



Good Governance

Our Moment of Truth

**ALIGNING INTEGRITY, TRANSPARENCY
AND TRUST**

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Navigation



KEY ELEMENTS OF GOOD GOVERNANCE

UNDERSTANDING
-INTEGRITY
-TRANSPARENCY
-TRUST

GLOBAL TRUST DEFICIT

MISTRUST IN SOUTH AFRICA

REAL RISK OF GOVERNANCE FAILURE

ROLE OF THE BOARD

STAKEHOLDERS AND SUSTAINABILITY

ROLE OF ASSURANCE AND CS PROFESSIONALS

KEY ELEMENTS OF GOOD CORPORATE GOVERNANCE

IMPACTS REPUTATION
THE MOST VALUABLE ASSET OF
AN ORGANISATION

CULTURE
THE IMMUNE SYSTEM OF AN
ORGANISATION

RULE OF LAW

ACCOUNTABILITY

TRANSPARENCY

INDEPENDENCE

RESPONSIBILITY

CONSENSUS ORIENTED

EFFECTIVENESS &
EFFICIENCY

ETHICS AND INTEGRITY



TRUST IS A STRATEGIC ADVANTAGE

“...TRUST IMPLIES A DYNAMIC PROJECTION – IT IS A BET THAT STAKEHOLDERS PLACE, TRUSTING THAT THE ORGANIZATION WILL DELIVER AGAINST THEIR POSITIVE EXPECTATIONS.”

-Antoine Harary, Global Managing Director, Edelman Intelligence

QUESTION

HOW WOULD YOU RATE THE LEVEL OF OVERALL APPLICATION OF GOOD GOVERNANCE STANDARDS IN SOUTH AFRICAN CORPORATES?

A. HIGH LEVEL OF APPLICATION

B. REASONABLE LEVEL OF APPLICATION

C. SIGNIFICANT IMPROVEMENT REQUIRED

D. UNACCEPTABLE LEVEL OF APPLICATION

QUESTION

HOW WOULD YOU RATE THE LEVEL OF OVERALL APPLICATION OF GOOD GOVERNANCE STANDARDS IN STATE-OWNED ENTITIES?

A. HIGH LEVEL OF APPLICATION

B. REASONABLE LEVEL OF APPLICATION

C. SIGNIFICANT IMPROVEMENT REQUIRED

D. UNACCEPTABLE LEVEL OF APPLICATION

THE GLOBAL CONTEXT TO THE TRUST DEFICIT

FAILURE TENDS
TO DRIVE
GOVERNANCE
DEVELOPMENTS

FIDUCIARIES
AND
GUARDIANS OF
GOVERNANCE
IMPLICATED

RULES-BASED
RESPONSES
SHOWN TO BE
INSUFFICIENT

COLLAPSE AND
SCANDAL ARE
COMMONPLACE

SOUTH AFRICAN GOVERNANCE - SIMILARITIES AND PECULIARITIES

“In adopting a participative corporate governance system of enterprise with integrity, the King Committee ... formalised the need for companies to recognise that they no longer act independently from the societies and the environment in which they operate.”

- Executive Summary of the second King Report 2002 (King II)

SOUTH AFRICA'S PRECIPITOUS SLIDE INTO MISTRUST

**REGULAR HIGH-PROFILE
SCANDALS**

**ENDEMIC CORRUPTION
RATCHETS UP INTO 'STATE
CAPTURE'**

**COMMISSIONS OF INQUIRY
ILLUMINATING ETHICAL
BANKRUPTCY**

**EXPECTATIONS OF
ACCOUNTABILITY
(PROSECUTIONS) IS HIGH**



THE REAL RISK OF GOVERNANCE FAILURE

**“THE COST OF GOVERNANCE
FAILURES IS REAL, TANGIBLE AND
TERRIBLE.”**

- Andrew Canter, Chief Investment Officer of Futuregrowth



SHIFTING THE GOVERNANCE PARADIGM

"THE ROOT CAUSE OF [GOVERNANCE FAILURE] ISN'T INEFFECTIVE REGULATIONS AND COMPLIANCE SYSTEMS...IT'S WEAK LEADERSHIP AND FLAWED CORPORATE CULTURE."

- Paul Healy George Sarafiem, HBR July-August 2019



CULTURE AS A STRATEGIC ASSET

“YOU GET WHAT YOU MEASURE, EVEN IF IT'S NOT WHAT YOU WANTED.”

- Matt Levin, Bloomberg Opinion

QUESTION

WHAT DO YOU CONSIDER TO BE THE MAIN CONTRIBUTOR TO BOARDS FAILING TO EXECUTE ON THEIR FIDUCIARY DUTIES IN THE CORPORATE SECTOR?

A. DOMINANT CEO'S

B. CONFLICTS OF INTEREST

C. SKEWED BALANCE OF POWER BETWEEN EXEC'S & NED'S

D. SHAREHOLDER INTERFERENCE

QUESTION

WHAT DO YOU CONSIDER TO BE THE MAIN CONTRIBUTOR TO BOARDS FAILING TO EXECUTE ON THEIR FIDUCIARY DUTIES IN STATE-OWNED ENTITIES?

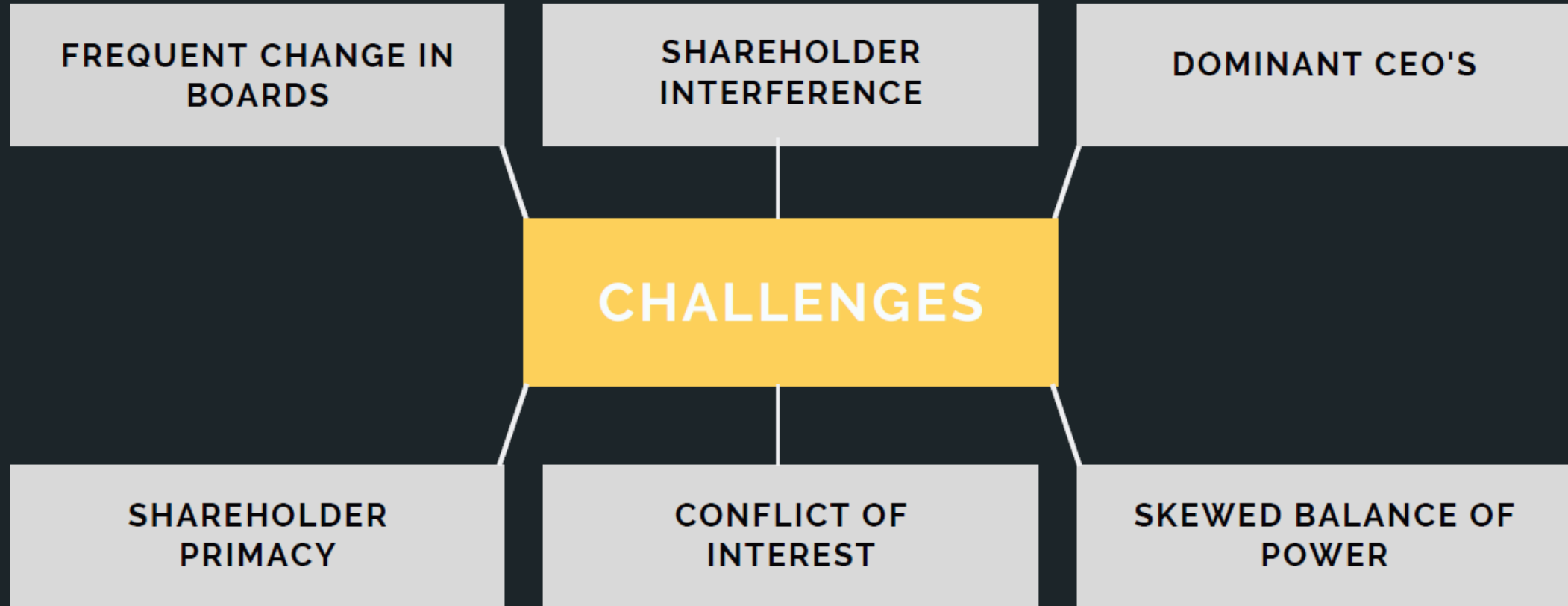
A. DOMINANT CEO'S

B. CONFLICTS OF INTEREST

C. SKEWED BALANCE OF POWER BETWEEN EXEC'S & NED'S

D. SHAREHOLDER INTERFERENCE

BOARD EFFECTIVENESS, COMPETENCY AND SKILLS



FAILURE TO EXECUTE FIDUCIARY DUTIES

BOARD FOCUS



BOARD APPOINTMENTS



BALANCE OF POWER



TRAINING AND MENTORING



SUCCESSION PLANNING



BOARD CONDUCT

A man in a dark suit, white shirt, and striped tie is looking down through a magnifying glass. He is in a library or office setting with bookshelves filled with books in the background. The image is in grayscale.

THE ROLE OF ASSURANCE AND CS PROFESSIONALS

"IT IS QUITE OBVIOUS IN HINDSIGHT THAT THE DATA THAT WAS SUBMITTED ON A MONTHLY BASIS OR A QUARTERLY BASIS BY VBS WAS NOT ACCURATE, EVEN THOUGH THE AUDITORS APPROVED IT. THAT IS WHY WE WERE NOT ABLE TO PIERCE THAT VEIL BECAUSE AUDITORS WERE PART OF THAT CONSPIRACY."

- Kuben Naidoo, SARB



IGNORE STAKEHOLDERS AT YOUR PERIL

"UNDERSTAND STAKEHOLDER
SYMMETRY. FIND THE
APPROPRIATE BALANCE OF
COMPETING CLAIMS BY
VARIOUS GROUPS OF
STAKEHOLDERS ."

- Professor Warren G. Bennis

FOCUSSING ON SUSTAINABILITY





SOUTH AFRICA'S MOMENT OF TRUTH

**“NO COUNTRY IN THE
WORLD HAS EVER ACHIEVED
SOCIAL COHESION WITHOUT
ETHICAL LEADERSHIP.”**

-Bonang Mohale, CEO of Business Leadership
South Africa

THOUGHT OF THE DAY

**IT TAKES TWENTY YEARS TO
BUILD A REPUTATION AND
FIVE MINUTES TO RUIN IT. IF
YOU THINK ABOUT THAT,
YOU'LL DO THINGS
DIFFERENTLY.**

- Warren Buffet, Chairman and CEO, Berkshire
Hathaway



