions in different companies, emerging successes and the barriers that would need to be overcome for it to become more effective in delivering on its mandate.

One key barrier cited at the meeting is the fact the Social & Ethics Committee, even though a statutory one like the Audit & Risk Committee of the Board is yet to obtain its gravitas and recognition in most company boards as traditionally, most boards prioritise financial risk discussions. Boards also need to diversify in terms of gender, race,

age and the relevant skills set necessary to drive value through Social and Ethics Committees.

The tide has changed and companies need to take social, environmental and governance risks seriously. It is in this regard that King IV Report on Corporate Governance recommends to all companies to set up Social & Ethics Committees and to enable them to fulfil their mandate. As Advocate Michael Judin, a member of the King Steering Committee indicated at the meeting, "Power is no longer confined in the boardroom but rests with people in the broader society".

The Global Compact Network SA/NBI Roundtable for Social & Ethics Committee is an on-going platform for learning and development of best practice on relevant issues.

If you are a board or sub-committee member who is interested in joining the platform, please e-mail:

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Business Action for Sustainable Growth

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