

ETHICS(IF QUESTION ASKS TO EVALUATE AN ETHICAL CONSIDERATION):

FORMAT(INsert)

In response to your request, I hereby provide my views on the ethical considerations regarding XXX. I will also provide advice on an appropriate course of action (*list everything you will do as per the question*)

The main consideration from an ethical perspective is whether the action is considered to be GOOD for the SELF and the OTHER. We also need to consider the legality of the action in our analysis thereof.

**Issue:**

*List the issue noted in detail in order to analyse below*

**Legality:**

*Describe how it is or is not in compliance with the law and mention the applicable act. What will the result be of non-compliance? Fines, etc. Possibly look at past practise.*

**Ethical considerations:**

Whether the action is good for the self and other I wish to make the following points:

The self- complete

The other- complete

It is clearly therefore good for the self, but not for others and it can therefore be considered to be unethical.

**Corporate governance:**

XXX would contravene the following principles of good corporate governance as supported by King 3 and the newly released King 4 report:

The board should provide ethical leadership based on a sound ethical foundation.

The company should be seen as behaving as a responsible corporate citizen.

The board should ensure that the company's ethics are managed effectively.

The company should respect and ensure compliance with laws and regulations.

### **Possible actions/response:**

In the context of the above, we suggest that the following is considered in determining a course of action:

- *The potential of quite a significant fine and the impact thereof on the future financial stability of (insert company name)(apply).*
- *The possibility of further lawsuits against the company brought forward by other affected stakeholders.*
- *The reputational risk in terms of negative perceptions regarding the company's commitment towards stakeholders and corporate citizenship.*
- *Possible criminal sanction against directors and managers.*
- *The benefits for the company of cooperating with the authorities (apply).*
- *Any deficiencies in the ethical culture of the entity.*
- *The level of ethical leadership within the organization.*
- *Any shortcomings in previous similar unethical situations(apply)*

In terms of the allegations I suggest the following course of action:

1. *That a subcommittee be established to deal with the process*
2. *That legal advice be obtained on the best possible course of action.*
3. *That an internal investigation be launched in order to obtain all the relevant facts.*
4. *That an ethical specialist be appointed to advise on any deficiencies in the ethical culture within (insert company name) that led to the unethical behaviour and that the company apply any recommendations which flow out of the investigation.*
5. *That the audit committee and board of directors be kept up to date on any developments.(apply)*

In terms of longer courses of action I suggest the following:

1. *Review current practices in order to ensure compliance with laws and regulations.*
2. *The ethical culture within the organization should be monitored on an ongoing basis.*
3. *That a stakeholder engagement process be implemented in order to deal with any queries arising from stakeholders regarding this matter, but to also proactively inform all stakeholders regarding the outcome of the internal investigation, actions taken and the position of the company on (insert the ethical issue).*

I trust that you find the above in order. Please contact me should you require any additional information

**Primary indicators of competence**

- Identifies the issue (P)
- Identifies aspect of unethical conduct (Ethics)
- Identifies the areas of non-compliance with King/Corporate Governance (SRMG)
- Detail regarding the appropriate course of action to follow(SRMG)
- Demonstration of research performed into the topic and the applicable legislation during the pre-release period(P)

**Communication skills**

- Answered question in required report format.
- Logical flow of argument.
- Objective of the report appropriately addressed.

**Indicators of higher-level application – All Ethics**

- Identifies and understands the importance of ethics and impact on company's business if allegations are true (P)
  - Identifies and understand need to respond/act decisively: (Ethics)
- Protection of whistle blowing
  - Need to investigate in a responsible and decisive manner:
  - Determine if grounds exist for investigation (internal enquiries, etc.)
  - If grounds exist, best approach possibly internal audit or external auditors
- Identifies need to keep audit committee chair informed (P)
  - Link with the focus of the draft version of KING 4 on ethical leadership