

Integrated reporting: the influence of King III on social, ethical and environmental reporting

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This study analyses the annual reports of 10 major South African companies listed on the Johannesburg Stock Exchange (JSE) to assess the impact of the required introduction of integrated reporting on social, environmental and ethical reporting.

Integrated reporting: the influence of King III on social, ethical and environmental reporting

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Acknowledgements

We are grateful to ACCA for funding this research and especially to Rachel Jackson (head of sustainability, ACCA) and Paul Moxey (head of corporate governance and risk management, ACCA) for their inspiration and support throughout this project. We are also grateful to a number of people who have discussed the report with us, including Professor Michael John Jones (University of Bristol), Professor Richard Laughlin (King's College London) and Ioannis Tsalavoutas (University of Stirling) as well as to delegates at the British Accounting & Finance Association Special Interest Group on Corporate Governance conference in February 2012 and those at the British Accounting & Finance Association Annual Conference in April 2012, for their helpful suggestions. Also thanks to John Jones for preparing the manuscript for publication.

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ACCA considers this study to be a worthwhile contribution to discussion but do not necessarily share the views expressed, which are those of the authors alone. No responsibility for loss occasioned to any person acting or refraining from acting as a result of any material in this publication can be accepted by the authors or publisher.
Published by ACCA, 29 Lincoln's Inn Fields, London WC2A 3EE.

Executive summary

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This study analyses the annual reports of 10 major South African companies listed on the Johannesburg Stock Exchange (JSE) to assess the impact of the required introduction of integrated reporting on social, environmental and ethical reporting. The findings paint a complex picture of this impact, showing both positive and negative effects.

There is a significant increase in the quantity of social, environmental and ethical information reported in the annual reports of the sample companies. Social, environmental and ethical information appears throughout in a significantly greater number of sections of the reports for 2010/11 than of those for 2009. In the earlier reports, this information tended to be restricted to specific sections, usually a sustainability report and a mention in the chairman's statement. Subsequently, a striking weakness in the integration of social, environmental and ethical information is the way in which certain items of information are repeated, often excessively, throughout the reports. There has also been a substantial increase in the reporting of social and environmental information compared with ethical information.

From an interpretative analysis of the reports a number of themes have been extracted, characterising the impact of the introduction of integrated reporting on social, environmental and ethical reporting. These included the crucial

importance of materiality; an evolving discourse of risk and risk management; an increasing tendency towards quantification; the emergence of new reporting items; the emergence of new sections in the reports; the increasing integration of social, environmental and ethical information into corporate governance; integrated reporting as an evolutionary process; and the evolving assurance of the social, environmental and ethical information in the reports.

The reports are imbued with stakeholder accountability rhetoric. Within a couple of years companies have shifted from an approach to reporting aimed primarily at shareholders to one that expounds the directors' 'belief' in stakeholder accountability and stakeholder engagement. The introduction of integrated reporting appears to have created a new set of priorities for the directors, expressed through the reporting.

The present study recognises that the emergence of integrated reporting presents new opportunities but also new challenges for the sustainability reporting agenda. While the existence of an integrated report should embed sustainability reporting in the heart of the primary corporate reporting vehicle, the annual report, this does not necessarily imply that the reporting will fulfil its potential for transforming corporate behaviour or will not result in empty rhetoric.

1. Introduction

There has been a steady evolution in social, environmental and ethical reporting over the past four decades, with the development of sustainability reporting growing significantly in the last decade. Since the turn of the century there has been an increasing emphasis on transcending stand-alone social, environmental, social responsibility and sustainability reporting such that companies are expected to achieve integration of sustainability and governance information within the annual report. Such integration is deemed essential if businesses are to embed stakeholder accountability into the heart of their operations in a meaningful way.

There has been some level of integration in reporting by UK companies, on a voluntary basis, spurred on by the development of the Accounting for Sustainability (A4S) Connected Reporting Framework in 2007. The first national attempt to enforce integrated reporting across all listed companies was, however, that introduced in 2010 by the Johannesburg Stock Exchange (JSE), which mandated integrated reporting through its listing requirements via compliance with the King III Report (2009). South Africa has long been recognised as a pioneer in promoting corporate governance reform, with the first King Report (1994) heralding a new departure in stakeholder accountability. As a result of political, social and environmental challenges, South Africa has taken a lead, through its stakeholder-oriented corporate governance reports, in

forcing businesses to embed social, environmental and governance considerations into the heart of their operations. King II (2002) suggested further integration of sustainability into governance and reporting but in 2009, King III insisted on integrated reporting for companies listed on the JSE and, through the JSE listing requirements, companies are therefore obliged to produce an integrated report. The International Integrated Reporting Council concluded a series of meetings in Brazil in November, 2011, marking a new phase in the initiative to develop an internationally accepted Integrated Reporting Framework.¹

The present study analysed the content of a sample of integrated reports, produced since the publication of King III, from among the largest listed companies on the JSE and compared them with the reports produced in 2009. The aim was to explore the impact of the introduction of integrated reporting on social, environmental and ethical reporting within the annual reports of South African companies in order to assess the extent of any increase in the quantity of reporting, as well as to provide a qualitative overview of changes in the reporting since its introduction. 'Impact' here means any evident and significant change in the content, style, quantity and quality of reporting that can be gauged from the analysis. The findings lead to policy recommendations for further developments in integrated reporting as well as establishing a route for further research.

South Africa provides an environment within which integrated reporting may be viewed in practice, for the first time. The findings of this study are therefore important not only for the progression of integrated reporting in South Africa but also for the development of integrated reporting in the UK and elsewhere. If, as has been stipulated, corporate reporting influences corporate behaviour, then changes in reporting through the shift to an integrated report may result in changes in behaviour within the corporate community in South Africa.

1. Following the meetings, the Committee has now become the International Integrated Reporting Council (IIRC).

2. The evolution of integrated reporting

Social and environmental (sustainability) reporting has evolved gradually since the 1970s, with an accelerated growth in reporting since the turn of the century. There is now a vast academic literature exploring the evolution of sustainability reporting and its predecessors. Social and environmental reporting may be viewed as a means of legitimising a company to its stakeholders, as companies seek to persuade society that they have stakeholders' interests at heart and that they share common objectives (Deegan et al. 2000; Deegan 2002, 2007; Mathews 2004). The academic literature has to some extent taken a jaded view of sustainability reporting, with some authors interpreting corporate attempts to legitimise business activities as little more than rhetoric. Sustainability reporting may be perceived as the outcome of 'social constructivism' where the discourse within the accounts is constructed for rhetorical and political purposes (Everett and Neu 2000; Livesey and Kearins 2002).

There are also concerns that sustainability reporting may have been 'captured' by corporations in an attempt to gain hegemonic control (Eden 1994; Livesey 2001, 2002; Owen et al 1997; Welford, 1997). An important outcome of research into social and environmental reporting is the belief that the 'act' of corporate reporting on sustainability has the potential to influence and transform corporate behaviour but that this potential may not always be achieved (Bebbington and Gray 2001; Livesey 2002; Buhr 2007). Despite the significant and recent growth in sustainability reporting, the latest evidence suggests that only 21% of listed companies worldwide report any sustainability information (Bloomberg 2010).

The potential shift from sustainability reporting to integrated reporting presents a significant opportunity for companies to embed social and environmental issues into the primary corporate reporting mechanism. An integrated report should ultimately replace all other forms of corporate reporting and should represent the primary vehicle for communicating with shareholders and other stakeholders (IIRC 2011). The evolution of integrated reporting has accelerated substantially in the last few years and from that evolution have emerged specialist terminology and a series of definitions of integrated reporting. King III (2009) defines integrated reporting as 'a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability'.

*An integrated report is not simply an amalgamation of the financial statements and the sustainability report. It incorporates, in clear language, material information from these and other sources to enable stakeholders to evaluate the organisation's performance and to make an informed assessment about its ability to create and sustain value. An integrated report should provide stakeholders with a concise overview of an organisation, integrating and connecting important information about strategy, risks and opportunities and relating them to **social, environmental, economic and financial issues**. By its very nature an integrated report cannot simply be a reporting by-product. It needs to flow from the heart of the organisation and it should be the organisation's primary report to stakeholders.* (Mervyn King's Foreword, IRCSA 2011: 1, emphasis added).

The IIRC states that:

*Integrated reporting brings together material information about an organization's **strategy, governance, performance and prospects** in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value, now and in the future. Integrated reporting combines the most material elements of information currently reported in separate reporting strands (financial, management commentary, governance and remuneration, and sustainability) in a coherent whole, and importantly: shows the connectivity between them; and explains how they affect the ability of an organization to create and sustain value in the short, medium and long term* (IIRC 2011: 6, emphasis added).

The IIRC has recently produced a discussion paper with the aim of creating a forum for international institutional collaboration in order to establish a roadmap for the further evolution of integrated reporting (IIRC 2011). The IIRC (2011) sets out a number of guiding principles that should underpin integrated reporting. These are: strategic focus; connectivity of information; future orientation; responsiveness and stakeholder inclusiveness; conciseness, reliability and materiality.

The guidance produced by PricewaterhouseCoopers (2009) deals with compliance with King III but also includes some guidance on social and environmental accounting (see pages 61–3 on integrated reporting). This guidance provides some assistance to companies attempting to produce integrated reports.

*The board should ensure that appropriate systems and processes are put in place in order to produce a report to stakeholders that gives a complete picture of a company's financial and non-financial profiles in such a way that the report is holistic and reliable. In order to comply with the recommendations of the Code reporting should be integrated across all areas of performance, reflecting the choices made in the strategic decisions adopted by the board, and should include reporting in the triple context of economic, social and environmental issues. The board should be able to report **forward-looking information** that will enable stakeholders to make a more informed assessment of the economic value of the company as opposed to its book value* (Executive guide to King III, PricewaterhouseCoopers 2009: 61, emphasis added).

From the above discussion the crucial elements that can be identified as determining the content of integrated reports are materiality, a focus on risk, risk management, strategy and the need for forward-looking information. The IIRC stresses the need for all reported information to be material in nature, '...only the most material information should be included in the integrated report' (IIRC 2011: 4). In practice, the materiality of

sustainability-related information is notoriously difficult to establish. Placing a financial value on materiality for financial risks is a complex process but establishing materiality and materiality thresholds for traditionally 'non-financial' risks, which are hard to quantify, is far more challenging if even possible.

The rationale underlying the introduction of integrated reporting was outlined succinctly by the Integrated Reporting Committee of South Africa (IRCSA) as follows.

The string of corporate collapses over the past decade has led many stakeholders to question the relevance and reliability of annual financial reports as a basis for making decisions about an organisation. Reports based largely on financial information do not provide sufficient insight to enable stakeholders to form a comprehensive picture of the organisation's performance and of its ability to create and sustain value, especially in the context of growing environmental, social and economic challenges. Sustainability reports have similarly suffered weaknesses, usually appearing disconnected from the organisation's financial reports, generally providing a backward-looking review of performance, and almost always failing to make the link between sustainability issues and the organisation's core strategy. For the most part, these reports have failed to address the lingering distrust among civil society of the intentions and practices of business. Stakeholders today want forward-looking information that will enable them to more effectively assess the total economic value of an organisation (Mervyn King's Foreword, IRCSA 2011:1).

Many of these points are reiterated in IIRC's discussion paper (2011), which outlines the current inadequacies in the various disconnected strands of corporate reporting such as sustainability reporting. Stakeholders require a coherent and consistent reporting framework. Lack of comparability and consistency in, for example, sustainability reporting has been identified by the institutional investment community (Solomon and Solomon 2006).

A series of benefits arising from integrated reporting are summarised by the IIRC (2011: 21), namely: better alignment of reported information with investor needs; availability of more accurate non-financial information for data vendors; higher levels of trust with key stakeholders; better resource allocation decisions, including cost reductions; enhanced risk management; better identification of opportunities; greater engagement with investors and other stakeholders, including current and prospective employees, which improves attraction and retention of skills; lower reputational risk; lower cost of, and better access to, capital because of improved disclosure; and development of a common language and greater collaboration across different functions within the organisation.

King III became effective in March 2010, 'the changes relating to the third King Report on Corporate Governance must be complied with in respect of all financial years commencing on or after 1 March 2010' (JSE Listing Requirements). Companies not primarily listed on JSE are not required to produce an integrated report.² As in the UK corporate governance context, a 'comply or explain' approach has been adopted.

In addition to complying with IFRS [International Financial Reporting Standards], Section 30 of the Act and paragraph 3.84 of the Listings Requirements, issuers are required to disclose the following information in the annual report (in the case of 8.63(a) and (l)), and in the annual financial statements (in the case of 8.63(b)–(l) and (m)): (a) the King Code: (i) a narrative statement of how it has applied the principles set out in the King Code, providing explanations that enable its shareholders to evaluate how the principles have been applied; and (ii) a statement addressing the extent of the company's compliance with the King Code and the reasons for non-compliance with any of the principles in the King Code, specifying whether or not the company has complied throughout the accounting period with all the provisions of the King Code, and indicating for what part of the period any non-compliance occurred (JSE Listing Requirements).

In effect, the JSE listing requirements mandate the use of an integrated report because King III refers to the need for integrated reporting. Alternatively, one would have to explain how the requirements for integrated reporting are otherwise being met. The JSE has encouraged disclosure through the requirement for listed companies to comply with the King Codes on Corporate Governance that have, since King II in 2002, required sustainability reporting. From 2010, however, the JSE became the first exchange in the world to require listed companies to move towards integrated reporting as required in King III (Morales and Van Tichelen 2010). Finally, King III contains a 'catch-all' requirement in the sense that all companies with a sufficiently large stakeholder group should comply with it and hence prepare an integrated report.

In South Africa, the Companies Act (2008) became effective in 2011, replacing the earlier 1973 Act. It mandates certain aspects of governance and discusses the need for certain companies to have sustainability and audit committees. The Integrated Reporting Committee (IRC) of South Africa was formed in May 2010 under the chairmanship of Professor Sir Mervyn King to develop and promote guidance on good practice in integrated reporting. The organisational members of the IRC are: Association for Savings & Investment

South Africa; Banking Association South Africa; Business Unity South Africa; Chartered Secretaries Southern Africa; Institute of Directors in Southern Africa; Institute of Internal Auditors; Government Employees Pension Fund; Johannesburg Stock Exchange Ltd; Principal Officers Association and; The South African Institute of Chartered Accountants.

2. This detail was checked with Professor Wainer, who chaired the GAAP Monitoring Panel at the JSE and who confirmed that where a company has a dual listing, the company follows the listing requirements for the stock exchange where it has the primary listing. This means that companies, such as Anglo American, that are primarily listed on the LSE do not have to comply with producing an integrated report.

3. Research method

A sample of ten companies were selected to represent high environmental or social impact sectors; all are primarily listed on the JSE. See Table 1 for a summary of the companies analysed and their industry classification. In total four mining companies, two companies from construction and materials, one petrochemical company, one forestry and paper company and two companies classified under General Industrials were selected. The sample was drawn from the top 100 companies on the JSE and each company's statements were checked for its listing details. For example, as one company stated, 'Implats has a primary listing on the JSE in South Africa (IMP), a secondary listing on the LSE, United Kingdom (IPLA) and a Level 1 American Depositary Receipt programme (IMPUY) in the United States of America' (Implats Distinctly Platinum 2011: 3).

Table 1: Summary of reports used in analysis

Company	Industry
Impala Platinum	Mining
Group 5	Construction and materials
Exxaro	Mining
PPC	Construction and materials
Sasol	Oil and gas
Barlorld	General industrials
Goldfields	Mining
Sappi	Forestry and paper
Bidvest	General industrials
Royal Bafokeng Holdings	Mining

The research adopted a predominantly interpretative/critical approach to analysing the content of integrated reports and of annual reports preceding the introduction of integrated reporting. Merkl-Davies et al. (2011) make a distinction between three forms of textual analysis, ranging from the scientific analysis that draws on a positivist research methodological approach (counting words, sentences, paragraphs and coding) through 'interpretive text analysis', to 'critical text analysis'. Merkl-Davies et al. (2011) explain that social constructivist and critical text analysis approaches do not adopt a positivist scientific approach and therefore do not follow a rigid set of procedures. Linked to this, critical textual analysis does not require the gathering of data from large samples in order to 'represent a population'. As discussed in earlier methodological literature, small samples can be analysed in order to respond to general research questions, with the findings providing unique insights into the research question (Fairclough 2003). In a social constructivist approach to textual analysis, the analysis does not rely on the use of quasi-scientific codings but rather rests on the researcher as the 'measurement instrument' (Merkl-Davies et al. 2011). The way in which the text appears (to the researcher) to 'create reality' is drawn out of the analysis.

The reports sampled were analysed by interpretatively drawing out items of social, environmental and ethical information reported by the companies, through a process of reading and re-reading all the reports. The eventual lists of specific items differed between companies, illustrating the differences in emphasis between the companies, and the effect of industry grouping. A simple 'measure' of the degree of integration of each item within the

report was produced by considering how many sections (eg chairman's statement, corporate governance review, operating review) of each report contained discussion of each item. This approach avoids positivist counting of 'mentions' or sentences or paragraphs and instead provides an image of how effectively each social, environmental and ethical item is 'integrated' into the report as a whole. This provides an indication of the extent of integration of this information into the annual report, as it provides an indication of the spread/scope of social, ethical and environmental information throughout the reports rather than simply some measure of quantity. It was considered that the number of items themselves would indicate the level of integration of social, environmental and ethical information in the annual report. As a result of this approach to the analysis several measures have been calculated as follows:

- cumulative change over time (CCOT) measures the cumulative change (increase/ decrease) in the number of sections in which each item of environmental, social and ethical information is recorded over the two/three years examined
- % positive changes in number (N) of sections measures the percentage of items in each grouping (social, environmental and ethical) that are reported in an increased number of sections over the period
- % positive changes or no change in the number (N) of sections measures the percentage of items in each grouping (social, environmental and ethical) that are reported in an increased or the same number of sections over the period.

Following this initial analysis of the spread of social, environmental and ethical information throughout the reports, an interpretative and to some extent critical textual analysis of the reports was performed in order to draw out a range of themes. These themes emerged through the interpretative analysis following reading and re-reading of the reports, and provided an image of changes detected as the reports became integrated. Part of the interpretative analysis focused specifically on the chairmen's statements and the chief executive officers' reviews, as these provided an excellent means of detecting changes in approach and shifts in corporate rhetoric.

4. Research findings

What follows is a commentary summarising general trends in the reporting between 2009 and 2011, with reference to the detailed analysis of the reports' content carried out for this report. The analysis falls into two parts: firstly, a discussion of the measures used to assess the level of integration of social, environmental and ethical information within the annual reports; and secondly a discussion of the themes and trends arising from reading the reports, with respect to social, environmental and ethical considerations.

MEASURING THE LEVEL OF INTEGRATION

The interpretative analysis of the reports' content extracted a series of social, environmental and ethical reporting items as detailed in Tables 2–11. Although there are substantial similarities between the items recorded for each company the lists are not identical, which indicates differences in emphasis among the companies. These differences in emphasis may be explained by the variety of industries represented in the sample. The items are grouped according to whether they involve predominantly social, environmental or ethical issues. For all companies the largest group of items appears under the 'social' category. This is not surprising given the historic significance of social issues for South African companies, especially HIV/AIDS and matters relating to black economic empowerment following the end of apartheid. The relevance of these and other social issues to South African companies has been a driving force behind the evolution of the King Reports and has constituted one reason why corporate governance in South Africa has been world-leading in the area of stakeholder accountability and governance.

Table 2: Impala Platinum

Report name	Annual report 2009	Integrated annual report 2010	Integrated annual report 2011	CCOT*
Report length (pages)	246	264	220	
Social				
Total employment figure	1	1(Q)	1(Q)	0
Employee turnover			3(2Q)	+3
SHE/HSE audit committee (role/membership)	2	4	3	+1
Safety levels (general, performance, principles, targets)	6	5	6	0
Safety training	1		2	0
Safety audits/Du Pont safety survey/assessment		1	3	+3
Zero harm	3	2	5	+2
Behaviour-based safety initiatives			1	+1
Fatalities	3(1Q)	5(3Q)	5(5Q)	+2
FIFR			5(5Q)	+5
TIFR			2(2Q)	+2
LTIFR	1	2(1Q)	6(6Q)	+5
RWC (restricted work cases)			1(Q)	+1
Critical skills turnover			2(2Q)	+2
ART		2(1Q)	2(1QF)	+2
TB (MRTB, XRTB), diagnoses		3(1Q)	2(1Q)	+2
HIV/AIDS general, prevalence		3(1Q)	4	+4
Medical examinations, occupational health screening, voluntary counselling and testing		2	3(3Q)	+3
post-retirement medical costs			1	+1
Skills/shortages/skill development	4	3	4(1F)	0
Employee development			1(Q)	+1
Bursary programme/scholarships/apprenticeships		2(1F)	1(Q)	+1
ABET (Adult basic education training), literacy	1	1(FQ)	1(F)	0
Housing/accommodation, living conditions		3(2F)	1(F)	+1

Table 2 continued

Report name	Annual report 2009	Integrated annual report 2010	Integrated annual report 2011	CCOT*
ESOP, Employee benefit disclosure/package (Ama-Ching-Ching)		2	2(1F)	+2
Transformation Advisory Committee (role, membership)/ process	1	3	2	+1
BEE, BEE ownership		1	1(Q)	+1
HDSA ownership/ empowerment/ representation		1(Q)	2(1Q)	+2
Local procurement/ procurement policy		3	1(F)	+1
Indigenisation quotas			3	+3
Socio-economic development (SED programme (general))	1	1(F)		-1
Stakeholder engagement, constructive relationships with stakeholders	2	4	3	+1
			Total CCOT	+52
Environmental				
Care for/protect the Environment (general)		1	2	+2
Climate change		1		0
ISO 14001:2004 (Environmental)			1	0
Carbon footprint		1	1	+1
Biodiversity management/ ecosystems/BAP		1	1	+1
Energy consumption		3(1Q)	3(2Q)	+3
Energy efficiency		2	1	+1
Air pollution/emissions/ GHG emissions	1	4	4	+3
Total direct SO2 emissions		2(1Q)	5(4Q)	+5
Total CO2 emissions		1	4(2Q)	+4
Water consumption/usage		3(1Q)	4(2Q)	+4
Water management		1(F)	2	+2
Waste management		1	1	+1
Recycling/recycling initiatives	1	2	2(1Q)	+1

Report name	Annual report 2009	Integrated annual report 2010	Integrated annual report 2011	CCOT*
Environmental Rehabilitation Obligations (including decommissioning cost)	1	2	1	0
Provision for future rehabilitation	1	1	1	0
Cost of the ongoing current programmes to prevent/ control pollution			1	+1
Pollution, Rehabilitation and Closure Trust Fund			1	+1
			Total CCOT	+30
Ethics, Accountability, Transparency				
Integrity/business integrity			2	+2
Accountability	1	1	1	0
Transparency/openness		1	3	+3
Responsibility/responsible employer	1		1	0
Ethical standards/values/ code/good corporate citizen	2	1	1	-1
			Total CCOT	+4
*CCOT = cumulative change over time				

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Table 3: Group 5

Report name	2009 Annual Report	2010 Annual Report	2011 Integrated Report	CCOT
Report length (pages)	390	460	260	
Social				
Employee turnover	3	1(Q)	1(Q)	-2
Employee satisfaction/rating	1	2	2(1Q)	+1
Employees trained per annum	1	3	1(Q)	0
Absenteeism	-	1	1	+1
Safety performance	3	5	6	+3
Fatalities	2	4	2(2Q)	0
Disabling injury frequency rate (DIFR)	2	5	4(2Q)	+2
LTIR Lost-time injury rate	1	1	1	0
HIV/AIDS	1	1	3(2Q)	+2
TB	1	1	1	0
Malaria	3			-3
Occupational health programmes, health awareness, counselling and testing	2	1	4(2Q)	+2
Employee retention rate/ talent retention	1	4	2	+1
Employee training / education/Skills/ skills development/ maths, science/ skill shortages	5	7	7(3Q)	+2
Housing	-	1	1(Q)	+1
Board diversity, gender equity, women in engineering	2	3	2	0
Black economic empowerment, broad-based black economic empowerment (BBBEE), construction charter, ownership	4	9	5(3Q,F)	+1
SED (programmes)	2	2	4(1Q)	+2
Procurement			1	+1
Engagement with stakeholders	1	2	1	0
			Total CCOT	+15

Report name	2009 Annual Report	2010 Annual Report	2011 Integrated Report	CCOT
Environmental				
Climate change	1	2	-	-1
GRI GR3 guidelines, GRI application level	1	1	-	-1
Environmental compliance	1	1	2	+1
Integrated resource plan	-	2	1	+1
Reduction in energy usage, renewable energy	2	2	2	0
Carbon footprint (and per employee)	1	3	2(1Q)	+1
Carbon/ fossil fuel tax	2	1	1	-1
Control /management of radioactive devices/ radioactive nuclear gauges	-	-	1	+1
Waste/ waste management/ waste minimisation	4	3	1	+1
Environmental Rehabilitation	1	3	2	+1
Recycling	2	3	1	-1
			Total CCOT	+2
Ethics, Accountability, Transparency				
Integrity/ business integrity	4	3	1	-3
Accountability	4	1	-	-4
Transparency/openness	-	3	2	+2
Responsibility/responsible employer	1	-		-1
Ethical standards/values/ Code/good corporate citizen	1	6	1	0
Fraud and ethics-related transgressions/ unethical behaviour/theft	1	-	3	+1
Anti-corruption	1	2	1	0
			Total CCOT	-5

*CCOT = cumulative change over time

Table 4: Exxaro

Report name	2009 Annual Report	2010 Integrated Annual Report	2011 N/A	CCOT
Report length (pages)	282	320		
Social				
Strikes/lost days/ industrial action		1		+1
SHE certification		1		+1
Safety & sustainable development committee (role/membership)	3	1		-2
Safety levels (general, performance, principles, targets)	4	2		-2
Safety training		1		+1
Behaviour-based safety initiatives/ behavioural change	1	1		0
Fatalities	2	4		+2
LTIFR / lost time injury frequency	3	5		+2
Employee Health	1	3		+2
Employee health/welfare (general)/ wellness	1	3		+2
TB (MRTB, XRTB), diagnoses	2	3		+1
H1N1 (Swine flu)	2	1		-1
HIV/AIDS general, prevalence	2	4		+2
NIHL/ hearing tests	2	1		-1
Heat stress	2	1		-1
Dust health effects	2	2		0
Medical examinations, occupational health screening, voluntary counselling & testing, health training	2	4		+2
Noise health effects	2	2		0
Skills/shortages/skill development	5	3		-2
Employee development (career development)/ enhanced intellectual capital	4	4		0
Bursary programme/ scholarships/apprenticeships/ graduate programme	1	3		+2
ABET (Adult basic education training), literacy	1	3		+2
Maths and science/ numeracy	1	2		+1

Report name	2009 Annual Report	2010 Integrated Annual Report	2011 N/A	CCOT
Housing/accommodation, living conditions/ home ownership	1	3		+2
ESOP, Employee benefit disclosure/package	1	1		0
Equality/diversity	2	1		-1
Transformation, remuneration, human resource and nomination Committee (role, membership)	3	1		-2
Safety and sustainable development	1	1		0
BEE ownership/ representation, credential expense	3	4		+1
HDSA ownership/ empowerment/ Representation	4	4		0
Equity participation level/ employment equity	2	5		+3
Local procurement/ procurement policy	3	3		-2
Mineral Resources and Employment Development Act/Mining Charter	3	1		-2
Socio-economic development , community development	3	5		+2
Specific SED/community projects (e.g. water treatment)	1	2		+1
Stakeholder engagement, constructive relationships with stakeholders	5	3		-2
			Total CCOT	+12
Environmental				
Care for/protect the Environment (general)	2	2		0
Environmental regulatory compliance	2	2		0
Climate change/ projected temperature rises	2	4		-2
GRI GR3 guidelines	1	2		+1

Table 4 continued

Report name	2009 Annual Report	2010 Integrated Annual Report	2011 N/A	CCOT
ISO 14001:2004 (Environmental)	2	0		-2
CDP emissions survey/ CDP	2	3		+1
Carbon credit trading, carbon credits	0	2		+2
Carbon footprint/ environmental footprint	2	2		0
Biodiversity management/ Ecosystems/ BAP/ biodiversity conservation	1	1		0
Energy consumption	2	3		+1
Energy efficiency/ eco- efficiency	1	6		+5
Renewable energy	0	4		+4
Air pollution/emissions/ GHG emissions	1	4		+3
Total direct SO2 emissions	1	1		0
Total CO2 emissions	1	1		0
Carbon offsetting	1	2		+1
Water consumption/usage	1	2		+1
Water contamination/ effluent/pollution	1	1		0
Water management/ availability	1	4		+3
Waste management	1	3		+2
Recycling/recycling initiatives	1	1		0
Rehabilitation	1	1		0
Environmental rehabilitation	2	3		+1
Obligations (including decommissioning cost)				
			Total CCOT	+21
Ethical				
Integrity/ business integrity	3	2		-1
Accountability	1	2		+1
Transparency/openness	0	1		+1
Responsibility/responsible employer	0	2		+2
Ethical standards/values/ Code/good corporate citizen	4	3		-1
Fraud	0	2		+2
			Total CCOT	+4
*CCOT = cumulative change over time				

Table 5: Portland Port Cement (PPC)

Report name	2009 Annual Report	2010 Integrated annual report	2011 N/A	CCOT
Report length (pages)	193	206		
Social				
Total employment figure	2	3		+1
Strikes/lost days/down time	2	–		–2
SHE – audit committee (role/ membership)	2	2		0
Safety levels (general, performance, principles, targets)	3	2		–1
Safety training	1	1		0
Behaviour-based safety initiatives	2	–		–2
Non-financial KPIs	–	1		+1
Fatalities/accidents/ Lost time injuries/	2	2		0
Accidents	–	1		+1
Employee health/welfare (general)	1	1		0
ARVs/AIDS/TB/Other occupational health issues	2	2		0
Medical examinations, occupational health screening, voluntary counselling & testing	1	1		0
Treatment/health action plans	1	2		+1
Post-retirement and medical costs		1		+1
Employee training and benefits	3	2		–1
Skills/shortages/skill development	3	–		–3
Employee development (career development)	4	2		–2
Bursary programme/ scholarships/apprenticeships	–	1		+1
Education/training	2	1		–1
ABET (Adult basic education training), literacy	3	1		–2
Equality/diversity	2	1		–1
Transformation (role, membership of committees)	4	1		–3
BEE (general) and BBBEE, ownership	3	6		+3
HDSA ownership/ empowerment/representation	–	1		+1
Equity participation level	1	1		0
Local procurement/ procurement policy	1	1		0
Women employment		2		+2

Report name	2009 Annual Report	2010 Integrated annual report	2011 N/A	CCOT
Organisational diversity	1	1		0
ISO 9001:2000 (Quality/ customers)	1	1		0
ISO 14001 (Environment)	1	2		+1
ISO (other)	2	3		+1
Specific SED activities	1	2		+1
Community projects (eg gum trees)	1	1		0
Stakeholder engagement, constructive relationships with stakeholders	1	1		0
			Total CCOT	+1
Environmental				
Climate change	1	2		+1
GRI indicators	4	1		–3
Carbon footprint	2	2		0
Biodiversity management/ Ecosystems/BAP	2	2		0
Energy consumption	4	3		–1
Energy efficiency	3	2		–1
Air pollution/emissions/ GHG emissions	1	1		0
Total CO2 emissions	2	1		–1
Water consumption/usage	1	1		0
Water management	1	1		0
Waste management	–	2		+2
Recycling/recycling initiatives	–	1		+1
Environmental Rehabilitation Obligations (including decommissioning cost)	2	1		–1
Rehabilitation costs	2	1		–1
Provision for future rehabilitation	2	1		–1
Pollution, Rehabilitation & Closure Trust Fund	1	1		0
			Total CCOT	–5
Ethical				
Integrity/ business integrity	1	–		–1
Accountability	1	1		0
Crime prevention/theft/ fraud management	1	–		–1
			Total CCOT	–2

*CCOT = cumulative change over time

Table 6: Sasol

Report name	2009 Annual review and summarised financial information	2010 Annual review and summarised financial information	2011 Integrated annual report	CCOT
Report length (pages)	106	95	137	
Social				
Total employment figure	1	2	4	+3
Employee turnover		2	2	+2
Employee benefits/ remunerations	2	3	3	+1
Sustainability committee (role/membership) (SHE)	1	2	1	0
Risk committee (role/ membership)	1	1	2	+1
Social and ethics committee (role/ membership)	1	1	1	0
Governance for sustainability /assurance	1	2	7	+6
Ethics leadership	2	2	5	+3
Safety audits/ assessment/statistics	2	3	7	+5
Health audits/ assessments/statsitcs	2	3	8	+6
Behaviour-based safety initiatives	2	1	4	+2
Non-financial KPIs	1	1	2	+1
Fatalities/Accidents/ Injuries/LITFR	1	2	3	+2
Critical skills turnover	1	1	3	+2
Employee health/welfare (general)	1	2	1	0
HIV/AIDS general, prevalence	0	1	1	+1
Industry charters/trade unions/relations therewith	1	4	3	+2
Staff costs	1	1	3	+2
Employee training and benefits	2	2	4	+2
Social investment (general), employee investment	2	3	3	+1
Skills/shortages/skill development/	3	3	4	+1

Report name	2009 Annual review and summarised financial information	2010 Annual review and summarised financial information	2011 Integrated annual report	CCOT
Employee development (career development)	1	1	3	+2
Human capital	5	5	8	+3
Bursary programme/ scholarships/ apprenticeships Education/training	3	2	7	+4
Socio-economic projects/initiatives	3	1	4	+1
Equality/diversity	1	1	3	+2
Transformation Process	3	4	8	+5
BEE (general)	3	2	5	+2
BEE ownership HDSA ownership/ empowerment/ Representation	3	1	4	+1
Equity participation level	2	2	6	+4
Local procurement/ procurement policy/ preferential procurement	1	2	2	+1
Women employment	2	1	1	-1
Compliance & specific initiatives	2	6	6	+4
Socio-economic development (SED programme (general)	1	1	3	+2
Specific SED activities	1	1	1	0
Community projects	1	1	3	+2
Stakeholders	3	5	9	+6
Returns to stakeholders	9	9	10	+1
Stakeholder engagement, constructive relationships with stakeholders	1	4	8	+7
			Total CCOT	+89

Table 6 continued

Report name	2009 Annual review and summarised financial information	2010 Annual review and summarised financial information	2011 Integrated annual report	CCOT
Environmental				
Carbon emissions and disclosure	3	1	5	+2
Care for/protect the Environment (general/ low environmental impact)	3	1	5	+2
Climate change	3	5	8	+5
Environmental parameters/general disclosure of statistics	2	1	4	+2
GRI		1	3	+3
Carbon footprint (CO2 emissions)	2	4	5	+3
Biodiversity management/ Ecosystems/ BAP	2	3	5	+3
Energy/management/ efficiency /renewable energy	1	3	7	+6
Air and water pollution/ usage	1	2	3	+2
Waste management (recycling)	1	3	3	+2
			Total CCOT	+30
Ethical				
Integrity/ business integrity	1	1	4	+3
Accountability	1	2	2	+1
Transparency/openness	1	1	3	+2
Responsibility/ responsible employer	1	1	1	0
Ethical standards/values/ Code/good corporate citizen	1	2	2	+1
			Total CCOT	+7
*CCOT = cumulative change over time				

Table 7: Barloworld

Report name	2009 Annual report 2009	2010 Annual Report 2010	2011 N/A	CCOT
Report length (pages)	234	252		
Social				
Total employment figure	1	1		0
Employee turnover	1			-1
Strikes/lost days	1	1		0
SHE audit committee (role/ membership)		1		+1
Safety	1	1		0
Safety levels (general, performance, principles, targets)	1	1		0
Zero harm	1			-1
Fatalities	1	1		0
Accidents		1		+1
Lost time injuries	1	1		0
Critical skills turnover	1			-1
Employee Health	1	1		0
Employee health/welfare (general)	1			-1
HIV/AIDS general, prevalence	2	1		-1
Exposure to airborne pollutants, Hearing care	1			-1
Medical examinations, occupational health screening, voluntary counselling and testing	1	1		0
Hearing conservation examinations		1		+1
post-retirement medical costs		1		+1
Employee training and benefits	1	5		+4
Social investment (general), employee investment		4		+4
Skills/shortages/skill development	4	7		+3
Employee development (career development)	2			-2
Bursary programme/ scholarships/apprenticeships	1			-1
Education/training	1	5		+4
ESOP, Employee benefit disclosure/package	3	1		-2

Report name	2009 Annual report 2009	2010 Annual Report 2010	2011 N/A	CCOT
Equality/diversity	1	3		+2
Transformation Advisory Committee (role, membership)	1			-1
Transformation Process	1	12		+11
BEE (general)	3	1		-2
BEE ownership	2			-2
HDSA ownership/ empowerment/ representation		4		+4
Equity participation level	1	1		0
Local procurement/ procurement policy	1	3		+2
Women employment	2			-2
Organisational diversity	1			-1
Compliance and specific initiatives	1			-1
ISO 9001:2000 (Quality/ customers)	1	1		0
Institute for corporate social investment		1		+1
Business against crime (policing)	1			-1
Socio-economic development (SED programme (general)	1	3		+2
Specific SED activities	1			-1
Stakeholders	2	6		+4
Returns to stakeholders	1			-1
Stakeholder engagement, constructive relationships with stakeholders	2	3		+1
			Total CCOT	+23
Environmental				
Care for/protect the Environment (general)		8		+8
Climate change	1			-1
GRI GR3 guidelines	1	1		0
ISO 14001:2004 (Environmental)	1	2		+1
CDP emissions survey		4		+4
Carbon footprint	3	2		-1

Table 7 continued

Report name	2009 Annual report 2009	2010 Annual Report 2010	2011 N/A	CCOT
Biodiversity management/ Ecosystems/ BAP	1	3		+2
Energy	1			-1
Energy consumption	1	4		+3
Energy efficiency	1			-1
Air pollution/emissions/ GHG emissions	1			-1
Total CO2 emissions	1			-1
Water	1	1		0
Water consumption/usage	1	4		+3
Water contamination/ effluent/pollution	1	2		+1
Water management	1			-1
Waste	1	6		+5
Waste management	1	2		+1
Recycling/recycling initiatives		5		+5
Pollution, Rehabilitation and Closure Trust Fund	1			-1
			Total CCOT	+25
Ethical				
Integrity/ business integrity	1	1		0
Accountability		2		+2
Transparency/openness	1			-1
Responsibility/responsible employer	3			-3
Ethical standards/values/ Code/good corporate citizen	1			-1
			Total CCOT	-3
*CCOT = cumulative change over time				

Table 8: Goldfields

Report name	2009 Annual Report	2010 Annual Report	2011 N/A	CCOT
Report length (pages)	230	280		
Social				
Total employment figure	1	2		+1
Strikes/lost days	1	1		0
SHE/HSE audit committee (role/membership)	–	2		+2
Safety levels (general, performance, principles, targets)	4	4		0
Safety training	1	2		+1
Safety audits/Du Pont safety survey/assessment	3	5		+2
Incident reporting systems	1	1		0
Zero harm	2	5		+3
Fatalities	4	5		+1
Accidents	4	5		+1
Lost time injuries	1	4		+3
FIFR	3	3		0
LTIFR	1	3		+2
Employee Health	3	6		+3
ART	1	–		–1
TB (MRTB, XRTB), diagnoses	1	2		+1
HIV/AIDS general, prevalence	1	2		+1
NIHL	1	2		+1
Dust content tests	1	1		0
Medical examinations, occupational health screening, voluntary counselling and testing	1	1		0
post-retirement medical costs	1	2		+1
Employee training and benefits	4	7		+3
Social investment (general), employee investment	3	2		–1
Skills/shortages/skill development	3	5		+2
Employee development (career development)	2	–		–2
Education/training	4	1		–3

Report name	2009 Annual Report	2010 Annual Report	2011 N/A	CCOT
ABET (adult basic education training), literacy	1	–		–1
Housing/accommodation, living conditions	5	1		–4
ESOP, Employee benefit disclosure/package	1	2		+1
Equality/diversity	1	1		0
Transformation advisory committee (role, membership)	2	3		+1
Transformation Process	2	1		–1
BEE (general)	2	6		+4
BEE ownership	–	1		+1
HDSA ownership/empowerment/representation	1	3		+2
Equity participation level	1	–		–1
Local procurement/procurement policy	1	1		0
Women employment	1	1		0
Organisational diversity	1	2		+1
Socio-economic development (SED programme (general))	1	3		+2
Community projects	1	3		+2
Stakeholder engagement, constructive relationships with stakeholders	2	5		+3
			Total CCOT	+31
Environmental				
Care for/protect the Environment (general)	2	3		+1
Climate change	2	2		0
GRI guidelines/ GRI application level (C3+)	2	1		–1
ISO 14001:2004 (Environmental)	2	1		–1
CDP emissions survey	–	1		+1
Carbon footprint	1	1		0
Biodiversity management/ Ecosystems/ BAP	1	1		0
Energy consumption	2	2		0

Table 8 continued

Report name	2009 Annual Report	2010 Annual Report	2011 N/A	CCOT
Energy efficiency	2	2		0
Air pollution/emissions/ GHG emissions	1	–		–1
Total direct SO2 emissions	1	–		–1
Total CO2 emissions	1	2		+1
Water consumption/usage	3	1		–2
Water contamination/ effluent/pollution	3	1		–2
Water management	3	1		–2
Waste	4	2		–2
Waste management	3	1		–2
Recycling/recycling initiatives	1	1		0
Rehabilitation	5	6		+1
Environmental Rehabilitation Obligations (including decommissioning cost)/costs	4	2		+2
Provision for future rehabilitation	1	2		+1
Specific initiatives	–	2		+2
Woodchip project	–	1		+1
Pollution, Rehabilitation and Closure Trust Fund	4	4		0
			Total CCOT	–4
Ethical				
Integrity/ business integrity	2	3		+1
Accountability	3	–		–3
Transparency/openness	3	3		0
Responsibility/responsible employer	4	2		–2
Ethical standards/values/ Code/good corporate citizen	3	4		+1
			Total CCOT	–3
*CCOT = cumulative change over time				

Table 9: Sappi

Report name	2009 Annual report	2010 Annual report 2010	2011 n/a	CCOT
Report length (pages)	212	204		
Social				
Total employment figure	2	3		+1
Employee turnover	1	1		0
SHE audit committee (role/ membership) 9 or equivalents)	1	1		0
Safety/safety levels (general, performance, principles, targets)/safety training	3	2		-1
Behaviour-based safety initiatives	1	3		+2
Fatalities/accidents/lost time/related stats	1	4		+3
Critical skills turnover	2	2		0
Employee health/Employee health/welfare (general)	2	1		-1
HIV/AIDS general, prevalence	1	2		+1
Skills/shortages/skill development	2	1		-1
Employee development (career development)/ employee training and benefits education/training	2	1		-1
Bursary programme/ scholarships/apprenticeships	2	1		-1
Employment costs	4	5		+1
Transformation Advisory Committee (role, membership) (or equivalent)	2	5		+3
Transformation process	3	2		-1
BEE (general)	3	8		+5
BEE ownership	3	3		0
HDSA ownership/ empowerment/ Representation/Local procurement/procurement policy/ Indigenisation quotas	1	2		+1
Women employment/ Organisational diversity	2	3		+1
Compliance and specific initiatives/ ISO 9001:2000 (Quality/customers)/ Institute for corporate social investment/licence to trade/ King III/laws and regulations	3	1		-2

Report name	2009 Annual report	2010 Annual report 2010	2011 n/a	CCOT
Socio-economic development (SED programme (general)	2	4		+2
Stakeholders	4	3		-1
Returns to stakeholders	9	8		-1
Stakeholder engagement, constructive relationships with stakeholders	3	1		-2
			Total CCOT	+8
Environmental				
Care for/protect the Environment (general)	2	4		+2
Climate change/CO2 emissions	4	4		0
GRI /ISO	1	0		-1
Carbon footprint/ Biodiversity management/ Ecosystems/BAP	3	3		0
Energy/Energy consumption/Energy efficiency	2	2		0
Air pollution/emissions/ GHG emissions	1	2		+1
Water/consumption/ pollution/management	1	6		+5
Waste/ Waste management	1	2		+1
Recycling/recycling initiatives	1	1		0
Rehabilitation costs	1	1		0
			Total CCOT	+8
Ethical				
Integrity/ business integrity	3	3		0
Accountability	1	1		0
Transparency/openness	1	1		0
Responsibility/responsible employer	1	1		0
Ethical standards/values/ Code/good corporate citizen	3	2		-1
			Total CCOT	-1
*CCOT = cumulative change over time				

Table 10: Bidvest

Report name	2009 Annual report	2010 Annual report	2011 Annual integrated report	CCOT
Report length (pages)	230	220	230	
Social				
Total employment figure	4	4	4	0
Strikes/lost days	1	0	1	0
SHE audit committee (role/ membership) (or equivalents)	2		2	0
Safety/safety levels (general, performance, principles, targets)/ Safety training	1	1	3	+2
Critical skills turnover	1	1	2	+1
Employee health/employee health/welfare (general)	1	1	3	+2
HIV/AIDS general, prevalence	2	2	4	+2
Social investment (general), employee investment	1	2	2	+1
Skills/shortages/skill development	1	1	2	+1
Employee development (career development)/ employee training and benefits Education/training	1	4	7	+7
Bursary programme/ scholarships/apprenticeships	2	3	4	+2
Employment costs	4	4	6	+2
Transformation Advisory Committee (role, membership) (or equivalent)	2	2	3	+1
Transformation process	3	1	4	+1
BEE (general)	5	3	8	+3
BEE ownership	2	1	5	+3
HDSA ownership/ empowerment/ representation/local procurement/ procurement policy/ Indigenisation quotas/women's employment/organisational diversity	1	3	4	+3
Compliance and specific initiatives/ ISO 9001:2000 (Quality/customers)/ Institute for corporate social investment/licence to trade/ King III/laws and regulations	3	3	4	+1
Socio-economic development (SED programme (general)	3	3	2	-1

Report name	2009 Annual report	2010 Annual report	2011 Annual integrated report	CCOT
Nationalisation			1	+1
Returns to stakeholders	3	6	6	+3
Stakeholder engagement, constructive relationships with stakeholders	5	4	8	+3
Social responsibility index	1	1	1	0
			Total CCOT	+38
Environmental				
Care for/protect the Environment (general)		3		0
Climate change/CO2 emissions	3	5	1	-2
GRI /ISO		1	2	+2
Carbon footprint/ biodiversity management/ Ecosystems/BAP	1	1	3	+2
Energy/energy consumption/ energy efficiency	1	1	2	+1
Renewable energy	1	1	3	+2
Air pollution/emissions/ GHG emissions		2	2	+2
Water/consumption./ pollution/management	2	1	3	+1
Waste/ Waste management	1	1	2	+1
Recycling/recycling initiatives	2	1	2	0
			Total CCOT	+9
Ethical				
Integrity/ business integrity	3	2	3	0
Accountability	3	2	4	+1
Responsibility/responsible employer	3	2	2	-1
Ethical standards/values/ Code/good corporate citizen	3	2	5	+2
			Total CCOT	+2

*CCOT = cumulative change over time

Table 11: Royal Bafokeng Holdings

Report name	2009 Annual review	2010 Annual review	2011 N/A	CCOT
Report length (pages)	44	48		
Social				
Safety	1	1		0
Safety levels (general, performance, principles, targets and safety training/ audits)	1	1		0
Zero harm		1		+1
Fatalities/accidents/lost time /FIFR/LTIFR		1		+1
Critical skills turnover		1		+1
Employee health/community health	1	2		+1
Diseases/treatment/ prevention		1		+1
Nutrition and general health		1		+1
Post-retirement medical costs	3	3		0
Employee training and benefits	3	3		0
Skills/shortages/skill development	1	1		0
Employee development (career development)	1	2		+1
Bursary programme/ scholarships/apprenticeships	1	1		0
Education/training	2	2		0
Housing/accommodation, living conditions	1	1		0
Equality/diversity	1	1		0
Transformation /BEE	1	2		+1
Local procurement/ procurement policy	2	1		-1
Indigenisation quotas		1		+1
Women's employment	1			-1
Organisational diversity		1		+1
Compliance and specific initiatives ISA and EE standards of investments; King III	2	2		0
Mineral Resources and Employment Development Act		1		+1

Report name	2009 Annual review	2010 Annual review	2011 N/A	CCOT
Socio-economic development (SED programme (general)	2	6		+4
Specific SED activities [sports development plans] [development of SMEs] [Impala Bafokeng Trust]	3	4		+1
Community projects		1		+1
Stakeholders	1	6		+5
Returns to stakeholders	4	5		+1
Stakeholder engagement, constructive relationships with stakeholders	3	8		+5
			Total CCOT	+26
Environmental				
Care for/protect the Environment (general)		1		+1
GRI GR3 guidelines	1	1		0
ISO 14001:2004 (Environmental)	1	1		0
Pollution, Rehabilitation and Closure Trust Fund		1		+1
			Total CCOT	+2
Ethical				
Integrity/business integrity	1	1		0
Accountability		3		+3
Transparency/openness		1		+1
Responsibility/responsible employer	1	1		0
Ethical standards/values/ Code/good corporate citizen	1	2		+1
			Total CCOT	+5

*CCOT = cumulative change over time

As discussed in Chapter 3, the CCOT indicator for each item indicates the cumulative change over time in the number of sections of each report where each social, environmental and ethical item is found.³ The striking aspect of these CCOT 'scores' is that they are almost entirely positive. Overall, the social CCOT scores are higher than the environmental scores, with the ethical scores being the lowest. It may therefore be concluded that for this sample there has been a substantial increase in the number of sections of the report where each item is reported. Arguably the measure used, while simple in essence, provides an apt proxy for the extent of integration of social, ethical and environmental information into the annual report. The appearance of this information within more sections of the report indicates that these issues are integrated not only into the chairman's statement or sustainability review but also into the operating review, the financial review, possibly a material issues section (where it exists) and the corporate governance review, to name but a few.

King III has certainly succeeded in giving social, environmental and ethical information greater presence throughout the report as a whole and has in many cases resulted in the inclusion of important items of social, environmental and ethical impact in core sections such as the operating review, rather than being limited to a 'sustainability review'. The reader cannot escape this information by simply skipping one or two sections of the report. These findings suggest that social, environmental and ethical information is no longer marginalised but integrated into the heart of the primary reporting vehicle.

As CCOT as a measure is not normalised in any way the percentage of positive CCOT within each grouping was also calculated. For example, if there were 10 social items where the CCOT score was positive, and there were 40 social items altogether this would be recorded as 25% of items being reported in more sections of the reports over the period studied. These figures are reported for each company across each category of reporting (social, environmental and ethical) in Table 12.

3. This does not provide an indication of the number of times each item is reported within each section. The researchers avoided an analysis that counts words, sentences, number of mentions, etc so as to avoid adopting a positivistic methodology.

Table 12: Measuring the degree of integration

		Social	Environmental	Ethical
Impala Platinum	Total CCOT	+52	+30	+4
	% positive change in N sections	81%	78%	40%
	% positive or no change in N sections	97%	100%	80%
Group 5	Total CCOT	+15	+2	-5
	% positive change in N sections	60%	55%	29%
	% positive or no change in N sections	90%	64%	43%
Exxaro	Total CCOT	+12	+21	+4
	% positive change in N sections	50%	52%	67%
	% positive or no change in N sections	69%	91%	67%
PPC	Total CCOT	+1	-5	-2
	% positive change in N sections	35%	19%	0%
	% positive or no change in N sections	65%	75%	25%
Sasol	Total CCOT	+89	+30	+7
	% positive change in N sections	87%	100%	80%
	% positive or no change in N sections	97%	100%	100%
Barloworld	Total CCOT	+23	+25	-3
	% positive change in N sections	36%	50%	20%
	% positive or no change in N sections	59%	60%	40%
Goldfields	Total CCOT	+31	-4	-3
	% positive change in N sections	60%	33%	40%
	% positive or no change in N sections	81%	62%	60%
Sappi	Total CCOT	+8	+8	-1
	% positive change in N sections	42%	40%	0%
	% positive or no change in N sections	58%	90%	80%
Bidvest	Total CCOT	+38	+9	+2
	% positive change in N sections	78%	70%	50%
	% positive or no change in N sections	96%	90%	75%
Royal Bafokeng Holdings	Total CCOT	+26	+2	+5
	% positive change in N sections	59%	50%	60%
	% positive or no change in N sections	93%	100%	100%

Table 12 also summarises the total CCOT scores for each company for each grouping: social, environmental and ethical. It can be seen immediately that a large percentage of items are generally found in more sections of the annual/integrated report in later years than in earlier years. For sections where social items are reported within the reports with Table 12 indicates that the percentage of social items where there is an increase ranges from 35% to 87%. This shows that as integrated reporting has been introduced companies have responded by discussing social issues throughout the majority of the report rather than restricting the reporting to specific dedicated sections such as a summary Sustainability Review. For environmental information, the measures range from 19% to a 100% of items encountering a positive change in the number of sections where they are reported. Notably, the percentage of ethical items being reported more extensively (in more sections of the reports) over time is far less substantial than for environmental and social information. In some cases there is no increase at all in the spread of reporting across sections of the reports (PPC and Sappi). It seems that companies have focused primarily on the social and environmental areas and less so on increasing the extent of their reporting of ethical issues such as bribery and corruption and the need for transparency. The study also shows the percentage of items where there is either a positive change or 'no change' in the number of sections, which further emphasises the lack of negative change: in very few cases social, environmental and ethical items were reported in fewer sections following the introduction of integrated reporting.

THEMES AND TRENDS IN THE REPORTS

The reports were also analysed in an interpretative, qualitative manner, extracting themes and trends in the reporting. A number of themes arose from the analysis: the drivers of integrated reporting; the importance of risk, risk management and internal control; an increasing incidence in quantification; the crucial issue of materiality for social, environmental and ethical issues; the emergence of new social, environmental and ethical issues; and the evolution of a sustainability-oriented rhetoric.

DRIVERS OF INTEGRATED REPORTING

Examination of the reports showed that reporting on social, environmental and ethical issues is driven largely by regulatory requirements. These regulations and standards, to a large extent, predate King III and integrated reporting. Consequently these regulations would have been complied with and may have been reported in the stand-alone sustainability (or equivalent) report but not in the annual report. For example, Exxaro (2010) explain:

A new standard was developed in 2010 covering medical surveillance of employees and contractors in terms of the Mine Health and Safety Act (29 of 1996), Occupational Diseases in Mines and Works Act (78 of 1993 as amended), Occupational Health and Safety Act (85 of 1993), National Nuclear Regulator Act (47 of 1999) and Compensation for Injuries and Diseases Act (130 of 1993).

Similarly,

Two pieces of legislation govern compensation: Compensation for Occupational Injuries and Diseases Act (COIDA) and the Occupational Diseases in Mines and Works Act which provides for medical benefits for former employees. (Exxaro 2010)

When it comes to health and safety in the non-mining sector, a similar situation prevails. A combination of laws and international best practice standards have an impact on what is disclosed in the integrated report. For example:

Responsibility for health and safety is assigned to dedicated senior managers in all operations where safety and health are material issues. South African companies comply with the Occupational Health and Safety Act. International businesses meet relevant standards in their jurisdictions. (Bidvest, Annual Integrated Report 2011)

All relevant operations have maintained their OHSAS 18001:2007 certifications as audited by the SABS or South African Bureau of Standards, which ensures that PPC complies with international standards for health and safety in the workplace. (PPC, Integrated Annual Report 2011)

As well as protecting employees for philanthropic reasons, companies are acutely aware of the financial risks arising from sick employees' absence from work as well as financial claims for compensation for work-related illnesses, disability and death. These financial implications transform health and safety into significant material financial issues. Medical testing is a large part of risk mitigation in this area. Again, in relation to mitigation of health and safety risk and its financial

consequences, the companies studied have developed a whole host of initiatives. For example:

Dust and noise-reduction targets set by the mining industry aim to reduce the number of IHL and silicosis cases. This depends on: Minimising noise and dust exposure to below occupational exposure levels (OEL); Reducing the time spent by employees in noisy and dusty areas; Proper use of personal protective equipment. Initiatives to reduce noise include: Enclosing machines with open cabins; Boxing work benches; Installing silencers on auxiliary fans; Training. Initiatives to reduce dust include: Removal of coal crusher at one of our sites; Extraction fans at primary and secondary crushers; Use of water in stockpile areas; Dust suppression on opencast surface roads; Increased ventilation in underground sections. (Exxaro, Integrated Report 2010)

In addition, there is an awareness of the importance of fostering a 'culture of safety':

Many incidents happen when people are carrying out routine tasks, which they may consider to have mastered or when other pressures distract them. Guarding against complacency and keeping safety at the forefront of everyone's mind is an ongoing challenge and we have to continually refresh our safety message and make it relevant and interesting in order to 'win hearts and minds'. We have implemented novel ways to communicate safety through initiatives such as industrial theatre, family open days and video reconstructions of incidents. Finally, and yet most importantly, our leadership is committed to playing a visible and 'felt' role in safety through their effective participation in all relevant activities. (Sasol, Integrated Report 2011)

Due to the increase in LTIs [lost time injuries], a project called Back 2 Basics was implemented and included the following initiatives: (1) Publication of a health and safety newsletter titled Blue Sky. (2) Development of minimum safety behavior requirements called the non-negotiable nine. (3) Developing a health and safety-specific measurement standard and associated scorecards. (4) Sharing lessons learned across the group. (5) Retraining employees in basic health and safety principles. (PPC, Integrated Annual Report 2010)

Compensation claims are clearly a significant risk for companies, as indicated in the Exxaro 2010 and Impala 2011 integrated reports: these companies are concerned about the 'possible occupational disease burden',

In 2010 Exxaro reported 89 occupational diseases (compared to 85 in 2009): this is an early indicator of the possible occupational disease burden. These were occupational TB (52); (industrial hearing loss) NIHL (12); pneumoconiosis (23); dermatitis (1) and work-related upper-limb disease (WRULD). (Exxaro 2010)

The prevalence of HIV with associated tuberculosis (TB) within the Southern African environment is a serious issue for the Group. It is estimated that approximately 25% – 30% of the mining workforce in South Africa has contracted HIV/AIDS. The challenging nature of mining necessitates a workforce that is physically fit and mentally alert. In employees who are suffering from debilitating illnesses such as HIV/AIDS, this is often compromised, impacting negatively on safety and productivity. In this regard, there has been a steady increase in absenteeism and medical incapacitations with Aids-related deaths in service remaining relatively high at our operations, specifically at Impala

Rustenburg. Our approach to managing this pandemic has focused on preventative education and treatment post-infection, including antiretroviral therapy (ART) and implementing holistic wellness programmes to promote a healthier lifestyle. (Impala 2011)

Similarly in the environmental domain there is extensive regulation with which companies are forced to comply and this is reflected in the reporting of their practice in relation to environmental stewardship and responsibility, for example:

All Exxaro's South African operations have environmental management programmes (EMPs) as required under the Mineral and Petroleum Resources Development Act (MPRDA) and the National Environmental Management Act (NEMA). While a record number of integrated water use licences were approved in the review period, the Department of Water Affairs directed the Arnot Mooifontein open-cast operation to cease using a haul road constructed over a water course. The Department of Mineral Resources directed North Block Complex's Glisa operation to update and submit its EMPR. Both directives have been fully complied with. North Block Complex's EMP is being updated to align all activities with environmental management plan reporting requirements, while the EMP amendment to Arnot's Mooifontein operation is being considered by the authorities. All EMPs are key indicators in ensuring that Exxaro remains a sustainable business. Exxaro also adopts the precautionary principle entrenched in NEMA in evaluating all the environmental impacts of business opportunities. To enhance implementation of these legal requirements and the sustainable use of natural resources, group standards for

air quality management, water management, biodiversity management, rehabilitation and mine closure management, and incident management were implemented in 2010. (Exxaro 2010)

Implats also recognises the need for compliance with environmental regulation and notes:

The following environmental issues have been identified as critical to the sustainability of our business: [firstly] Ensuring compliance with current and proposed environmental legislation within a challenging regulatory framework. [Secondly] responsible management of resources and achieving and maintaining ISO 14001 compliant environmental management systems across all Group operations. [Thirdly] Developing and implementing a Group carbon management strategy and setting and achieving carbon emission targets.

Another driving force behind companies' engagement in social and environmental activities and their reporting is their desire to be included in the JSE Responsible Investment Index as well as being 'labelled' as a company with good social and environmental credentials as several companies expressed pleasure at being ranked highly by the 2010 Ernst & Young Excellence in Sustainability Reporting Survey.

Both Implats and Bidvest, for example, are keen to highlight their respective achievements.

Implats has been a constituent on the JSE SRI index since the inception of the index. The index assesses the constituent's performance in terms of triple bottom-line reporting on issues such as environment, society and

economy as well as corporate governance. (Implats, Annual Report 2011)

On the basis of an assessment of the Group's policies, performance and reporting on economic, social and environmental sustainability, the JSE has reaffirmed Bidvest's position as a founding constituent of the SRI Index. (Bidvest, Annual Report 2011)

AN EVOLVING DISCOURSE OF RISK AND RISK MANAGEMENT

The narrative reporting on social, environmental and ethical issues displays an increasing focus on risk and risk management over the years under study, showing that the underlying impetus in the reports arises from the company's concern with internal control. The growing realisation that previously termed 'non-financial' issues are in fact financial in nature derives mainly from a more developed understanding of the potential risk associated with mismanaging or ignoring issues with social, ethical and environmental impact. There is now a substantial literature showing that the institutional shareholder community as well as the corporate community have, relatively recently, started to bring these issues into the mainstream of corporate governance and accountability (IRCSA 2010).

With Group 5's approach to sustainability reporting and assurance, there is a feeling from the reporting of genuine commitment to integration of these issues into the core risk-management strategy and of responsiveness and inclusiveness regarding stakeholder groups:

Three years ago the group reviewed how it manages key risks and issues of sustainability. During our evaluation we

found that both our management of these issues, as well as the gathering of information and subsequent reporting were somewhat disconnected from how we were managing and monitoring our strategy. We therefore commenced a process of integrating our processes and systems to ensure a holistic approach to risk and its impact on our business...This model indicates how sustainability forms a core part of our operations...In a further step towards providing stakeholders with an understanding of our key risks and how we manage them, this year we increasingly aligned the content of our integrated report with the needs and interests of stakeholders and with management's view on our key risks and material issues. (Group 5 2010: 52)

A salient issue identifiable in Group 5's 2011 report is the evolving risk discourse. The discussion of social and environmental factors is grounded in issues of materiality and risk management. This, as discussed above, is to be expected from the emphasis in King III on disclosures of material social and environmental risks in integrated reports. This is particularly emphasised in the report by the substantial length of Group Risk Officer's section. With the growing risks associated with climate change, companies seemed to be increasingly preoccupied with climate change risk and mitigation in their most recent reports.

Indeed, Exxaro and Goldfields highlight climate change as a high-level risk as well as in the chairman's statement and operational review sections of their integrated reports, respectively. For both companies there is a strong focus on climate change and its impact.

Nine of the world's 10 warmest years have occurred since 2000, and 2010 was one of the hottest globally since records began. According to the UN World

Meteorological Association, over the past century the global average has climbed from 13.6°C to 14.4°C. Rising temperatures have obvious implications, particularly in water-scarce regions such as southern Africa. Last year, I noted that energy in its broadest context must be dealt with as a strategic imperative – we need to take a multi-faceted approach to this issue. As part of this process, Exxaro recommitted to saving 10% on energy efficiency and carbon emissions by 2012 – a savings target that would be included in the annual business planning process. We are now in the second year of the three-year pledge, and we will strive even harder in 2011 to achieve these targets. Equally, we acknowledge the view that human activity, especially in burning fossil fuels, contributes to increasing the concentration of greenhouse gas emissions in the atmosphere; this in turn contributes to global warming and ultimately climate change that affects social and economic wellbeing and the ecological balance in different ways across the world (Exxaro 2010).

...global social and political pressure is being maintained on companies to address climate change – including through the application of carbon regulation...In 2010, Goldfields became the world's first gold mining company to enter into a contract to sell Certified Emissions Reductions (CERs), the financial securities used to trade carbon emissions. The CERs were derived from the capture of methane gas at our Beatrix Gold Mine in South Africa's Free State province. The Beatrix Mine Methane Project, where we are currently flaring gas, will generate approximately 5MW of electricity a year once a cogeneration plant has been built using the gas as feedstock. This could save approximately 12,000 tonnes of methane, equivalent to 252,000 tonnes of CO₂-e. (Goldfields 2011)

Bidvest is also aware of the risks posed by climate change, which are dealt with as part of the 'Governance for a Sustainable Business' section of the 2011 integrated report:

Bidvest has identified climate change as an important issue and we continue to look for opportunities to improve our competitive position with respect to climate change. Bidvest recognises that these threats also contain opportunities. In response, our companies are building environmental excellence into our reputation for quality, service, health and safety.

Not only do Bidvest companies measure their consumption of fuel, electricity and other carbon-costly resources, they also increasingly monitor other processes that affect the quality and efficiency of operations. By sharing best practices through Bidvoice [company newsletter] and quarterly sustainability committee meetings, companies are learning how to apply new technologies to their businesses. This year, Bidvest conducted its fifth greenhouse gas emissions inventory (carbon footprint), which included all Bidvest businesses. Data was collected in accordance with the Greenhouse Gas Protocol, compatible with other GHG standards such as the ISO 14064. Emitting activities include: direct greenhouse (GHG) emissions resulting from fuel used by vehicles and equipment owned or controlled by Bidvest; indirect emissions from purchased electricity (Scope 1 and 2); and selected indirect emissions, for example resulting from business travel in corporate aircraft, or methane and nitrous oxide emitted by equipment not owned or controlled by Bidvest (Scope 3 emissions). Emissions within Bidvest car rental operations resulting from client usage of Bidvest owned cars are not included. (Bidvest 2011)

Indeed, over the period under study, social and environmental issues became increasingly integrated into companies' systems of internal control and risk management. Companies developed and reviewed their systematic framework for evaluating and mitigating risks related to social and environmental issues such as safety.

In 2010, we reviewed our health and hygiene strategic framework to improve our proactive management of health. We also updated our reporting framework to help us track the implementation of our strategy. (Exxaro 2010).

Business sustainability – in its true sense – is essentially about the effective and integrated management of our operational, sustainability and financial risks. Gold Fields has a well developed and embedded Enterprise-Wide Risk Management (EWRM) process. As part of our integrated approach to business sustainability, our environmental, social, health and safety risks are fully integrated into the EWRM process (Goldfields 2011)

This evolving risk discourse has been identified in private reporting through the maturing of a risk discourse on climate change (Solomon et al 2011).

INCREASING FOCUS ON MATERIALITY: CRUCIAL TO INTEGRATED REPORTING

The integrated reports are characterised by a discourse of materiality as well as risk. King III and the IRSA (2011) require companies to disclose what is material (and by default not disclose what is not material). Therefore the latest reports highlight which social and environmental issues they consider to be material. They do not, however, explain in any detail how this materiality decision is made or what materiality actually means in this context. Employee training and development appears to be a significant material issue for companies studied, particularly in the mining sector. Even though South Africa suffers with high unemployment, the country is also subject to a shortage of skilled workers, this risk being identified by the companies as material. For example, Exxaro and Implats detail material expenditure in this area,

At Exxaro, we believe that empowering all staff with the knowledge and skills they need to develop personally will also help us grow the company. In 2010, 7,013 Exxaro employees successfully completed some form of relevant development training. Exxaro's policy is to invest an appropriate amount of total payroll each year on human resource development. In 2010, this was 5,1% or an investment of R140 million (2009: 5% or R126 million). (Exxaro)

Overall, Group skills development expenditure for our South African operations was R357 million, a 31% increase year-on-year (FY2010: R272 million). Four per cent of this (R14 million) was spent on ABET training. (Implats 2011)

Recognising that there is a direct link between our people and our sustained business performance, we aim to develop our employees' skills and abilities and provide them with opportunities to gain new experiences. Global training spend in 2010 was US\$9.8 million (2009: US\$9.1 million). (Sappi 2010)

Goldfields reiterates the need for effective human capital development. In addition to internal skills development, the company believes that effective training and education at community and formal secondary and tertiary level is also paramount, a sentiment echoed by Royal Bafokeng.

Significant investment is also required at university level as the mining sector is rapidly running short of crucial engineering and technical skills. Over the past year alone, Gold Fields committed R26 million (US\$3.6 million) in support of mining faculties at South African universities, in addition to numerous ongoing partnerships with tertiary institutions in all our host countries. (Goldfields 2011)

Up until the end of 2010, the primary focus of RBS's after-school programmes was on village training and intermediate team coaching. In line with the call from government to 'get sport back into schools', RBS will be embarking on introducing after-school and interschool sporting programmes to Bafokeng schools in early 2011. (Royal Bafokeng 2010)

Dealing specifically with community-based training and development of small entrepreneurs:

During the second half of the year, [Royal Bafokeng] focused on achieving the entity's core business targets, with SMMEs [small, medium and micro

enterprises] remaining the entity's primary beneficiaries and its main area of focus. In this vein, collaboration with The Business Place Network – Phokeng (TBPNP) has yielded some positive returns that will be furthered to ensure total alignment with [Royal Bafokeng's] mission of channelling development opportunities in the direction of Bafokeng SMMEs...In 2010, opportunities with a value in excess of R148 million were unlocked, benefiting more than 20 local SMMEs. (Royal Bafokeng 2010)

One of the forthcoming developments that will have a significant financial and predictably material impact on South African companies is the imposition of a potential fossil fuel tax of R100 per tonne of CO₂ by the end of 2012 in South Africa, as discussed in Group 5's integrated report (2011).

A pertinent characteristic of the Exxaro 2010 report is that it includes, prominently, a section on Material Issues that clearly integrates the social and environmental issues that the company deems to be material and to have financial impact into the heart of the report. This responds to the demands of King III in a succinct and clear manner. This should be recommended as best practice for all companies producing an integrated report.

Materiality is difficult to establish for traditionally 'non-financial' factors and Exxaro explain how their materiality decisions are made.

The risk management process is continuous, with well-defined steps. Risks from all sources are identified and once they pass a set materiality threshold, a formal process begins in which causal factors and consequences are identified and the correlation with

other risks and mitigating controls is reviewed (Exxaro 2010: 24)

There are similar examples in Group 5's integrated report.

This year we produced a condensed printed report outlining the significant issues within our business along with the material matters identified through engagement with stakeholders. We supplement this with more detailed information provided on the CD contained within this integrated report. (Group 5 2011: 2)

INCREASING TENDENCY TOWARDS QUANTIFICATION

There is an increasing use of non-financial key performance indicators (KPIs), especially fatal injury frequency rate (FIFR) and lost time injury frequency rate (LTIFR). It is now a legal requirement that these indicators are disclosed in the annual report. Financial data relating to capital expenditure on social and environmental projects/policies are reported with increasing frequency in successive reports analysed. Further, Impalats (2011) records financial data (in the notes to the financial statements) on socio-economic policies (housing, training, health, etc) or on environmental policies (rehabilitation,⁴ water-related projects). This may demonstrate the growing awareness of the materiality of social, environmental and ethical issues and their financial relevance to corporate performance. It is notable that there is no social, environmental and/or ethical information contained in the companies' ten-year reviews, showing that this type of reporting in the annual review is relatively new.

4. Environmental rehabilitation tends to consist predominantly of funds spent on cleaning areas, disposing of equipment etc and planting grass.

Also interesting is that, although the scope of the reporting on social and environmental information within the annual (now integrated) report has increased, with references throughout the document, the actual content of the disclosure tends to be extremely repetitive. It is also essentially discursive apart from the few KPIs recording principally social information, although there is an increasing prevalence of greenhouse gas accounting and reporting, an emergent area of reporting worldwide.

For illustration, Table 2 identifies sections where social, environmental and ethical items are reported in a quantitative (Q) form or a financial (F) form for Implats. It is striking that between 2009 and 2011 there is a significant increase in quantitative and financial disclosures across all three forms of reporting. For example, for social items only one section of the annual report in 2009 disclosed information in a quantitative form (fatalities) whereas by 2011, 20 social items were disclosed in the integrated report in a quantitative and/or financial form.

THE EMERGENCE OF NEW REPORTING ITEMS

It is interesting to note that many of the items that were identified by analysing the reports were not present in the 2009 report and appeared only in 2010 and 2011, after companies adopted integrated reporting. For example, on social reporting, Impala and Sasol did not report in detail on HIV/AIDS in 2009 but provided information in their later reports. On ethical information, Impala and Exxaro did not discuss transparency in their 2009 reports but did in later reports. Similarly, Barloworld and Royal Bafokeng Holdings did not mention accountability in the earliest of

their reports. Regarding environmental reporting, that on climate change and biodiversity appeared after 2009 for Impala, Exxaro published information about renewable energy after 2009 and both PPC and Barloworld reported on recycling after 2009.⁵

Carbon offsetting is an issue which arises more frequently in the later reports, reflecting the progress of climate change and awareness of climate change risks, for example, Exxaro (2010), and Barloworld (2010), made the following statements.

Exxaro aims to be a carbon-neutral group — offsetting its carbon emissions in a number of ways from planting trees to cleaner production and energy efficiency. (Exxaro 2010)

At Avis we are acutely aware of the need to reduce our carbon footprint and were the first car rental company to achieve CarbonNeutral® accreditation for the offset of our own energy and fuel CO2 emissions. We recently introduced our internal Avis Earth Champions programme, giving all employees the opportunity to get involved in the environmental sustainability programme, from water recycling, energy reduction and waste management projects, to tree planting projects or volunteering for conservation bodies. (Barloworld 2010)

Reporting on carbon footprint also appears to be in its infancy, as discussed in Exarro's 2010 integrated report.

Energy and carbon footprint data: Reflecting the investment and effort of recent years, Exxaro's data management

and reporting is steadily maturing. This is aligned with internal and external reporting requirements, and is moving onto the main systems platform. This will become the basis of reporting on carbon disclosure and carbon footprint statistics. (Exxaro 2010, emphasis added)

Exxaro's 2010 integrated report provides details of its biodiversity management, explaining that it has developed BAPs (biodiversity action plans) across five of its 17 operating units. It also discusses the relevance to its operations of the UN Red Data list on endangered species. It even mentions specific species such as *Frithia humilis*, which the firm has relocated. Similar disclosure is provided by Barloworld (2010), which assesses the impacts of its operations on biodiversity and assures users that its operations are not carried on in biodiversity-rich or sensitive locales. Likewise, Sasol (2010) assesses its impact on biodiversity and refers readers to a separate sustainability report where biodiversity management is addressed.

THE EMERGENCE OF NEW SECTIONS IN THE REPORTS

The titles of sections in the sample companies' reports were studied in order to gain a feel for any change in the nature of the titles as well as the quantity of titles within each report. Table 13 provides a summary of all the titles for the sample companies across the three years.

5. Note that one cannot assume that these newly appearing items did not feature in reports predating this sample.

Table 13: Section titles

Group 5		
2011	2010	2009
Introduction to the group	Section 1 – Introduction to Group Five	Overview
004 Report approach	004 Strategy	001 Introduction
006 Unpacking our material issues	005 Sustainable business model	002 What drives our business?
010 Group structure	006 Group structure	004 What is our strategy?
012 Geographic footprint	008 Relevant geographic drivers	006 How are we structured?
014 Delivery on group strategy	012 Geographic footprint	008 Where do we operate?
020 Sector focus	014 Sector focus	010 What happened in our markets this year?
034 The board	031 Impact	014 What is happening in our main market of South Africa?
036 Team performance	044 Team	018 How did we deliver in our markets?
Delivery during the year	Section 2 – Delivery during the year	020 Financial and non-financial highlights
044 Delivery against group measures	056 Financial and non-financial highlights	022 What is our track record?
046 Ten-year review	058 Delivery against group measures	024 What are our key measures?
048 Key ratios	060 Nine-year review	026 Who is our team?
050 Assurance processes	062 Key ratios	030 How is our team measured?
053 Scorecards	064 Assurance processes	Messages from the team
060 Awards	066 Scorecards	035 Chairperson's review
Messages from the team	072 Awards	039 Chief executive officer's review
064 Review from the chairperson	Section 3 – Messages from the team	045 Chief financial officer's review
067 Review from the chairperson of the audit and remuneration committees	078 Review from the chairperson	056 Group risk officer's review
070 Remuneration report	082 Review from the CEO	060 Human resources director's review
077 Review from the chairperson of the risk committee	092 Review from the CFO	064 Operational reviews
079 Review from the chairperson of the SED committee	106 Review from the risk officer	Sustainability
081 Review from the CEO	107 Business management system	Overview
086 Review from the CFO	111 Risk management	131 Message from the CEO
090 Operational overview from the CFO	120 Safety, health and environment	134 Measuring performance
094 Executive committee	138 Commercial	144 Driving quality
096 Management committee	140 Legal, regulatory and compliance	148 Ensuring a relevant strategy
101 Review from the group risk officer	146 Review from the company secretary	157 Managing risk
104 Operational overview from the group risk officer	147 Corporate governance	174 Corporate governance review
115 Review from the company secretary	159 King III gap analysis	194 Regulatory and compliance review
119 King III summary	167 Remuneration report	202 Safety, health and environmental management review
125 Review from the group human resources director	173 Team CVs	People
128 Operational overview from the group human resources director	180 Review from the human resources director	214 Stakeholder engagement
141 Operational reviews	181 Human resources management 13	220 Human resources management
141 Group structure	188 Employee wellness	232 Employee wellness
142 Investments and Concessions	192 Employee relations	238 Employee relations
143 Infrastructure Concessions	195 Human capital development	242 Transformation
148 Property Developments	205 Transformation	Planet
151 Manufacturing	228 Reviews from the operational executive team	281 Environmental review
156 Construction Materials	230 Operational structure	Performance

Group 5 continued		
160 Construction	231 Engineering and Construction (E+C)	293 Statement of responsibility by the board of directors
161 Building and Housing	232 Infrastructure Development Services	294 Statement of compliance by the company secretary
166 Civil Engineering	236 Investments and Concessions	294 Independent auditors' report
171 Engineering	237 Infrastructure Concessions	295 Directors' report
Annual financial statements	246 Property Developments	298 Group financial statements
178 Annual financial statements	252 Manufacturing	307 Accounting policies
256 Notice of the AGM	264 Construction Materials	323 Notes to the financial statements
259 Form of proxy	276 Construction	365 Company financial statements
	278 Building and Housing	367 Interests in subsidiaries, joint ventures and associates
	290 Civil Engineering	371 Analysis of shareholders
	302 Engineering Projects	Notice of AGM
	Section 4 – Financial statements	375 Notice of AGM
	314 Annual financial statements	Reference tools
	401 Notice of AGM	382 Abbreviations
	409 Reference tools	384 GRI index
	410 King III compliance checklist	
	452 Abbreviations	
	454 GRI index	
Total: 48	58	55

Impala		
2011	2010	2009
Our business	Group overview	Scope of report 2
2 Where we operate and our business	4 Where we operate	Corporate profile 4
3 Strategy	5 Our business and our products	Year in review 8
4 Our products	6 Group performance	Operations at a glance FY2009 12
5 Group overview	8 Operations at a glance	Overview of the year 15
6 Operational overview	10 Chairman's statement	Chairman's letter 16
8 Chairman's statement	13 Chief executive officer's review	Chief executive officer's review 24
12 Chief Executive Officer's review	20 Ten-year statistics	Safety review 32
18 Market review	24 Financial review	Market review 36
26 Abridged sustainability review	32 Engaging with stakeholders	Financial review 44
29 Strategic risks	38 Management approach	Operational review 52
32 Material sustainability issues	42 Strategic risk	Impala 52
Integrated Performance	44 Board of directors	Marula 58
36 Performance 2011	Performance review	Zimplats 64
48 Ten-year performance	48 Safety and health review	Mimosa 70
52 Abridged Mineral Resource and Mineral Reserve statement	60 Market review	Two Rivers 74
Operational review	Operational review	IRS 78
60 Impala	70 Impala	Mineral Resources and Mineral Reserves: summary 82
64 Zimplats	76 Zimplats	Accountability 88
68 Marula	80 Marula	Board of directors 90
72 Mimosa	84 Mimosa	Management 94

Impala continued		
74 Two Rivers	88 Two Rivers	Corporate governance 98
76 Impala Refining Services	92 IRS	Strategic risks 109
Responsibility reporting	96 Mineral Resources and Mineral Reserves –summary	Financial statements 111
Financial	104 Human capital review	Forward-looking statements 111
78 Corporate governance	113 Socio-economic development	Approval of the annual financial statements 112
88 Board of directors	118 Environmental review	Company secretary's certificate 112
90 Management	131 Awards and achievements	Independent auditors' report 113
94 Audit and Risk Committee report	134 Corporate governance	Directors' report 115
97 Audited annual financial statements	142 Audit and Risk Committee report	Remuneration report 120
97 Forward-looking statements	144 Independent Assurance Report on Selected	Consolidated annual financial statements 127
198 Non-GAAP disclosure	Sustainability Information	Company annual financial statements 209
204 Shareholder information	146 Reporting in line with the GRI	Principal subsidiaries and joint venture 219
205 Glossary of terms and acronyms	148 Management	Other information 220
209 Notice to shareholders	Annual financial statements	Non-GAAP disclosure 220
215 Form of proxy	153 Annual financial statements	Ten-year statistics 226
	153 Forward-looking statements	Shareholder information 230
	243 Non-GAAP disclosures	Glossary of terms 231
	248 Shareholder information	Notice to shareholders 235
	249 Reporting in line with United Nations global compact	Proxy 239
	250 Mining charter compliance index	
	252 Glossary of terms and acronyms	
	255 Notice to shareholders	
	259 Form of proxy	
	260 Notes to the form of proxy	
Total: 36	45	40

Exxaro		
2011 N/A	2010	2009
	Group in brief	Group in brief
	Material issues	Strategic focus areas
	2 Values	Business objectives, highlights and group structure
	2 Highlights	2 Key ratios
	3 Business objectives	3 Geographical locations
	4 Key ratios	4 Group at a glance (operations)
	5 Shareholder structure	6 Group review at a glance (financials)
	5 Group at a glance	8 Summary of business operations
	8 Locations	10 Chairman's statement
	9 Financial summary	14 Chief executive officer's review
	10 Summary of business operations	20 Financial review
	Year under review	32 Macro-economic and commodity review
	14 Approach to sustainable development	38 Business operations review
	16 Risk management	49 Growth
	21 Information management	51 Review of mineral resources and reserves
	22 Strategic focus areas	66 Executive committee
	25 Stakeholder engagement	68 Directorate
	30 Report scope and boundary	Governance and Sustainability
	32 Macro-economic and commodity review	

Exxaro continued		
	38 Chairman's statement	72 Corporate governance
	44 Chief executive officer's review	78 Shareholder information
	48 Financial and operational review	79 Shareholders' analysis
	60 Growth	81 Risk management
	Performance review	84 Sustainable development
	64 Review of mineral resources and reserves	86 Approach to safety and sustainable
	78 Safety	development
	83 Health and hygiene	91 Safety and sustainable development
	91 Environment	performance
	120 Social performance	113 Economic performance
	120 Human resources	115 Social performance
	129 Procurement	125 Society
	131 Socio-economic development	126 Legislative compliance/mining charter
	Governance review	Scorecard
	140 Executive committee	131 Independent assurance statement to the
	142 Directorate	directors and management of Exxaro
	144 Regulatory compliance and corporate governance	Resources Limited
	148 Corporate governance	133 GRI indicator index
	156 Mining charter scorecard	Supplementary financial information
	160 Remuneration report	137 Group cash value added statements
	168 Shareholder information and analysis	138 Selected group financial data translated
	170 Assurance report	into US dollars
	175 GRI indicator index	139 Definitions
	Financial statements	Financial statements
	183 Annual financial statements	141 Annual financial statements
	Administration	Administration
	304 Notice of annual general meeting	259 Notice of annual general meeting
	308 Biographies of directors up for re-election	263 Biographies of directors up for re-election
	309 Form of proxy	275 Form of proxy
	IBC Administration and shareholders' diary	
Total:	50	49

PPC		
N/A	2010	2009
	Group Overview	Group Overview
	Our track record 2	Organisational profile 3
	Profile 5	Group companies 6
	Group at a glance 6	Performance highlights 8
	Strategic priorities 7	Financial summary 9
	Salient features 8	Organisational profile 3
	Investment proposition 9	Group companies 6
	Directorate 12	Performance highlights 8
	Chairman's report 14	Financial summary 9
	Chief executive officer's report 16	Management review
	Approach to sustainability 20	Chairman's report 12
	Material issues 21	Chief executive officer's report 18
	Stakeholder engagement 22	Board of directors 24
	Group performance 24	Chief financial officer's report 28

PPC continued		
	Commitment to external initiatives 27	Corporate governance structure
	Chief financial officer's report 28	and management systems 36
	Operational reviews	Sustainability review
	Cement 31	Environmental report 50
	Lime and aggregates 35	Social and risk report 74
	Corporate governance and risk 38	GRI cross-reference index 98
	Safety, health, social and environment	Financial review
	Safety and health review 56	Certificate by secretary 105
	Social review 59	Independent auditors' report 106
	Environment review 74	Directors' report 107
	Assurance 88	Accounting policies 125
	Index to Global Reporting Initiative	Group financial results 136
	indicators 94	Company financial results 178
	Financial Statements	Financial calendar 199
	Report of the independent auditors 103	Notice of AGM 200
	Directors' report 104	Form of proxy 203
	Remuneration report 106	
	Value added statement 114	
	Seven-year review 116	
	Group financial results 148	
	Company financial results 184	
	Administration 200	
	Notice of annual general meeting 201	
	Form of proxy 205	
Total:	48	30

Sasol		
2011	2010	2009
1 In the pursuit of responsible growth	Our business	Group overview
2 Salient features	Our structure 2	Salient features and financial review 1
4 Introduction to Sasol	Our global presence 3	Financial and operating performance 2
4 Our business clusters	Our integrated business model 4	Global activities 4
6 Our global presence	Our products 6	Integrated business model 6
8 Our integrated business model	Our key relationships 8	Consistent strategic direction 8
10 Our products	Our vital statistics 9	Investing in growth 10
12 Our strategic performance	Our strategic direction 10	Board of directors 12
12 Chairman's statement	Our growth opportunities worldwide 14	Business reviews
16 Focus story: Zero harm really is possible	Principal integrated risks 16	Chairman's statement 14
18 Chief executive officer's overview	Our board of directors 18	Chief executive's report 18
22 Our strategy	Our group executive committee 20	Cluster reviews 24
24 Our global growth opportunities	Business reviews	Operating review
26 Focus story: Shale gas – the new frontier	Chairman's statement 22	South African energy cluster
28 Our top priorities for 2012	Chief executive's report 26	Sasol Mining 30
29 Our project pipeline	Operating reviews	Sasol Gas 33
30 Our key relationships	Sasol Mining 30	Sasol Synfuels 36
32 Focus story: A compelling investment proposition	Sasol Gas 33	Sasol Oil 39
34 Our key performance indicators	Sasol Synfuels 36	International energy cluster
38 Summarised corporate governance report	Sasol Oil 39	Sasol Synfuels International (SSI) 44

Sasol continued		
42 Our board	Sasol Synfuels International (SSI) 42	Sasol Petroleum International (SPI) 47
44 Our group executive committee	Sasol Petroleum International (SPI) 45	Chemical cluster
46 Risk management report	Sasol Polymers 48	Sasol Polymers 52
52 Our financial performance	Sasol Solvents 51	Sasol Solvents 55
52 Summarised chief financial officer's review	Sasol Olefins & Surfactants 54	Sasol Olefins & Surfactants (Sasol O&S) 58
60 Summarised financial information	Sasol Nitro, Sasol Wax, Sasol Infrachem,	Sasol Nitro, Sasol Wax,
68 Our operating performance	ChemCity and Merisol 57	Sasol Infrachem and Merisol 60
68 Focus story: Creating the space for innovation	Sasol Technology 63	
70 Sasol Synfuels International	Sasol New Energy 66	
74 Sasol Petroleum International	Sasol Financing 69	
78 Sasol New Energy	Sasol group services	
80 Sasol Technology	Human resources 71	
83 Sasol Synfuels	Safety, health and environment (SH&E) 75	
86 Focus story: Focus on coal	Legal compliance 82	
88 Sasol Mining	Corporate affairs 84	
91 Sasol Gas	Sasol Inzalo Foundation 85	
94 Sasol Oil	Information management 86	
97 Sasol Olefins & Surfactants	Supply chain management 86	
100 Sasol Polymers	Summarised financial information	
103 Sasol Solvents	Salient features 88	
106 Sasol Wax	Statement of financial position 90	
109 Sasol Nitro	Income statement 91	
112 Our people	Contact information ibc	
112 Winning with people		
116 Remuneration overview		
122 Corporate social investment		
123 Sponsorships		
124 Our environmental performance		
124 Focus story: Working to save water		
126 Reducing our environmental footprint		
131 Glossary		
132 Contact information		
133 Notice of annual general meeting		
147 Form of proxy for annual general meeting		
Total: 54	43	27

Royal Bafokeng		
2011 N/A	2010	2009
	About us	Corporate profile 2
	Corporate profile 4	Group structure 3
	Group structure 5	RBH commercial investments 4
	Directors and executives 6	Financial review 2009 6
	Our business in 2010	Chairman's message 10
	Chairman's message 10	CEO's review 12
	CEO's review 12	Corporate social investment 16
	Investment in commercial enterprises 15	Transformation report 19
	Commercial investments 16	Stakeholder engagement report 21
	Financial review 2010 18	Royal Bafokeng Sports 22

Royal Bafokeng continued		
	Investment in society 22	Royal Bafokeng Enterprise Development 24
	Royal Bafokeng Sports 22	Corporate governance 25
	Royal Bafokeng Enterprise Development 25	Sustainable development review 28
	Corporate social investment 26	Directors and executives 38
	Sustainable development review: The way we work 30	Glossary of acronyms 40
	Governance and administration	
	Corporate governance 40	
	Glossary of terms and acronyms 44	
	Contact details IBC	
	Total: 19	15

Barloworld		
2011 N/A	2010	2009
	IFC About Barloworld	Contents
	IFC About this report	IFC Vision
	2 Barloworld highlights	IFC Strategic profile
	3 Investment proposition	2 Investment proposition
	4 Barloworld businesses	3 Salient features
	6 Strategic profile	3 Financial highlights
	7 Strategic focus areas	4 Barloworld businesses
	8 Where we operate	6 Chairman's review
	8 Strategic growth segments	10 Chief executive's report
	10 Sustainable value creation	Operational review
	12 Chairman's review	16 Equipment
	16 Chief executive's report	24 Automotive
	Operational review	32 Handling
	22 Equipment	38 Logistics
	38 Automotive	44 Corporate
	48 Handling	46 Corporate governance report
	58 Logistics	50 Board of directors
	66 Corporate	Sustainability report
	68 Corporate governance report	66 Sustainability report
	72 Board of directors	Financial overview
	Underscoring our sustainability	96 Finance director's review
	92 Underscoring our sustainability	Annual financial statements
	Financial overview	99 Directors' responsibility and approval
	124 Finance director's review	99 Certificate by secretary
	Annual financial statements	100 Independent auditor's report
	127 Directors' responsibility and approval	101 Directors' report
	127 Certificate by secretary	102 Accounting policies
	128 Independent auditor's report	110 Consolidated seven-year summary
	129 Directors' report	118 Consolidated summary in other currencies
	130 Accounting policies	120 Consolidated balance sheet
	138 Consolidated statement of financial position	121 Consolidated income statement
	139 Consolidated income statement	122 Consolidated cash flow statement
	140 Consolidated statement of comprehensive income	124 Notes to the consolidated cash flow statement
	141 Consolidated statement of cash flows	127 Consolidated statement of recognised income and expense

Barloworld continued		
	143 Notes to the consolidated statement of cash flows	128 Notes to the consolidated annual financial statements
	145 Consolidated statement of changes in equity	202 Company balance sheet
	146 Notes to the consolidated annual financial statements	203 Company income statement
	220 Company statement of financial position	204 Company cash flow statement
	221 Company statement of comprehensive income	205 Notes to the company cash flow statement
	222 Company statement of changes in equity	205 Company statement of recognised income and expense
	223 Company statement of cash flows	206 Notes to the company annual financial statements
	224 Notes to the company statement of cash flows	216 GRI index
	225 Notes to the company annual financial statements	221 Letter from the chairman
	235 Global reporting initiative (GRI) Index	222 Question form for annual general meeting
	241 Letter from the chairman	223 Shareholders' diary
	242 Question form for annual general meeting	224 Notice of annual general meeting
	243 Shareholders' diary	227 Appendix A
	244 Notice of annual general meeting	IBC Corporate information
	Proxy form	Insert Proxy form
	Notes to the proxy form	
	IBC Corporate information	
	Total: 51	49

Sappi		
2011 N/A	2010	2009
	Who we are	Our global reach
	Performance highlights	Our business structure
	Letter to the shareholders from the chairman and chief executive officer	Our performance in 2009
	Interview on strategic matters with Ralph Boëtger, chief executive officer	Our performance against strategic objectives
	Serious about sustainability	Our performance against financial targets
	Our markets	Our performance against sustainability objectives
	Our leadership	Our sustainable business cycle
	Review of operations	Our products
	Chief financial officer's report	Our objectives for 2010
	Five-year review	Letter to shareholders
	Share statistics	Interview with the chief executive officer
	Governance and compensation	Our leadership
	Annual financial statements	Review of operations
	Glossary	Value added statement
		Chief financial officer's report
		Five-year review
		Share statistics
		Risk management
		Corporate governance
		Compensation report
		Annual financial statements
		Notice to shareholders
		Glossary

Sappi continued		
		Shareholder's diary
		Proxy form for annual general meeting
	Total: 14	25

Goldfields		
2011 N/A	2010	2009
	Business review	Business Review
	Financial 2010 summary performance	F2009 Financial Highlights 2
	Message from the Chair	Message from the Chairman 4
	Report from the Chief Executive Officer	Message from the Chief Executive Officer 7
	Board of directors	Board of Directors 16
	Executive committee	Executive Committee 18
	Review of operations – South Africa Region	Gold Fields at a Glance 20
	Review of operations – West Africa Region	Review of Operations: South Africa Region 22
	Review of operations – Australasia Region	Driefontein Gold Mine 23
	Review of operations – South America Region	Kloof Gold Mine 24
	Review of operations – Exploration and business development	Beatrix Gold Mine 25
	Mineral Resources and Mineral Reserves	South Deep Project 26
	Sustainability report	Review of Operations: West Africa Region 30
	Message from the Chief Executive Officer	Tarkwa Gold Mine 31
	Introduction	Damang Gold Mine 32
	Economic impact	Review of Operations: Australasia Region 34
	Our people	St Ives Gold Mine 35
	Health, safety and well-being	Agnew Gold Mine 36
	Environment	Review of Operations: South America Region 38
	Energy and carbon management	Cerro Corona Gold Mine 39
	Supply chain management and material stewardship	Exploration and Business Development 41
	Social responsibility and stakeholder engagement	Mineral Resources and Reserves 44
	Corporate governance	Sustainability development
	Risk management	Overview of Our Performance 58
	Assurance report	Sustainable Development Policy Statement 58
	Financial Statements	Sustainable Development Framework 59
	Annual financial statements	Ethics and Corporate Governance 60
	Statement of responsibility by the Board	Gold Fields' People 64
	Corporate secretary's confirmation	Risk Management 69
	Report of the independent auditors	Health and safety 70
	Management's discussion and analysis of the financial statements	Environmental management 75
	Financial statements	Material Stewardship and Supply Chain Management 82
	Operating and financial information by mine	Social Responsibility and Stakeholder Engagement 83
	Glossary of terms	Conclusion 86
	Administration and corporate information	Global reporting initiative reference table 87
	Notice of annual general meeting	Independent assurance statement 87
	Form of proxy	Financial statements
		Statement of Responsibility 90
		Report of the Independent Auditors 91

Goldfields continued		
		Corporate secretary's confirmation 92
		Management's Discussion and Analysis of the Financial Statements 93
		Directors' Report 112
		Accounting Policies 124
		Consolidated Income Statement 140
		Consolidated Balance Sheet 141
		Consolidated Statement of Changes in Equity 142
		Consolidated Cash Flow Statement 146
		Notes to consolidate financial statements
		Company Income Statement 199
		Company Balance Sheet 200
		Company Statement of Changes in Shareholders' Equity 201
		Company Cash Flow Statement 202
		Notes to the Company Annual Financial Statements 203
		Major Group Investments – Direct and Indirect 210
		Segment Report 212
		Shareholders' Information 214
		Operating and Financial Information by Mine 215
		Notice of Annual General Meeting 219
		Administration and Corporate Information 225
		Glossary of Terms 226
		Proxy Form Attached
	Total: 37	52

Bidvest		
2011	2010	2009
Group overview	A future further than the eye can see	The Bidvest vision works
Highlights 02	2 Financial and operational highlights	in the minds of all our people
Bidvest at a glance: our structure 07	3 Strategic focus	2 Financial highlights and results
Consolidated segmental analysis 10	5 Bidvest at a glance: our structure	3 Strategic focus
Our history 13	8 Consolidated segmental analysis	5 Our Group in brief
Our global footprint 14	12 Our global footprint	8 Performance at a glance
Group financial history 16	14 Group financial history	9 Consolidated segmental analysis
Directorate 18	16 History	12 Financial history
Performance overview	17 Performance highlights	14 History
Chairman's review 26	18 Directorate	15 External appraisals
Strategy 29	Individually we sparkle together we shine	16 Global footprint
Chief executive's statement 30	26 Chairman's review	18 Directorate
Financial director's review 36	29 External appraisals	Bidvest's vision lies in the realm of possibility
Governance for a sustainable business 40	30 Chief executive's statement	26 Chairman's statement
Operational reviews 51	36 Financial director's review	32 Chief executive's report
Financial statements and other information	A never ending journey	38 Financial director's report
Audited financial statements 125	42 Governance for a sustainable business	Vision and commitment fill the hearts of our people
	55 Sustainable development performance data	45 Sustainability at Bidvest

Bidvest continued		
Shareholder information 222	Looking up, aiming higher	Our people carry our vision forward
Shareholders' diary 224	59 Operational review	54 Bidfreight
Glossary 225	60 Bidvest Freight	62 Bidserv
Administration 226	66 Bidvest Services	70 Bidvest Europe
Our company logos IBC	72 Bidvest Foodservice	78 Bidvest Asia Pacific
Audited financial statements 125	88 Bidvest Industrial and Commercial	86 Bidfood
Shareholder information 222	96 Bidvest Paperplus	94 Bid Industrial and Commercial Products
Shareholders' diary 224	102 Bidvest Automotive	102 Bidpaper Plus
Glossary 225	110 Bidvest Namibia	108 Bid Auto
Administration 226	116 Bidvest Corporate	120 Bidvest Namibia
Our company logos IBC	Proudly Bidvest	126 Corporate
Audited financial statements 125	123 Financial statements	132 Corporate governance
Shareholder information 222	212 Shareholder information	Financial strength
Shareholders' diary 224	214 Shareholders' diary	139 Financial statements
Glossary 225	215 Glossary	149 Accounting policies
Administration 226	216 Administration	160 Consolidated income statement
Our company logos IBC	IBC Our company logos	161 Consolidated cash flow statement
		162 Consolidated balance sheet
		220 Shareholder information
		222 Shareholders' diary
		223 Glossary
		225 Administration
		226 Our company logos
Total 35	35	41

It can be seen immediately that the number of sections within the reports has changed over the period studied, with five companies showing an overall increase in sections (Exxaro, PPC, Sasol, Royal Bafokeng, Barloworld) although these increases are not particularly significant except in the case of Sasol (from 27 sections in 2009 to 54 sections in 2011). Some of the companies have fewer sections in their later reports (Sappi, Goldfields and Bidvest). So overall, the change is variable across the sample companies.

Nonetheless, the nature of the section titles has changed and seems to demonstrate a change in orientation in the later integrated reports. In addition to the integration of sustainability information into more sections of the later reports, these reports have a greater diversity of sections that emphasise sustainability-related issues (for example, Human Capital Review, Impala 2010). For instance, there is no sustainability review but several sections in 2010 including HCR, Environment Review, 'Planet', and Socio-Economic Development. This may represent a limitation of the CCOT measure used here as the increase in the number of sections containing social, environmental and ethical information may, to some extent, be symptomatic of the greater diversity of sections in the integrated reports. New sections emerge such as 'Material Sustainability Issues' and 'Responsibility Reporting (Impala), 'Material Issues', 'Stakeholder Engagement' (PPC), 'Focus Story: Working to Save Water', 'Winning with People', 'Reducing Our Environmental Footprint' (Sasol).

Sasol is especially interesting as the report has grown significantly over the three years (from 106 pages to 137

pages) and the number of sections has grown from 27 to 54. It seems that most of this increase represents a substantial shift in focus from a report with headings focusing on financial and operational issues to a report in 2011 which highlights a whole range of social, environmental and ethical factors. Indeed, analysing the section titles alone provides an impression of companies that are emphasising social and environmental issues far more in their integrated reports, throughout the reports themselves, than in earlier annual reports.

Another noticeable, but almost imperceptible, change is the inclusion in the later reports of the word 'Our'. For example the section 'Global Footprint' in Bidvest's 2009 report changes to 'Our Global Footprint' in 2011. Sasol shows a similar change with the word 'Our' appearing in no sections within the 2009 report but being liberally used in the later reports, 'Our People', 'Our Environment'. This suggests perhaps that the companies are trying to demonstrate the way they have integrated social, ethical and environmental issues into the heart and soul of their organisation.

REPETITION

Despite an increase in integration (proxied here by the CCOT measure) and the change in orientation of section headings in the reports, there was a high incidence of repetition as well as excessive detail. This is arguably a distinct weakness of the integrated reports. Without seeking to diminish in any way the importance of reporting fatalities, for example, in some cases the same information is recorded, in slightly different phrasing, many times throughout the reports.

EVOLUTION OF STAKEHOLDER-ORIENTED RHETORIC AND DISCOURSE

There is a change in the discourse contained in the reports towards more stakeholder-oriented reporting. Most poignantly there is an evident change in the discourse contained within the chairman's statement (or equivalent) and the chief executive's review (or equivalent) for some of the sample companies. An undeniable shift in rhetoric can be seen in the salutation at the beginning of the Chairman's Statement for Implats. In the 2009 report, the chairman's statement begins with:

Dear Shareholder, The past year has been hugely challenging and most disappointing, both from a safety performance point of view and in terms of our operating results. Notwithstanding our considerable efforts and initiatives on the safety front, Implats has been unable to drive home a safety culture in a manner that will set it on course to achieve its objective of zero harm by 2012. Operating performance was well below par, and together with reduced commodity prices – associated with the turmoil in world markets – culminated in a 31% reduction in rand revenue and a 52% decline in headline profit for the year. (Implats annual report 2009: 16)

In 2010 the chairman's statement was introduced as follows:

Dear stakeholder, Reflecting on Implats' performance over the last year, this is undeniably both a challenging and an exciting time to be in the platinum industry. Following on the positive signs of global recovery at the beginning of 2010, commodity markets appeared to be poised on the cusp of sustained recovery. However, the European debt

crisis could see the global economy staring a double-dip recession in the face. (Implats integrated annual report 2010: 10)

By 2011 there is a markedly different approach:

Dear Stakeholder, This year we present to you our second integrated report, which provides an overview of financial indicators and includes our material strategic non-financial performance indicators in each area of our reporting, thereby providing a holistic view of our performance for the year. The improved level of transparency enables our shareholders and other stakeholders to fairly evaluate the year under review as well as the future strategic risks and opportunities that are inherent in the Group. Inculcating a culture of sustainable practice is critical to the future success of our business. I believe that there is a fundamental link between sustainable business practice, ethics, governance and the creation of long-term shareholder value. Sustained financial success ultimately relates to the integration of all these aspects. (Implats integrated annual report 2011: 8)

As well as the striking shift from addressing only the shareholder readership to saluting all 'stakeholders' there is an evident shift in the content and emphasis of the initial paragraph. Whereas in 2009 the concern upfront was predominantly financial and preoccupied with safety and fatalities, by 2011 the statement begins with an almost evangelical pronouncement of commitment to stakeholder accountability, transparency, sustainability and ethics. This can only be a change for the better?

Similarly, Sasol shifts from no salutation in its chairman's statements of 2009 and 2010 to the following salutation in its

first integrated annual report of 2011, accompanied by a declaration of commitment to stakeholder accountability and sustainability,

Dear stakeholders. It is pleasing to report that Sasol has once again delivered value to its stakeholders through its focus on responsible growth. Growth cannot be pursued at any cost – besides seeking to grow profitably, we must also understand what is required to grow sustainably. To this end, we seek a careful balance between meeting some of the more immediate expectations of our shareholders and other stakeholders, and the need to make significant investments to sustain our growth over the longer term. (Sasol, integrated annual report 2011: 13)

The company's reference to understanding what it means to grow sustainably is reminiscent of Milne et al.'s findings (2009). In a longitudinal study of one company they show how the discourse within the sustainability reports has evolved and demonstrate the development of an understanding of sustainability issues and their relevance to the company. In a similar way Sasol's reporting shows that it is coming to terms with sustainability issues and that its understanding of sustainability is being worked through and developed through the reporting process. The reporting is driving the learning process and structuring the company's priorities and perceptions of social, environmental and ethical issues. Sustainability reports have been interpreted as, 'mechanisms by which organizations position themselves as engaging in dialogue about their social and environmental impacts...a means by which managers make sense of sustainable development themselves' (Tregidga and Milne 2006: 220). Similarly, integrated reports may be perceived as mechanisms by which

companies make sense of social, environmental and ethical issues and the need for them to be integrated into the heart of the organisation, given their materiality and relevance to the business.

In some cases, there is a less striking shift in rhetoric across these statements over the three years-worth of reports studied. Group 5 demonstrate commitment to sustainability issues, ethics and governance throughout all three years' reports in both the chairpersons' statements and the chief executive officer reviews. Exxaro's chairman's statement in 2009 mentions climate change and emissions although there is a greater emphasis on sustainability, integrated risk management and environment/ecology in the 2010 statement. Rather than a pronounced shift it is more a refocusing and re-emphasising in relation to social, environmental and ethical aspects of the companies' operations. In the case of Royal Bafokeng Holdings there is no overt stakeholder rhetoric in the chairman's statements either for 2009 or 2010, with discourse being predominantly shareholder-oriented. Perhaps change will take longer within this company's reporting.

The shift towards integrated reporting is evident in PPC's chairman's reports as this firm first introduced a separate sustainability section into its annual report in 2009 and began to integrate this information throughout the report in 2010.

Sustainability. This is the first year in which PPC will be publishing a separate, yet complementary, sustainability section to the annual report. Not only is this a practical consideration, it also highlights the many different activities that are involved with sustainability management and the importance of

integrated risk management and sustainability in the company. PPC has always maintained that the key to sustainability is through its people and therefore it is important that the safety and health of our staff and contractors remains our top priority...While PPC is totally committed to sustainable business practices, we are concerned that ever increasing complexity in environmental, labour and social legislation will place an extra burden on the resources of the company. (PPC, annual report 2010: 12)

From reservations and concerns in the 2009 about the additional pressures linked to sustainability, PPC shift in 2010 to championing a sustainability approach.

Sustainability and sustainable development have been cornerstones of PPC's longevity and are vitally important for a business with such long-term horizons. It is an area that is becoming more complex and demanding and we are pleased that this report to our stakeholders has begun the process of aligning with the King III code of corporate governance requirements for integrated reporting on the economic, environmental, social and governance issues that will have a bearing on the future of the company. (PPC, integrated annual report 2010: 12).

On the whole, the more recent reports (integrated reports) include lengthy rhetoric about a 'belief' in links between stakeholder accountability and long-term value/wealth creation. The senior directors 'believe' in the business case scenario. There is a discourse of care for stakeholders emerging in the integrated reports and a focus on stakeholder engagement, not evident in the earlier reports. Earlier research has interpreted sustainability reporting

as an outcome of social constructivism, where the discourse within the accounts is constructed for rhetorical and political purposes, and in order to demonstrate companies' adherence to ecological values (Everett and Neu 2000; Livesey and Kearins 2002). In sustainability reports, companies have been found to create and disseminate a 'discourse of care', which attempted to tread a middle ground between economic values and environmentalism (Livesey and Kearins 2002). It is possible that this expression of a discourse of care is being transferred into the integrated reports from stand-alone sustainability reports.

Although this shift in focus may not necessarily be less than genuine, the illustrations above do represent a sudden change in approach from earlier reports. It is perhaps simply the result of established 'beliefs' being made explicit in the reports, whereas these personally held values were hitherto implicit in the reporting. Symptomatic of this emerging stakeholder rhetoric is the evolution of 'Vision and values' and other statements of ethos and approach in the reports. For example, the 'Vision and values' section of Exxaro's 2010 report states:

Empowered to grow and contribute — developing and deploying our knowledge and ingenuity to achieve our vision. We focus on people, create freedom to innovate and collaborate, respect individuality, have fun and rise to challenges. Teamwork — we succeed together through a climate of respect and equality. Committed to excellence — we take ownership, provide visible leadership and encourage collaboration, commitment and creativity for the benefit of all. Honest responsibility — we speak the truth and accept accountability for our actions. (Exxaro 2010: 10)

A stakeholder-orientated focus is also seen in Sasol's strategy section of the annual report (2010) and Implats' 'values' statements (2011).

To grow profitably, sustainably and inclusively while delivering value to stakeholders through our proprietary technology and the talent of our people, in the energy and chemical markets in Southern Africa and worldwide. (Sasol 2010)

Safeguarding the health and safety of our employees, and caring for the environment in which we operate; Acting with integrity and openness in all that we do and fostering a workplace in which honest and open communication thrives; Promoting and rewarding teamwork, innovation, continuous improvement and the application of best practice by being a responsible employer, developing people to the best of their abilities and fostering a culture of mutual respect among employees; Being accountable and responsible for our actions as a Company and as individuals; Being a good corporate citizen in the communities in which we live and work. (Implats 2011)

This represents an illustration of an interesting rhetoric evolving around the notion of truth and its links with accountability. Overall, whether genuine or contrived, the analysis in this study identifies a significant shift in orientation from a chiefly shareholder-centric approach to reporting to an approach imbued with stakeholder accountability and sustainability rhetoric.

SOCIAL, ENVIRONMENTAL AND ETHICAL ISSUES INTEGRATED INTO CORPORATE GOVERNANCE

In the later reports, board structure and board performance are increasingly discussed in relation to KPIs on social and environmental factors in a way which shows that they have been integrated into the company's governance process. For example, the performance of the CEO is reported in relation to the company's performance on safety and stakeholder engagement indicators. This seems to be what integrated reporting should be about. Cooper and Owen (2007) suggest that more mechanisms of governance need to be developed to enhance social and environmental accountability. In the present study the analysis of the change to integrated reporting indicates that South African companies are starting to develop such mechanisms. There is, however, a relatively lower prevalence of environmental information in the corporate governance sections of the integrated reports. Environmental issues are discussed in the section 'Delivery During the Year' and are discussed in relation to 'Planet'. Interestingly, in the 2011 report Group 5 provides individual reports by each significant director in the company and, therefore, cover all aspects of the company including social and environmental issues. The introductory sections of the Group 5 report (2011), for example, state that the firm's safety performance is embedded in its remuneration structures and performance appraisal.

Our senior management remuneration is linked to performing against both financial and non-financial measures, further driving the centrality of sustainability. We also implemented a group scorecard measuring ratios across people, planet and performance to give an integrated view to the reader of how we perform across the board. (Group 5 2011: 52)

To summarise, an important development in the reporting is that there are now a number of mechanisms of governance and accountability which are beginning to be used to enhance social and environmental accountability. These include remuneration structures (through the inclusion of non-financial KPIs to determine remuneration); performance evaluations (through the use of non-financial KPIs to assess individual performance); remit of directors (to include performance against social, environmental and ethical targets); the SHE/HSE committee; and inclusion of social, environmental and ethical issues within the companies' systems of internal control and risk management.

Linked to this increase in governance mechanisms is the emergence of new roles and responsibilities within the companies under study. For example, there are people designated with responsibility for environmental concerns and for stakeholder engagement in the later reports.

INTEGRATED REPORTING PERCEIVED AS AN EVOLUTIONARY PROCESS

There is also the impression from the Group 5 integrated report of 2011 that the company does not believe it has 'done' integrated reporting but is working hard to ensure improvements to the reporting and to its approach in the future,

Although the group believes that the risks outlined in our integrated report this year are the material issues facing the business and that we have assured the areas we believe are most relevant to our business, in the coming year we need to formalise our assessment processes. This involves finalising a workplan, led by internal audit and assisted by the CFO...This is currently work in progress. In the next integrated report the group will provide stakeholders with a gap analysis and information on any further key assurances obtained. (Group 5 2011: 52, emphasis added)

This quotation mirrors Mervyn King's own views of the evolution of integrated reporting.

Integrated reporting is a journey. Organisations are unlikely to achieve perfection in the first year. However, as reporting processes for the production of the supporting information are designed and improved and as the executive team begins to benefit from a more informed implementation of the governing structure's decisions, reporting will improve. Interactive communication with key stakeholders is fundamental to the success of integrated reporting as engagement leads to knowledge of the stakeholders' legitimate interests and expectations. (Mervyn King's Foreword, IRCSA: 2)

ASSURANCE OF SOCIAL, ENVIRONMENTAL AND ETHICAL INFORMATION

Assurance is not yet mandatory for integrated reports. The assurance of separate sustainability reports is a growth area, with companies opting to employ either a large accounting firm or a boutique assurance firm to assure this information (Edgley et al. 2010: Jones and Solomon 2010). Assurance provides investors with more confidence in the reporting, especially in areas where they may have little experience, such as sustainability issues. Table 14 provides a summary of the sample companies in relation to their inclusion (or not) of an assurance statement to cover the integration of social, ethical and environmental issues.

Table 14 shows which of the reports include a related assurance report for the social, environmental and ethical issues. The table also includes the page reference for these assurance statements. In some cases the assurance statement is not included in

the annual report but in another document (again, the respective page references are also provided). In their 2010 reports, eight of the ten companies are assuring this information. Only Sappi and Bidvest provide no assurance statement. To summarise, the assurance reports are relatively generic (which is not unexpected) and they are in the negative form. An audit report is in the positive form where the auditor states that the financials achieve fair presentation. This is a requirement of ISA 700 and is termed as providing a high level of assurance. With the social reports, the auditor states that nothing has come to his attention to suggest that fair presentation has not been received. This is termed a moderate level of assurance. All the assurance reports for the companies in this study provide only a moderate level of assurance. To this end they are generally using ISAE 3000 (and refer to a 'limited assurance engagement'). You will also see that they are quite specific as to which parts of the reports were reviewed.

Table 14: Assurance of social, environmental and ethical information

	2011	2010	2009
Group 5	Yes – 54	Yes – 66	No
Impala	Yes – 113	Yes – 146	Yes – 172
Exxaro	N/A	Yes – 178	Yes – 135
PPC	N/A	Yes – 92	No
Sasol	Yes – 62	Yes – 56	Yes – 18
Royal Bafokeng Holdings	N/A	Yes – 98	N/A
Barloworld	N/A	Yes – 163	Yes – 95
Sappi	N/A	No	No
Goldfields	N/A	Yes – 145	Yes – 89
Bidvest	No	No	No

5. Concluding discussion

This analysis of the reports of 10 major South African listed companies has painted a complex picture of the impact of the introduction of integrated reporting on the reporting of social, environmental and ethical information in annual reports. Overall the findings suggest both positive and negative impacts. It is undeniable that King III has resulted in an increase in the quantity of social, environmental and ethical information given in the annual reports of companies with a primary listing on the JSE. As regards integration, social, environmental and ethical information appears throughout a significantly greater number of sections of the reports for 2010/2011 than in those of 2009. In the earlier reports, this information tended to be restricted to specific sections, usually a sustainability report and a mention in the chairman's statement. A striking weakness of the integration of social, environmental and ethical information is, however, the way in which certain items of information are repeated (with slightly different phrasing), often excessively, throughout the reports. Such repetition perhaps suggests that the companies were making the most of a relatively small amount of information. Alternately it may be that the companies had scant understanding of how to approach integrated reporting. Perhaps the companies are unclear as to exactly what an integrated report 'should' look like and what it 'should' include. Although there is some guidance it is not prescriptive (which again is both a 'good' and a 'bad' thing). The only real guidance is that the information has to be material. In relation to sustainability reporting, however, materiality has been found to be a very complex concept.

From an interpretative analysis of the reports a number of themes were extracted that characterise the impact of the introduction of integrated reporting on social, environmental and ethical reporting. These include the crucial importance of materiality; an evolving discourse of risk and risk management; an increasing tendency towards quantification; the emergence of new reporting items; the emergence of new sections in the reports; the increasing integration of social, environmental and ethical information into corporate governance; integrated reporting as an evolutionary process; and the evolving assurance of the social, environmental and ethical information in the reports.

The reports construct a discourse imbued with stakeholder accountability rhetoric. Within two to three years companies have tended to shift from reporting that is aimed exclusively at their shareholders to reporting that expounds the directors' 'belief' in stakeholder accountability and stakeholder engagement. The analysis of the reports' section titles alone shows a distinct change in the emphasis of the reports, with companies using more stakeholder-oriented titles, more inclusive of environmental and social issues. The introduction of integrated reporting by King III has created a new set of priorities for the directors, expressed through the reporting. This may be a genuine, sincere change – or it may not. Such a shift in perceptions could represent attempts by the companies to legitimise themselves to society. It could also indicate that the directors' perceptions of reality have really altered to reflect the growing importance of risks such as climate

change. Whatever the cause, there has certainly been a sudden shift in perception, evident from the way the reports have changed over a three-year period. Nonetheless, the most recent documentation emanating from the IIRC takes a non-stakeholder approach. The IIRC seem to focus on integrated reporting as material for decision-making purposes, mainly shareholder's decisions. Indeed, from the IIRC's perspective the whole notion of integrated reporting would appear to be built upon the need for more effective shareholder accountability by corporations as it emphasises that:

Initially, however, the IIRC intends to focus the development of the framework on the needs of investors (providers of debt and equity), consistent with the current duties of those charged with governance in many jurisdictions. (IIRC 2011: 8)

This approach does not seem to be in keeping with either the stakeholder emphasis of the King III Report or with the evidence from the analysis above, which suggests that South African integrated reports are prioritising stakeholder concerns in their reporting. Indeed, although stakeholder inclusivity and responsiveness is highlighted as one of the guiding principles of integrated reporting (IIRC 2011) the way in which the IIRC report discusses stakeholder inclusivity seems more reminiscent of corporate capture of stakeholders than stakeholder engagement for accountability purposes:

....stakeholders provide useful insights about matters that are important to them, including economic,

environmental and social issues. This assists the organization to: identify material issues; develop and evaluate strategies; and manage activities, including strategic and accountable responses to material issues. (IIRC 2011: 13, emphasis added).

Undoubtedly, the emergence of integrated reporting presents not only new opportunities but also new challenges for the sustainability reporting agenda. While the concept of an integrated report should embed sustainability reporting into the heart of the primary corporate reporting vehicle, the annual report, this does not necessarily ensure that the reporting will fulfil its potential to transform corporate behaviour or that it will not produce merely empty rhetoric.

There are some limitations to the study discussed here. Firstly, it may be that the sample period was too short. In the UK, when it was proposed that the Operating and Financial Review (OFR) be introduced as a mandatory statement, companies had pre-empted its introduction by publishing OFRs as best practice in previous years. Similarly in South Africa it may be that companies were beginning to produce reports that were to all intents and purposes, integrated reports, before 2010. The 2009 reports analysed for the present study may not represent the benchmark for comparison and delving back to earlier reports may provide stronger evidence of the impact of integrated reporting on social, environmental and ethical reporting within the annual report. Secondly the measures developed and used in the above analysis may be viewed as rather crude, as they provide a rough indication of the increase in integration

by comparing the numbers of sections in which social, environmental and ethical information is reported over time. The analysis could be enhanced by inclusion of other, more quantitative, indicators. Lastly, it may be useful to extend this analysis to a larger sample of companies and to analyse companies in low-impact rather than high-impact industries, to gauge the differences in impact of the introduction of integrated reporting.

FURTHER RESEARCH

There is an urgent need to canvass the views of primary user groups (institutional investors) as well as less financially powerful stakeholders (employees, local communities, small shareholders as represented by shareholder associations) in order to gauge their reactions to integrated reporting. Primary users need to be asked whether they believe the reports are more decision-useful than earlier annual reports. Further, to what extent do they believe the reports enhance the companies' accountability to them as stakeholders? In what areas do they believe the integrated reporting falls short? Where could improvements be made? Before promoting integrated reporting more widely in an international context, establishing the reactions of primary report users to South African integrated reports is crucial.

RECOMMENDATIONS FOR THE INTEGRATED REPORTING AGENDA

The above analysis suggests that one way of improving integrated reporting may be to extend the form of information disclosed. Rather than merely repeating KPIs and information deemed to be material throughout the sections of the report, the manner in which the relevant/material information is conveyed could be more concise, avoiding excessive repetition. Merely increasing the quantity of social, environmental and ethical information reported by repeating important information throughout the report does not constitute an improvement in quality of reporting and arguably does not represent more integrated reporting of the information. Nonetheless, the integration of social, environmental and ethical information into more varied sections of the report does, arguably, constitute an improvement in the way in which this essential 'non-financial' information is embedded within corporate reporting.

One way of improving the quality of the integrated reports would be for the companies to solicit the views of their major stakeholders in relation to the social, environmental and ethical information (and underlying policies and practices) that they report and include these views within the reports. For example, they could canvass stakeholder views on their activities in relation to employee training, health care (AIDs, HIV, TB), climate change, biodiversity, etc and incorporate these into the integrated reports. This would add a dimension of responsiveness to the reports that is currently lacking. This would also help organisations to create a stronger link between their reporting

and their behaviour such that integrated reporting does not become an empty vessel but drives transformed corporate behaviour in relation to social, environmental and ethical issues.

Mervyn E. King is a visionary actor in corporate governance and stakeholder accountability in South Africa and his impact on the development of governance in a global context cannot be overstated. As with Sir Adrian Cadbury's efforts in the UK, one person's vision can, through the work of committees and codes of practice, lead to massive changes in corporate practice. This transformation takes time but has the potential to change the face of reporting permanently.

Another suggestion above is that integrated reports should include an assurance statement and that the social, ethical and environmental information should be assured by an independent assessor in order to give confidence to investors and other stakeholder groups.

This research is a response to calls from the IIRC for academics to involve themselves in the integrated reporting agenda. The role of academics in the development of the integrated reporting framework was emphasised by the IIRC (2011) at two levels. First, academics can and should play a significant role in researching the framework and its applicability. Second, academics should, can and do play an important role in educating potential managers and users in integrated reporting through university and professional education in which they are involved. It is hoped that this study helps to shed light on the impact of integrated reporting and offers guidance for greater integration of social, environmental and ethical

information into annual reports in a way which enhances the social, ethical and environmental accountability of businesses to their diverse stakeholder groups.

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