

**DRIVING CORPORATE SOCIAL RESPONSIBILITY (CSR) THROUGH THE
COMPANIES ACT: AN OVERVIEW OF THE ROLE OF THE SOCIAL AND
ETHICS COMMITTEE**

HJ Kloppers*

SUMMARY

The corporate social responsibility (CSR) movement can be described as a bundle of trends comprising *regulatory frameworks* aimed at improving corporate practices and leading to changes in these practices, the mobilisation of corporate role players to support the development of states, and a management trend the purpose of which is to enhance the legitimacy of a business. Government is regarded as one of the most important driving forces behind the CSR agenda and it has a particularly important role to play in the creation of an enabling CSR environment.

In general, advocates of legislative involvement in framing the CSR policy highlight the failure of existing voluntary systems as one of the main reasons why the state should play a more important role in the facilitation of CSR. Although governments realise the importance of encouraging socially responsible business, it should be noted that CSR should not replace regulation or legislation concerning social rights. Furthermore CSR should not be seen as shifting (or outsourcing) the state's responsibility for the provision of basic services (such as education or the provision of health services) to the private sector and thus "privatising" the state's responsibilities. However, the legacies of apartheid remain firmly entrenched in the social problems facing South Africa and it seems as if the Government is unable to deliver the social and physical infrastructure required to effect the desired transformation, thus necessitating the engagement of the private sector.

* Henk J Kloppers. B Com (law), LLB, LLM (PU for CHE), LLD (NWU), Post Graduate Diploma in Financial Planning (UFS). Senior Lecturer, Faculty of Law, North-West University (Potchefstroom Campus). This contribution stems from the author's LLD thesis entitled "Improving Land Reform through CSR: A Legal Framework Analysis". Email: henk.kloppers@nwu.ac.za.

The role of Government in establishing a CSR policy framework and driving CSR has become increasingly important. The (perceived) failure of the welfare state has given further impetus to the move of governments toward tapping into the resources of the private sector (through their CSR) in order to address socio-economic challenges.

A purely voluntary approach to CSR without any legislative intervention will not succeed – a clear public policy requiring the implementation of socially responsible practices by the entire private sector is a necessity. Governments in general are increasingly beginning to view CSR as cost-effective means to enhance their sustainable development strategies, and as a part of their national competitiveness strategies to attract foreign direct investment. Given South Africa's history, legislation should be viewed as one of the main instruments enabling the Government to address the private sector's social, environmental and economic outreach activities.

Against this background, this contribution identifies the regulations released in terms of the *Companies Act* 71 of 2008 in which the issue of the social and ethics committee is dealt with, as an important measure taken by Government to create a possible CSR platform. This contribution argues that the requirements regarding the creation of a social and ethics committee have the potential to embed the CSR notion in the corporate conscience. The aim of the contribution is to provide an overview of the role of the social and ethics committee, as envisaged by the *Companies Regulations*, 2011, as a potential driver of CSR.

KEYWORDS: Corporate Social Responsibility; social and ethics committee; Companies Regulations 2011