



Building Confidence Through Governance

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Synopsis



1. CORPORATE GOVERNANCE



What happens when governance fails?



Case in point: Governance Failures



McKinsey & Company



Volkswagen

SAP

Bell
Pottinger

WELLS
FARGO



prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA



Governance quotes in the VUCA world

“In a world of well-defined problems, directors are required to exercise influence over volatility, manage uncertainty, simplify complexity and resolve ambiguity in the 21st century digital environment”

Pearl Zhu (Author: Digital Masters Book Series)

Pearl Zhu (Author: Digital Masters Book Series)

“Global market forces will sort out those companies that do not have sound corporate governance.”

— Mervyn King



OECD Definition of Corporate Governance



Corporate Governance

Relationship between:

- Management;
- Board;
- Shareholders; and
- Other stakeholders



Corporate Governance

Also provide structure for:

- Setting company objectives
- Means of attaining those objectives
- Performance monitoring

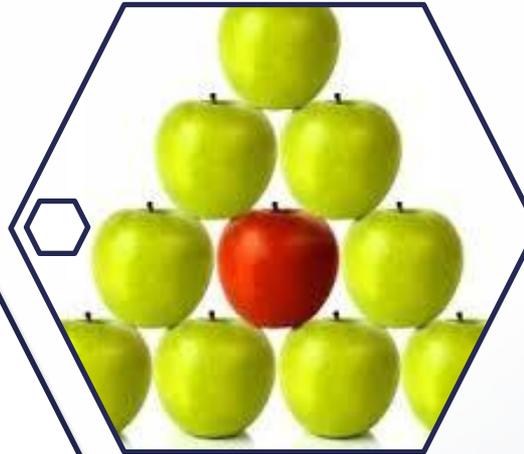
Components of Corporate Governance



Role of Corporate Secretary: General

1.

Uniqueness of skills of secretary is limited due to narrow definitions of services offered



2.

Legal point of view, company secretary went from:

- Mere servant; to
- Company Officer; to
- Chief Admin. Officer



3.

Functionally, the perception of company secretary is influenced by legal and business aspects



Responsibilities of secretary: General



Corporate secretary skills and knowledge



Facts in numbers: Corporate Secretary Sector

There are an estimated
250,000
professionals

In more than
100 countries
engaged in
secretarial
advisory work

The sector is
worth in excess of
US\$36 billion
per annum

2. CORPORATE SECRETARIES AS ENABLERS OF EFFECTIVE GOVERNANCE



Role of secretary: Corporate Governance



South Africa

- Company secretary should be a central source of guidance and advice to the Board and within the company on matters of ethics and governance.



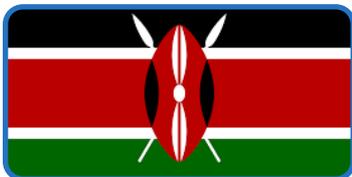
United Kingdom

- The company secretary should be responsible for advising the board through the chairman on all governance matters



Australia

- The company secretary should be accountable to the board, through the chair, on all governance matters



Kenya

- The company secretary advises the board members regularly on matters of governance and the applicable law



Bangladesh

- Company secretary advise senior management and the board on their responsibilities and liability with regard to legal and regulatory requirements and compliance with the Code of Corporate Governance

3. THE ROLE OF CSIA



Facts in numbers: CSIA

The CSIA was
launched in **2010**
at World Bank
Paris. In **2017** it
relocated to **Hong
Kong**

Is an international
federation of
professional
bodies with more
than **100 000**
corporate
secretaries

Represented
governance
professionals in
more than **70**
countries

Vision and Mission Statement

Our Vision

To be the Global Voice of
Corporate Secretaries and
Governance Professionals

Our Mission

To create a global profession that develops,
grows and promotes best practice in corporate
secretarial, corporate governance and compliance
services by improving professional standards,
the quality of governance practice and
organizational performance.



Objectives of the CSIA

Purpose

CSIA has been established to assist member organisations to:

- Promote the professional status of suitably qualified Chartered Secretaries, corporate secretaries, company secretaries, board secretaries and other governance professionals.
- Establish and maintain good relations and exchanges between organisations dedicated to the promotion and practice of secretaryship and/or the promotion of good governance.
- Develop and improve their services and professionalism of their members.
- Assist in the creation of such organisations in countries or regions in which they do not currently exist.
- Promote the growth, development, study and practice of secretaryship and assist their members develop and improve their services and professional standards.
- Advocate for good governance through carrying out research, developing standards and raising awareness.
- Promote the recognition and influence in respect of secretaryship and its professional practitioners to national governments and their supplementary/sponsored organisations, international organisations and the global business community.

Members of the CSIA

OUR MEMBERS

-  Governance Institute of Australia (GIA)
-  Institute of Chartered Secretaries of Bangladesh (ICSB)
-  Chartered Secretaries Southern Africa (CSSA)
-  Hong Kong Institute of Chartered Secretaries (HKICS)
-  Institute of Company Secretaries of India (ICSI)
-  Chartered Secretaries Institute of Singapore (CSIS)
-  Institute of Public Certified Secretaries of Kenya (IPCSK)
-  Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
-  Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN)
-  Institute of Chartered Secretaries and Administrators (ICSA - UK)
-  Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ)
-  Society for Corporate Governance - (SCG - USA)
-  Governance Professionals of Canada (GPC)
-  Indonesian Corporate Secretary Association (ICSA)

FULL MEMBERS

AFFILIATE MEMBERS



Resources in the CSIA

As a multinational organisation, CSIA embraces the difference in culture and practices and in pooling expertise and experience as a global organisation, we create a flagship for the advocacy and adoption of corporate governance world wide, with the following **RESOURCES** :

- Knowledge sharing events and tools to develop skills and enhance the quality of CSIA members eg "Corporate Secretaries Tool Kit" and seminars hosted by different CSIA member countries
- Promoting and developing the professionalism of CSIA members by being at the forefront of industry knowledge and developing standards in professional governance and corporate secretarial practice, eg "Governance Principles for Corporate Secretaries" – a practical framework for Corporate secretaries within companies
- Advocating good governance through carrying out and publishing research, eg "20 Practical Steps to Better Governance"
- Lobbying governments and influential international organisations for the recognition of corporate secretaries and governance professionals



4. CURRENT PRACTISE AND GLOBAL DEVELOPMENTS



Legislation: Governance role of secretaries

- The law shapes the role of company secretary; the regulation creates the framework for the scope of action the company secretary has, and the articles of association / bylaws define the expectations for the company secretary.
- Examples are
 - **USA** : Securities and Exchange Commission (SEC)/Sarbanes-Oxley (SOX);
 - **United Kingdom**: Corporate Governance Code [previously Combined Code];
 - **South Africa**: The King IV code on Corporate Governance for South Africa has developed a new approach to integrating corporate governance into normal business operations. The King Code recognizes that the Company (Corporate) Secretary plays a pivotal role in assisting the board of a company to instill effective corporate governance. The role of secretaries is also included in the Companies Act 71 of 2008.
 - **Others** - Organisation for Economic Co-operation and Development (OECD), International Corporate Governance Network (ICGN), Commonwealth Association for Corporate Governance (CACG);

India: Current legislation

- Company Secretaries Act, 1980
 - Governs the profession, the Institute, who may be permitted to practice etc
 - Institute of Company Secretaries of India (ICSI) = statutory body under the Act
- Companies Act, 2013
 - Enhances the role of the company secretary substantially, both in employment and in practice
 - Confers a special status to company secretaries as Key Managerial Personnel, bracketed with CEO, MD, Directors and CFOs. The appointment must be made by a Board resolution
 - In accordance with the Company Secretary Act, 1980, the Company Secretary must be a member of ICSI
 - The Company's Act also codifies the functions and duties of the Company Secretary

Kenya: Recent developments

- The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015
 - Recommends that the Board be assisted by a suitably qualified and competent company secretary who is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) in good standing.
 - The Board shall regularly consult the company secretary on procedural and regulatory matters.
 - The company secretary plays an important role in supporting the Board by ensuring adherence to Board policies and procedures.
 - The functions and duties of the company secretary is outlined in the code.
- THE CERTIFIED SECRETARIES BILL, 2017
 - An Act of Parliament to provide for the establishment, powers and functions of the Institute of Certified Secretaries; to provide for the qualification, registration and regulation of Certified Secretaries and the development and promotion of good governance and corporate secretarial practice and for connected purposes

5. EMPIRICAL FINDINGS ICOSA RESEARCH REPORT



ICSA Research Project



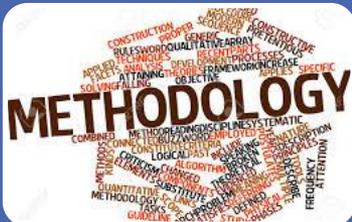
Henley Business School

- Professor Andrew Kakabadse



Building Trust Through Governance (2013)

- Investigate the role of the company secretary



Interviews and workshops

- +200 company secretaries, executives and non-executive directors



Data

- Collated from UK, Ireland and other countries

ICSA Research findings



Disclaimer: *The research findings were only classified/categorised for the purpose of this presentation only. The original research report does not classify or categorise these findings as stated above.*

Research findings: Known facts

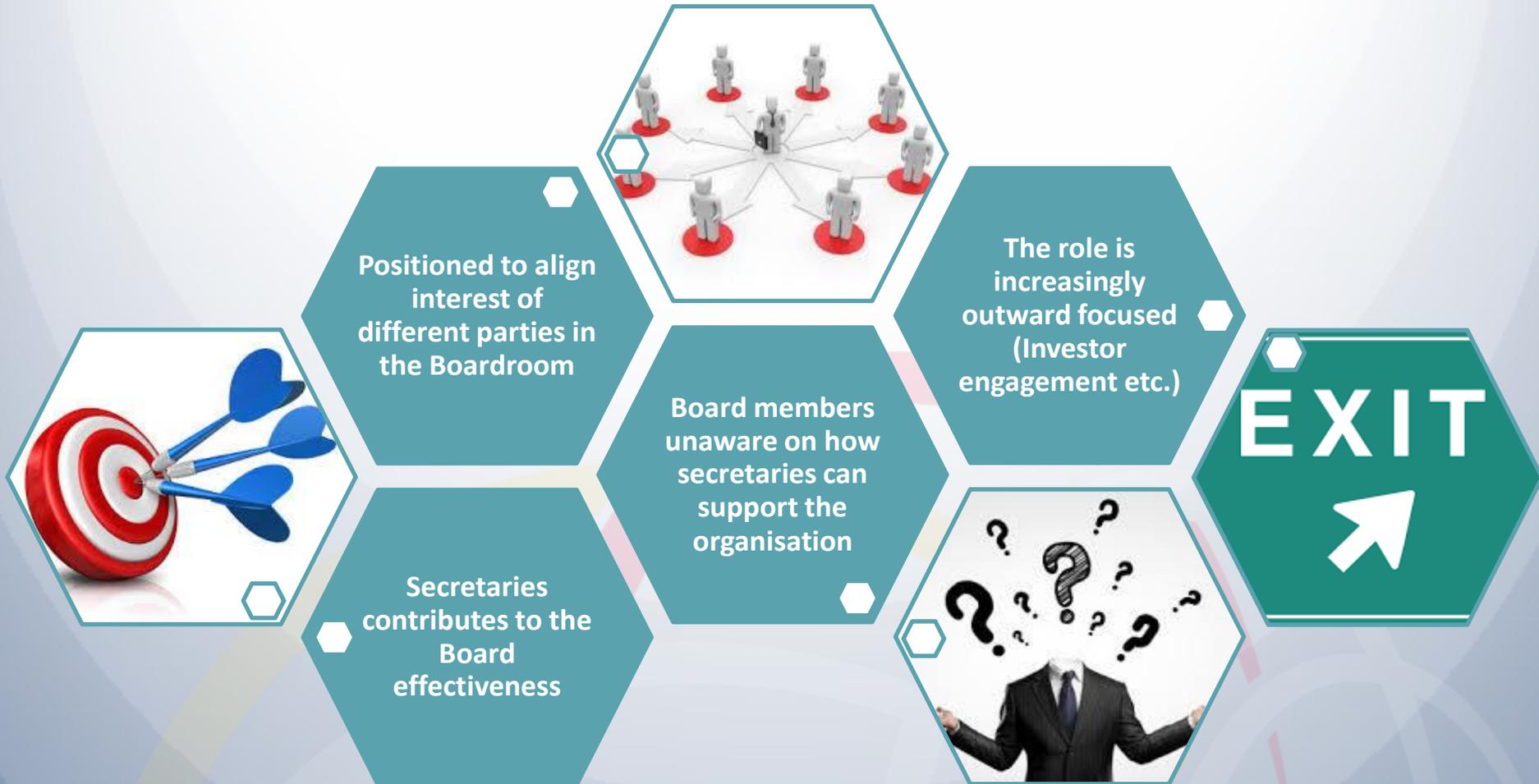


Secretaries are often
the longest-serving
members present at
board meetings

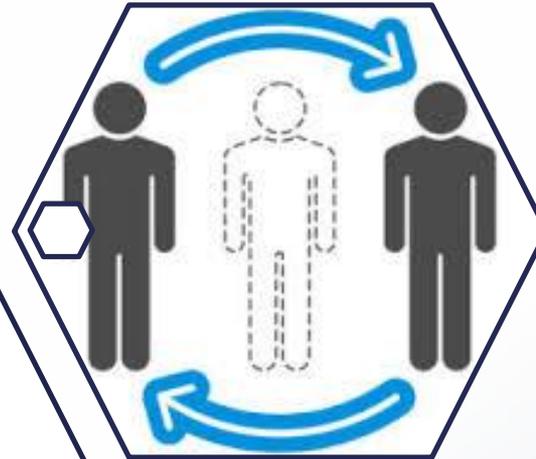
The role is much
more than
administrative



Research findings: Observations



Research findings: Recommendations



Secretaries should report directly to the chairman
(To ensure effectiveness)

Separate the role of Company Secretary and Head of Legal

Secretaries should have direct and informal access to the Board members



Summary

To download the full report, go to:

[www.icsa.org.uk/research/
the-company-secretary-report](http://www.icsa.org.uk/research/the-company-secretary-report)

Visit www.icsa.org.uk for a full overview of our products and services, and how to become a member.

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The WTO Project

Need to update the WTO Services Sectoral List to take into account the remarkable and significant changes in the realm of corporate governance in last two decades.

CSIA is requesting that the WTO recognise the distinct nature of the sector Corporate Governance, Compliance and Secretarial Advisory Services (CGCSAS)

Proposed Sub-Categories

Corporate governance services, core values assimilation and implementation in business and management policies and practices

Corporate secretarial services

Secretarial audit and compliance audit services

Certification services

Corporate advisory services

Benefits of recognition

Increase in trade in such services

Facilitate the sharing of good practices globally

Foster continuous improvement in global corporate governance standards and outcomes

In conclusion

- Businesses may have trouble identifying what constitutes good governance, but one can easily recognize the lack of it, and the harm caused by poor corporate governance is obvious, undeniable and serious.
- Driven by the increasing complexity of today's business environment, the need for accurate, auditable records documenting and providing the evidentiary support for key corporate decisions is clearer than ever before.
- It is the corporate secretary and governance professional who ensures that such records are made, maintained and communicated, as required
- The recognition of the uniqueness of these skills in the form of services offered to the business world will provide formal recognition for what is already happening throughout the world — that corporate secretaries and governance professionals do take the lead on these very important issues within their own organizations.
- As the circumstances surrounding a company and its business change, so do the parameters of good governance. A corporate secretary as governance professional can provide a reference point, as well as structured and tailored counsel to minimize problems and meet challenges presented by varied regulatory regimes

**“The Board rises and goes to its dinner,
the Secretary stays and gets thinner and
thinner,
scratching his brains to record and
report,
what he thinks that they ought to have
thought.”**

