Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African financial industry

E van Niekerk

21995710

Hons BCom (Management Accountancy)

Mini-dissertation submitted in partial fulfillment of the requirements for the degree *Magister Commercii* in Management Accountancy at the Potchefstroom Campus of the North-West University

Supervisor: Prof PW Buys

May 2015

NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

It all starts here ™

ACKNOWLEDGEMENTS

I would like to thank the following people who made this study possible:

- My supervisor, Prof. P.W. Buys, for his support, guidance and patience throughout this process.
- My family for their support and encouragement.
- The friends close to my heart for your understanding and support.
- Last but not least, I want to thank my Heavenly Father for all the opportunities, blessings and special people in my life.

REMARKS

The reader is reminded of the following:

- This mini-dissertation is presented in the article format in accordance with the policies of the North-West University's faculty of Economic and Management Sciences' WorkWell Research Unit and consists of one research article.
- In the instance of an article format mini-dissertation, the faculty of Economic and Management Sciences' Regulation E.9.3 requires that the mini-dissertation consists of at least one (1) publishable article that has been submitted to a Department of Education approved peer-reviewed journal.

ABSTRACT

TITLE: Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African financial industry

KEYWORDS: Corporate Social Responsibility, GRI framework, Global Reporting Initiative, Integrated Reporting, Sustainability

In the past, activities of business were motivated exclusively by the desire to maximize their financial returns and the aim of corporate reports was to provide information about the cash flow, financial position and financial performance of an entity. However, over the past decade, increased awareness of developing accounting-style metrics for nonfinancial business influences has led companies from being profit-driven to taking the triple bottom line approach of incorporating economic, environmental and social values into corporate measures of success. Sustainable enterprises should have honest and full accounting of the impact of its actions and start with a vision that goes beyond producing profits for investors to creating social, economic and cultural value for a wider community of stakeholders.

The Global Reporting Initiative (GRI) has published guidelines for sustainability reporting (entitled 'Sustainability Reporting Guidelines') and is seen as the leading standard for voluntary corporate reporting of environmental and social performance by companies and other organizations worldwide. The Sustainability Reporting Guidelines includes Reporting Principles, Standard Disclosures and an Implementation Manual for the preparation of sustainability reports.

Given the significance of the financial-services industry in South Africa, this dissertation reflects on the quality of integrated reporting of the financial-services industry by determining the extent to which sustainability reports of financial companies adhere to the GRI Guidelines and the Sector Supplements for Financial Services. An applied, quantitative and descriptive methodology was used to answer the research questions. Using a sample of 10 of the financial-services companies included in the JSE Top 40 companies, the results show that these companies use the GRI Guidelines in producing their sustainability report and that adherence improves annually. Some companies, however, do not apply the Sector Supplements which were designed to include industry-specific influences.

OPSOMMING

TITEL: Geïntegreerde verslagdoening in ooreenstemming met die 'Global Reporting Initiative Framework': 'n Ontleding van die Suid-Afrikaanse finansiële sektor

SLEUTELTERME: Korporatiewe Sosiale Verantwoordelikheid, GRI raamwerk, 'Global Reporting Initiative', Geïntegreerde Verslagdoening, Volhoubaarheid

In die verlede is maatskappye se besigheidsaktiwiteite slegs gemotiveer deur die begeerte om hul finansiële opbrengste te maksimeer en die doel van verslae was uitsluitlik om inligting oor die finansiële posisie, finansiële prestasie en kontantvloei van 'n onderneming te voorsien. Oor die afgelope dekade het verhoogde belangstelling in die ontwikkeling van niefinansiële uitwerking op besighede daartoe gelei dat maatskappye nie net winsgedrewe is nie, maar 'n 'triple-bottom-line'-benadering volg deur ekonomiese, omgewings- en sosiale waardes in sy maatreëls vir sukses te integreer. 'n Onderneming moet eerlik rekenskap gee van die uitwerking van sy optrede en dit begin met 'n visie wat verder strek as wins maak vir beleggers; deur ekonomiese, maatskaplike en kulturele waarde te skep vir 'n breër gemeenskap van belanghebbendes.

Die Global Reporting Initiative (GRI) het riglyne gepubliseer vir volhoubare verslagdoening (getiteld 'Sustainability Reporting Guidelines') en dit word wyd beskou as die topstandaard vir vrywillige korporatiewe verslagdoening van omgewings- en maatskaplike prestasie deur organisasies wêreldwyd. Die 'Sustainability Reporting Guidelines' bied verslagdoeningsbeginsels, standaardopenbarings en 'n handleiding vir die voorbereiding van volhoubaarheidsverslae.

Gegewe die belangrike rol wat finansiële dienste in Suid-Afrika speel, evalueer hierdie studie die kwaliteit van geïntegreerde verslagdoening van Suid-Afrikaanse finansiële dienste deur te bepaal in watter mate volhoubaarheidsverslae van finansiëledienste-maatskappye voldoen aan die riglyne deur die GRI gestel. Dit is gedoen deur die navorsingsvrae te beantwoord deur middel van 'n kwantitatiewe, toepassings- en beskrywende metode. Met behulp van 'n steekproef van 10 van die finansiëledienste-maatskappye wat in die JSE Top 40 maatskappye opgeneem is, toon die resultate dat die maatskappye gebruik maak van die GRI-riglyne in die opstel van hul volhoubaarheidsverslae en dat die voldoening daaraan jaarliks verbeter. Sommige

maatskappye maak egter nie gebruik van die Sektoraanvullings nie, wat ontwerp is om bedryfspesifieke invloede in te sluit.

INDEX

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CERES	Coalition for Environmentally Responsible Economies
CIMA	Chartered Institute of Management Accountants
CSR	Corporate Social Responsibility
DFID	Department for International Development
DMA	Disclosures on Management Approach
GRI	Global Reporting Initiative
IASB	International Accounting Standards Board
IIRC	International Integrated Reporting Committee
IR	Integrated reporting
IRC	Integrated Reporting Committee
JSE	Johannesburg Stock Exchange
NFR	Non-financial reporting
NGO	Non-governmental organisations
SAICA	South African Institute of Chartered Accountants
TBL	Triple Bottom Line
UNEP	United Nations Environment Programme
WEF	World Economic Forum

CHAPTER 1

1. INTRODUCTION

1.1 BACKGROUND

Corporate reporting is very important as it communicates an organization's performance and plans for the future (Eccles & Krzus, 2010:30). Traditional definitions of reporting and accounting stress that its purpose is to offer financial information that can be useful for decision-makers. Reports of previous activity and measures of historic performance are done both as an exercise of accountability to the shareholders and as a legal obligation (Blowfield & Murray, 2008:190). According to the *Dictionary of Accounting Terms* (2014) financial reporting is defined as offering financial data of operating performance, position and the flow of funds for an accounting period of a company. According to Perez (2006:464) the rules and practices of financial reporting play a vital role in the operation of the modern corporate environment; it influences the way in which information is selected and interpreted in organizations. By creating a fiscal record of the organization's activities, accounting creates a frame for measuring the organization's actions. Perez (2006:465) also states that the conventional view of financial accounting is that its main purpose is to allow investors and other users (for example suppliers, customers and employees) to evaluate, through 'proper' disclosure, the economic value of a company and to make economic decisions in view of that disclosure. However, according to Beukes (2003:30), traditional financial accounting approaches do not provide all the elements that create success and underwrite the progress of business. Blowfield and Murray (2008:190) state that these measures of performance have focused solely on financial issues. Thus, measures of profit overlook by-products of commercial activity for which others have to pay, such as pollution, emissions, etc. Consequently Shrivastava and Paquin (2011:46) state that various stakeholders — institutional investors, insurers, individual shareholders and NGOs, for example — have demanded more *non-financial* information from businesses and these demands have led to a rising number of companies publishing environmental and social reports.

By looking at the *big picture* of how the world is shaping up around us, we can identify many issues that businesses should be concerned with. Global crises in the economic, political, social and ecological spheres are continual, repetitive, universal and are embedded in our modern systems of manufacturing, consumption and wealth creation (Shrivastava & Paquin, 2011:35). According to Blowfield and Murray (2008:193) companies have an obligation to account for responsibilities which extend beyond the financial performance of a company. Social reporting is the first insight into the social performance of an organization and the easiest way in which a firm can describe its corporate responsibility strategy. According to Borkowski et al. (2010:30), the concept of *sustainability reporting* denotes the manner in which firms handle nonfinancial factors such as environmental, social and governance issues that can have an impact on the organization's future performance, revenue and value. Sustainability reports are viewed as a companion to financial reporting. The increased use of these reports indicates a rising demand by stakeholders for more transparency and accountability. According to Shrivastava and Paquin (2011:48) practitioners pursue various avenues to develop more robust measures of impact, including social and environmental accounting disciplines, increased Corporate Social Responsibility (CSR), and developing reporting standards such as the Global Reporting Initiative (GRI). Each of these approaches is moving business towards a stronger triple bottom line approach of evaluating firm performance on social, economic and environmental measures.

1.2 EVOLUTION OF CSR REPORTING

1.2.1 Sustainability Reporting

Sustainability is the ability to sustain a high quality of life for present and future generations and calls for companies to re-evaluate how and what they produce. It also involves society reconsidering what it requires from commercial enterprises (Blowfield & Murray, 2008:27). According to Shrivastava and Paquin (2011:48) we need to find new ways of practicing business and to conceive of business activity to support the long-term health and success of our economic, environmental, and community systems. As one way to do this, they propose the idea of a sustainable enterprise.

A sustainable enterprise is defined as an enterprise capable of accounting for the surface-level negations of reducing environmental impact; creating social benefit and competitively creating economic value. Sustainable enterprises implement an integrative vision of its engagement with and impact on surrounding societal and natural environments (Shrivastava & Paquin, 2011:44). Dilling (2010:19) states that the general concept of sustainable development originated in 1987 with a report titled "Our Common Future" by the World Commission on Environment and Development (known as the Brundtland Commission). However, according to Jones III and Jonas (2011:66), reporting on CSR activities surfaced as early as the 1960s and gained momentum with the 1987 report, "Our Common Future", initiated by the United Nations. This report promoted sustainable development as a notion balancing economic and environmental issues in a beneficial way. Since the introduction of CERES Principles (Coalition for Environmentally Responsible Economies) in 1989, sustainability reporting has become a crucial matter for organizations which implement sustainability codes to display accountability to the outside world (Brown et al., 2009:573). According to Borkowski et al. (2010:30) the GRI was set up by CERES to incorporate and to unify the various standards of CSR reporting in the market-place into one generally accepted sustainability reporting framework.

Following an extensive consultation process, the GRI published the Sustainability Reporting Guidelines in 2002, which was — according to Levy and Brown (2011:136) — the best developed international framework for sustainability reporting. The reporting guidelines of the GRI include detailed instructions and standards enabling organizations to set up assured sustainability reports. By applying the guidelines, organizations show a strong commitment to constant progress of their sustainability reporting practices (Dilling, 2010:21).

According to Perez (2006:474) the Guidelines differentiate between economic, environmental and social activities of an organization. A sustainability report issued in line with the GRI Guidelines should contain information on each of these aspects of corporate behaviour and should be issued together with the conventional financial statement.

There is no law compelling organizations to present independent sustainability reports, but the tendency to provide these disclosures is certainly increasing (Borkowski et al., 2010:32). According to Borkowski et al. (2010:36) a case study of Johnson & Johnson has found that, for sustainability reporting to be truly valuable to the company, the data have to be driven by what the company wants to measure and what the external stakeholders require.

1.2.2 Corporate Social Responsibility

CSR activities are the actions a business instigates to advance social good beyond its own interests and extend beyond mere compliance. According to Jones III and Jonas (2011:65) it consists of the practices of companies to react to expectations of stakeholders. These practices include minimizing potential damage to society and the environment by the actions of the company, while creating a positive impact on the environment, community, customers, and employees.

Demirag (2005:11) defines CSR as corporate responsibilities to society for ethical, environmental and social issues. According to Blowfield and Murray (2008:13) a responsible company is defined by Starbucks as one that listens to its stakeholders and reacts with honesty to their concerns. Chiquita (2012) defines CSR as committing companies to operate in a socially responsible way everywhere they do business, balancing the needs and concerns of their stakeholders. The content of the terms *CSR* and *corporate sustainability* is not easy to examine owing to the existing range of definitions with different meanings (Nikolaou et al., 2013:176). However, the diverse definitions of CSR concur that companies have a responsibility to the public good. According to Marsden (2006:24) CSR is levelled at the heart of the purpose of business and what companies are responsible for. It is about whether companies must take account of social and environmental concerns beyond those that evidently have an impact on the operating abilities of a company. Nikolaou et al. (2013:176) states that the practices of CSR are considered indispensable for the business community to present efficient solutions for a more sustainable future.

According to Mitchell et al. (2005:67) CSR emerged into academic prominence in the 1970s, following a decade of growing liberalism and a rise in environmental concern. Its point of departure was that companies should be held accountable to those whom it affected. Jones III and Jonas (2011:66) state that sustainability philosophy measures short-term economic benefits up to long-term consequences for future generations. At first, reporting on sustainable development had focused solely on environmental issues but ultimately evolved into CSR reporting, with organizations now disclosing information about their triple bottom line reporting. The triple bottom line approach measures the performance of a firm by integrating economic, environmental and social measures. According to Dilling

(2010:28) government and regulatory requirements, shareholder pressures, and corporate reputation considerations are believed to be the three key drivers of CSR, and stakeholder pressures are believed to be the main driver. According to Jones III and Jonas (2011:71) the growing number of companies issuing CSR reports in accordance with the GRI guidelines suggests that CSR reporting is fast becoming a regular part of business reporting, rather than a rare exception.

1.2.3 Global Reporting Initiative

The GRI is a framework that assists firms with their sustainability reporting by providing specific report standards for recording environmental, social and economic performance (Nikolaou et al., 2013:177). According to Knudsen (2006:132) the GRI was established in 1997 as a joint initiative of the U.S. non-governmental organisation CERES and United Nations Environment Programme (UNEP). According to Knudsen (2006:132) the GRI was launched in 1997 as a joint initiative of the US non-governmental organisation CERES and the United Nations Environment Programme (UNEP). Jones III and Jonas (2011:68) state that the GRI was launched in response to concerns about the lack of reliable and detailed reporting by organizations responding to the various requests about their social and environmental performance. In June 2000, the GRI published the first set of sustainability reporting guidelines which contained reporting principles and specific content indicators to steer the voluntary preparation of sustainability reports (Dilling, 2010:21). The GRI released its G2 revision in 2002, G3 in 2006, G3.1 in 2011 and its current iteration, G4, was released in 2013 (GRI, 2013a). The founders' vision was that GRI would become a platform for a broadly participative societal discussion on what constitutes sustainability performance by organizations (Brown et al., 2009:571). The explicit aim of the GRI was to harmonize and to clarify the practice of non-financial reporting (Levy & Brown, 2011:135).

Levy & Brown (2011:135) also state that the process of developing the guidelines was intended to institutionalize a discussion among a wide range of adductors, set up new standards and practices, and facilitate the emergence of novel understandings of corporate accountability. By integrating the environmental report into the conventional financial report, the GRI seeks to break the traditional commitment of corporate accounting to the narrative of *Homo investicus (*Perez, 2006:464)*,* who is motivated only by the desire to maximize his financial returns*,* replacing it with a broader social vision. According to Perez

(2006:472) this transformed method of corporate accounting should open new paths for evaluating corporate behaviour and should change the way in which corporations select and process information and manage their operations.

The GRI Sustainability Reporting Guidelines offer Reporting Principles, Standard Disclosures and an Implementation Manual to assist organizations in the preparation of sustainability reports, regardless of their location, industry or size (Brown et al., 2009:571). According to Acquier and Aggeri (2007:151) the main goal of the GRI is to make sustainability reporting as regular and routine as financial reporting. According to Knudsen (2006:136) in future reporting of non-financial issues will become mandatory and the GRI will become the foundation of a universally acknowledged reporting standard. Considering the above, the GRI undoubtedly has contributed to the legitimacy and routinization of CSR as a practice, has presented a common language and set of procedures in the field and has helped solidify sustainability reporting as a standard business practice.

1.2.4 Integrated Reporting

The King Report on Governance for South Africa (King III) has been steering the focus on integrated reporting. The core principles in King III are that performance, risk strategy and sustainability are inseparable. GRI announced the formation of the International Integrated Reporting Committee (IIRC) in August 2010. The responsibility of the IIRC is to create a framework for sustainability accounting that is globally accepted; bringing together financial, social, environmental, and governance information in an understandable, consistent, concise and comparable format (KPMG, 2011a). Integrated reporting (IR) is just such a framework. According to KPMG (2011b) the aim is to assist with the development of more comprehensive information about businesses — prospective as well as retrospective — to meet the requirements of a more sustainable, global economy.

It is important to emphasize, however, that IR is not about *more* reporting; it is about *better* reporting (Chartered Institute of Management Accountants [CIMA], 2013). Integrated Reporting is about more than the physical integration of different corporate reporting components (KPMG, 2011b). The chairman of the Integrated Reporting Committee (IRC), Mervyn King, states that integrated reporting is designed to give a better and more holistic view of a company than historical financial statements alone; by describing the interrelatedness between the strategy of a company, stakeholder relationships, performance, opportunities and risks, essential resources and its future outlook (South African Institute of Chartered Accountants [SAICA], 2012b).

From a global auditing firm perspective, Deloitte (2011a) is of the opinion that the IR is a report that conveys the overall story of a company in a manner that allow all stakeholders to measure the ability of the company to create and to sustain value over the short, medium and long term. In terms of what major global accounting firms say about IR, it is described by Deloitte (2011b) as enabling a process which enhances and preserves long-term sustainability in its entire dimension, without sacrificing short-term performance. According to PwC (2012) an IR provides a clear strategic picture of a company and explains how they create and sustain value at the present and in the future. It recognizes that meaningful reporting must include stewardship of intellectual, natural or social capital and not just financial capital. PwC states that IR is attained when "it shows how governance connects with remuneration and risk, when strategy is designed to exploit a changing market environment, and when strategic priorities align with key resources, relationships and key performance indicators" (PwC, 2012:2). Furthermore, according to KPMG (2011a) an effective IR process is one that fulfils the rising number of reporting requirements of an organization as well as providing information to interested and relevant stakeholders in relation to their own perspective and specific interests.

Businesses can make a difference by ensuring that sustainability becomes more tangible and measurable through integrated reporting (Babber, 2012:3). According to Eccles and Krzus (2010:30) companies can expect numerous major operational benefits that support the development and implementation of a sustainable business strategy by practicing integrated reporting. IR provides greater clarity about cause-and-effect relationships, enabling a company to understand the effect of its strategic choices on society better. Eccles and Krzus (2010:31) state that "better decisions improve the allocation of resources across all stakeholder groups to optimize the collective outcome contend".

1.3 IMPORTANCE OF THE FINANCIAL INDUSTRY

Finance plays an important role for society in general, serving individuals, families, businesses, governments and public institutions (World Economic Forum [WEF], 2013:3).

According to the Department for International Development in the United Kingdom (DFID, 2004:6) the financial sector includes all the wholesale, retail, formal and informal institutions that offers financial services to consumers, companies and other financial institutions. In its broadest definition, it therefore includes banks, insurers, credit unions, stock exchanges, microfinance institutions and moneylenders.

Essential functions are provided by the financial sector such as providing protection from risks, enabling saving and investment, and supporting the creation of new jobs and enterprises. Policy-makers and financial institutions are making an enormous effort to enable the financial system sustainably to contribute to economic growth (WEF, 2013:3). According to the DFID (2004:4) the financial sector also plays a significant role in increasing the ability of individuals and households to access basic services such as health and education, consequently having a direct impact on poverty reduction.

According to the South African Reserve Bank (2013) financial services are essential to economic growth and development. The DFID (2004:20) states that financial sector development can boost long-run growth through its impact on capital accumulation and on the rate of technological progress, by increasing the savings rate and the availability of savings for investment, and facilitating and encouraging inflows of foreign capital. The WEF (2013:3) asserts that, as the sector continues to evolve, all stakeholders will need to work together to ensure that the financial systems continue to increase economic growth and job creation. They must also continue to develop in areas such as performance management, risk and control, conduct standards, product design, culture, ethics and values by ensuring that the goals of financial institutions are aligned with the needs of society and that they are constantly acting in the best interests of all stakeholders of the financial system and society overall.

From the start the GRI founders had great expectations of the financial services sector as a potential influential user of data on sustainability performance. According to Brown et al. (2009:575) the primary contribution of the GRI to the financial sector has been to elevate expectations of their clients for disclosure of information and to cause companies to be more receptive to requests for information. Investment and risk assessment, as well as taking social and environmental issues into account, are therefore major considerations for the financial sector. The financial sector needs to accomplish much more in transparency, risk assessment and incorporating social and environmental considerations into their decisions.

1.4 MOTIVATION OF ACTUALITY OF TOPIC

In South Africa where job creation, wealth distribution, economic development and black empowerment are priorities, political and social pressure exists to address these concerns and report on appropriate measures taken by business. This comprises a part of the range of activities and impacts that companies could, and according to Mitchell et al. (2005:70), should be reporting on in CSR.

In the light of the current economic and social climate, many companies are currently publishing voluntary CSR or sustainability reports that highlight social and environmental issues concerning their business and industry (Eccles & Krzus, 2010:29). According to Dilling (2010:19) the reason for sustainability reporting is that there is a growing focus on responsibilities of companies towards its stakeholders, the environment and the society in which it operates, as well as increasing expectations of the public on the role of global companies in society. This results in a call for better corporate governance, transparency and accountability. Dilling (2010:19) states that through sustainability or non-financial reporting (NFR), corporations and organizations indicate their commitment to sustainable development which refers to meeting present needs without compromising the ability of future generations to meet their needs.

Today, organizations have to think about IR — which integrates financial and sustainability information to provide a single report informing stakeholders how the company is influenced by the environment and community, and how the company influences the environment and community in which it operates. The King Code of Governance Principles (King III) recommends an IR (SAICA, 2012a). In January 2011, the IRC in South Africa issued a Discussion Paper on integrated reporting to offer voluntary guidance on a framework for an integrated report in response to the need for listed companies to present an integrated report for their financial years starting on or after 1 March 2010.

Although it is becoming more common for companies to disclose their CSR information, it remains a voluntary effort. According to Mitchell et al. (2005:7) challenges identified with present CSR suggest that — because of limitations of current CSR practice — stakeholders would not necessarily have knowledge of environmental and social influences and shortfalls from business activities; because it is a voluntary and nonprescriptive reporting framework subject to reporting at the lowest denominator. That is, companies report on the absolute minimum requirements of such guidelines. Since many of these guidelines consist of lists of suggested disclosures, there are few items that 'have' to be disclosed. As a result there is a risk that the obligatory reports may not serve the primary objective of sustainability reporting, which is to get companies to take the needs of future generations into consideration while pursuing their own.

1.5 RESEARCH QUESTION

In view of the above, the research question is formulated as to what extent the integrated reports of the South African financial services companies — as submitted to the Johannesburg Stock Exchange (JSE) — have been prepared in accordance with, and in consideration of, the GRI guidelines.

In answering the above research question, three additional questions can be formulated, namely:

- What are the key indicators reported on by the financial services companies?
- What is the level of integration of the 'sustainability' reports with the 'conventional' annual financial statement?
- What GRI adherence levels (A, B or C) are given to the applicable reports?

Thus by evaluating and comparing the sustainability reports of the JSE listed financial services companies, with the G3.1 Guidelines and the Sector Supplements for Financial Services, this study sets out to address the above-mentioned problem.

1.6 RESEARCH OBJECTIVES

In answering the above research questions, the key objective of this study is therefore to determine the extent to which sustainability reports of financial companies adhere to the G3.1 Guidelines and the Sector Supplements for Financial Services. The G3.1 Guidelines will also be compared to the latest G4 Guidelines.

The primary objective will be achieved by addressing the following secondary objectives:

- To identify the key indicators that are reported on;
- to evaluate the level of integration of the sustainability performance of the companies with the financial performance included in the reports; and
- to identify and to evaluate the adherence level given to the reports by the GRI.

1.7 RESEARCH METHODOLOGY

As stated above the key objective of this study is to evaluate the quality of integrated reports issued by financial services companies listed on the JSE. This study may also serve to indicate whether these companies adhere to the GRI Framework and the extent to which they do.

1.7.1 Literature review

In the context of this study, the research was conducted by analysing the G3.1 and G4 Guidelines in depth, as well as the Sector Supplements for the sector Financial Services. Published academic research conducted locally and internationally is included in the research, where the opinions of different theorists were taken into account. Information was also gathered using relevant textbooks, subject-specific journals, the GRI website and the JSE website.

1.7.2 Empirical research

The sustainability reports of the companies in the financial services sector listed on the JSE Top 40 Board are analysed and are compared taking into consideration the knowledge acquired during the literature study. The aim is to address the research problem and question by assessing the level to which the financial companies listed on the JSE Top 40 Board conform to the guidelines as set by the GRI framework. The population of the study therefore consists of the companies that are in the financial services sector and listed on the JSE Top 40 Board. A checklist is drawn up from the G3.1 Guidelines and the Financial Services supplement and is used to evaluate the sustainability reports of the companies in the population.

1.8 KEY DEFINITIONS

For purposes of this study, the following contexts and definitions are taken as applicable:

Accountability: An organization should describe or substantiate the acts, omissions, risks and dependencies for which they are responsible to people with a legitimate interest. Accountability also entails a broader obligation of responsiveness and compliance (AccountAbility, 1999:18). According to Webster's *Dictionary and Thesaurus* (2006:5) accountability is the liability to give account and the responsibility to fulfil obligations. In other words, it is a sense of duty to account for your activities and accept responsibility for them.

Corporate Social Responsibility: The European economic and social committee defines CSR as the integration of environmental and social issues in business operations and voluntary interaction with the stakeholders of the company *(*European Economic and Social Committee, 2014). Demirag (2005:11) defines CSR as corporate attitudes and responsibilities to society for social, ethical and environmental issues. CSR is a corporate initiative to take responsibility for the influence of the business operations on the environment and the impact it has on society.

Integrated reporting: King III defines an integrated report as a holistic and integrated account of the sustainability and financial performance of the company, while the Discussion Paper defines an integrated report as a report on the performance, activities and strategy of the organization that enables stakeholders to evaluate the ability of the organization to create and to sustain value in the short, medium and long term (SAICA, 2012c). An integrated report provides a clear reflection of what is happening within the reporting company by reviewing economic, environmental and social performance alongside financial performance.

Social reporting: Social reporting is the process of communicating the environmental and social consequences of the economic actions of the organization to particular interest groups within society and to society in general (Demirag, 2005:11). According to Blowfield and Murray (2008:200) social reporting is concerned with commercial activity which combines with other social systems and presents a different approach as to how the function of businesses is viewed. Social reports reflect social and environmental impacts as a result of activities of companies.

Sustainability: According to AccountAbility (1999:157) sustainability is the ability of an organization to continue its operations indefinitely by taking into account their impact on social, natural and human capitals, or taking into consideration the economic, social and environmental dimensions of its processes and performance (Tencati & Perrini, 2006:95). It is about taking what we need to survive now, without jeopardizing the prospect for people to meet their demands in the future.

Sustainable development: Development that meets the present needs without compromising the ability of future generations to meet their own needs (Jones III & Jonas, 2011:65), while Morsing and Oswald (2006:183) define it as focusing on preserving the planet while also improving the quality of life for its current and future population. It is economic development that is conducted by balancing future social and environmental needs when making decisions today.

Sustainability reporting: The World Business Council for Sustainable Development (2002:7) defines sustainability reports as public reports by businesses to provide a picture to internal and external stakeholders of the economic, environmental and social activities of the company. According to the GRI (2011a:3) it is measuring, disclosing and being accountable to stakeholders for organizational performance towards achieving the goal of sustainable development. A sustainability report is a report pertaining to the economic, environmental and social impacts caused by the daily activities of the organization.

Triple Bottom Line (TBL): According to Morsing and Oswald (2006:183) triple bottom line is defined as environmental and social responsibility and economic viability. From a business point of view this involves the inclusion of economic, environmental and social considerations in the business strategy. Rogers & Ryan (2001:281) define the triple bottom line approach as focusing on the integration of social well-being, environmental protection and economic viability goals. In short, TBL is an accounting framework with three dimensions: social, environmental and financial.

1.9 OVERVIEW

The study follows the article route mini-dissertation format and is divided into five chapters:

Chapter 1: Introduction

The first chapter serves as the introduction to the research study and illustrates the actuality and relevance of the topic. The chapter contains the following: the background of reporting, financial reporting, sustainability, CSR, the GRI and integrated reporting; the problem statement; objectives of the research; and an overview of the study.

Chapter 2: Research methodology

This chapter includes the philosophies and theories of the chosen investigation, as well as the selected research method of the study.

Chapter 3: Fundamental principles of Integrated Reporting

This chapter includes the primary literary study and contains a discussion of the content of the GRI Guidelines, a detailed look at the performance indicators and an overview of the G4 guidelines.

Chapter 4 (Research article 1): Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African financial industry.

The fourth chapter is the research article and includes a discussion of CSR and sustainability as well as an overview of the GRI Framework. The empirical results of the comparisons between the above-mentioned checklist of performance indicators and the companies listed on the JSE Top 40 Board (under the sector Financial Services) are shown and discussed.

Chapter 5: Summary and conclusion

In the last chapter a conclusion is reached in the light of the objectives set in the first chapter and possible conclusions are drawn from the results.

CHAPTER 2

2. RESEARCH METHODOLOGY

2.1 INTRODUCTION

Before starting a research project it is important to understand the research process that will be followed in the project. This is the purpose of this chapter. Basic definitions relevant to the research methodology are discussed along with the research design, types of research, philosophical assumptions, method of sample selection and collection of data. The research design was developed to answer the research questions as stated in the previous chapter, but in order for these objectives to be met, one first needs to explain the research approach used in this study.

2.2 MEANING OF RESEARCH

Research is the application of scientific procedures to study a problem, to acquire useful and dependable information to discover answers to meaningful questions (Manoharan, 2010:3). According to Leedy (1985:4) research is the way in which we attempt to solve problems in a systematic effort to push back the frontiers of human ignorance or to validate the solutions to problems others have presumably resolved.

Research can also be defined as a creative activity and an original investigation carried out with the intention of contributing to knowledge and understanding in a particular field (Myers, 2013:6). It provides a means of corroborating a theory or judgement or provides a framework for a theory (Pellissier, 2007:12). According to Pellissier (2007:6) research is at the most basic level the essential engagement with an intellectual tradition. The *Advanced Learner's Dictionary of Current English* defines research as "a careful investigation or inquiry especially through search for new facts in any branch of knowledge" (1952:1069). According to Kothari (2004:18) and Manoharan (2010:2) the term 'research' consists of enunciating the problem, formulating a hypothesis (a tentative assumption made with the intention of drawing out and testing its empirical consequences), collecting the data, analysing the facts and reaching conclusions in the form of solutions towards the specific problem.

Contemporary society is faced with serious economic, political and social problems that need solutions (Manoharan, 2010:1). Research is synonymous with the creation of knowledge and linked to innovation, both necessary for social and economic development (Pellissier, 2007:75). According to Zikmund et al. (2013:3) and Pellissier (2007:4) research can lead to specific inventions, can improve the development of technologies and new frameworks, and can also lead to innovation in the form of new products, upgrading of existing goods and services or improvement in employee relationships.

Business decisions require information and intelligence and research can provide that to make informed decisions (Zikmund et al., 2013:3). According to Zikmund et al. (2013:5) business research is the search for the truth about business phenomena by applying scientific procedures. This includes defining business opportunities and problems, creating and assessing different courses of action, and monitoring the performance of the company. The significance of research is that more research makes progress possible. Research instils inductive thinking and encourages the development of logical habits of thinking (Kothari, 2004:22). According to Kothari (2004:23) research can assist in solving various planning and operational problems of business and the industry. For purposes of this study, and based on the aforementioned, research is considered as a systematic investigation to obtain information to solve specific problems by using scientific methods.

2.3 TYPES OF RESEARCH

According to Ethridge (2004:20) there are different criteria in classifying research on which to base the classifications, and each can be useful for specific purposes. Research can be grouped under the following major categories. This classification is based on the objective of the research.

2.3.1 Basic vs. applied research

The first type of research, *basic research*, aims to acquire empirical data that can be used to formulate, to develop, or to assess a theory to develop the frontiers of knowledge without regard to practical application. Basic or fundamental research is mainly intended to discover certain basic principles (Manoharan, 2010:12). This type of research is a planned process of scheduled activities and is based on achieving a positive outcome, previously agreed on (Pellissier, 2007:75). According to Kothari (2004:19) it is primarily concerned with generalizations, the formulation of a theory and focussed on discovering information that has a broad base of applications to add to the existing organized body of scientific knowledge. Basic research lays the foundation for advancement in knowledge by generating new ideas, principles, and theories.

Applied research seeks for solutions to solve immediate problems facing society or business organizations (Kothari, 2004:19). According to Pellissier (2007:14) the common goal of applied research is the evaluation of a particular course of action to solve a specific problem. Manoharan (2010:12) states that it is research performed in relation to actual problems and under the conditions in which they are found in practice. It is the use of scientific procedures which helps to contradict or to modify existing theories and which helps to formulate policy. Applied research is a form of systematic investigation focused on a specific problem or application.

The research in this study can therefore be seen as applied research as the results can assist in formulating policies to understand better the phenomenon known as integrated reporting.

2.3.2 Descriptive vs. analytical research

Descriptive research consists of different kinds of surveys and fact-finding studies. The purpose of this type of research is to describe the state of affairs as it exists at present (Kothari, 2004:19). It is concerned with existing conditions, relationships, practices, beliefs, attitudes, continuing processes or trends that are developing (Manoharan, 2010:14). According to Manoharan (2010:15) descriptive research is carried out with a definite objective and therefore definite conclusions are the result. Descriptive research cannot describe what caused a situation, but is used rather to describe characteristics of the situation or population being studied.

In *analytical research*, on the other hand, the researcher has to analyse available facts to make a critical evaluation of the information (Kothari, 2004:19). According to Kothari (2004:54) this type of research studies determines the frequency with which something occurs or its association with something else. It uses critical thinking to find out facts about a certain topic and to develop new ways of doing things.

Considering that the integrated reports of the companies included in the research sample are evaluated and are described, one can also say that a mixed method approach has been followed in that both descriptive and analytical studies have been performed during this research, after which further explanation regarding the result is provided.

2.3.3 Conceptual vs. empirical research

Conceptual research is research related to an abstract idea or theory; it is typically used by philosophers to develop new concepts or reinterpret existing theories (Kothari, 2004:21). According to Tzeng et al. (2008) this type of research deals with ideas and topics from a theoretical or a personal point of view and includes perspectives that may be personal or subjective to an expert or one that provides an overview of a large amount of knowledge. In conceptual analysis a researcher breaks down a concept to get a better understanding of the deeper philosophical issue regarding the theory.

On the other hand, *empirical* or experimental research is data-based research, dependent on observation or experience, and provides answers that can be verified by experiment or observation. A characteristic of this type of research is the control of the experimenter over the studied variables and the intentional manipulation of one of the variables to study its effects (Kothari, 2004:21). Hypothesis-testing or experimental research studies are those studies where the researcher tests the hypotheses of causal relationships between variables (Kothari, 2004:56). In other words, empirical research is suitable when one is seeking proof that certain variables affect other variables.

In this study, the research can be seen as empirical research that relies on empirical data as the sustainability reports of the companies in the financial sector listed on the JSE Top 40 Board are analysed and are compared in view of the knowledge obtained during the literature study. The aim of this is to address the problem statement by assessing the level to which the financial companies listed on the JSE Top 40 board comply with the framework of the Sustainability Reporting Guidelines of the GRI.

2.3.4 Quantitative vs. qualitative research

Quantitative research is based on the measurement of quantities or amounts (Kothari, 2004:19). It is suitable for the examination of specific data from large numbers to test theories (Pellissier, 2007:19). Quantitative research is based more directly on its original plans, and its results are more readily evaluated and interpreted (Manoharan, 2010:13). According to Creswell (2003:18) a quantitative approach is one in which the researcher primarily uses post-positivist claims to develop knowledge (i.e., cause-and-effect thinking, diminution to specific variables and hypotheses, use of measurement and observation, and the testing of theories), utilizes strategies of inquiry such as surveys and experiments, and collects data on pre-set instruments that yield statistical data. Its strength lies in the application of mathematical analysis to elucidate social phenomena by showing the key constructs, their interrelationships and their relative strengths within these interrelationships (Pellissier 2007:20). According to Myers (2013:8) quantitative research is the most suitable if you require a large sample size. It is used to quantify data and generalize results from a sample of the population.

On the other hand, *qualitative research* is employed to discover the underlying motives and desires. Document analysis, observations, and in-depth interviews are drawn on for this purpose (Kothari, 2004:19). Qualitative research can describe events scientifically without the use of numerical data (Manoharan, 2010:12). Pellissier (2007:23) states that qualitative research aims at solving problems through the use of a wide assortment of data-collection methods and the application of varied conceptual frameworks. In this type of approach the researcher usually makes knowledge claims based mainly on constructivist perspectives (i.e., the meanings of individual experiences, social and historical meanings, to develop theories or patterns) or participatory perspectives (i.e., collaborative, political, issue-oriented or change oriented) or both (Creswell, 2003:18). Qualitative research is more responsive to its subject (Manoharan, 2010:13). It focuses on discovering true inner meanings and new insights (Zikmund et al., 2013:132). A key benefit of qualitative research is that it allows a researcher to understand the *context* within which decisions and actions take place (Myers, 2013:7). According to Myers (2013:9) qualitative research is the best approach if you want to study a specific subject in depth. It refers to the meanings, definitions, concepts, descriptions and characteristics of things and is used to get a better understanding of underlying reasons and motivations.

This research study does not make use of quantitative research since numbers are not emphasized in this study, but rather falls in the scope of qualitative research as texts and documents are analysed.

Methods associated with the qualitative research approach

A research method is defined as a *strategy* of *enquiry*. Each research method builds on a set of underlying philosophical assumptions, and the selection of the research methods influences the method in which the researcher collects data (Myers, 2013:25).

The four qualitative research methods discussed here are ethnography, grounded theory, case studies, and action research.

- ***Ethnographies:*** a method in which researchers gather observational data by studying an entire cultural group in their natural setting over a long period of time (Creswell, 2003:14). This is one of the most in-depth research methods. As the researcher is in the field for a reasonable amount of time, ethnography provides the researcher with rich insights into the organizational and social aspects of business organizations (Yin, 2003:92). According to Yin (2003:252) the main purpose of this method is to gain a deep understanding of people within their social and cultural context. The emphasis in ethnography is thus on studying an entire culture to provide a detailed, in-depth account of everyday life and practice.

- ***Grounded theory:*** a method used by a researcher to obtain a common, abstract theory of a process or interaction grounded in the views of participants in the study. Several phases of data collection and the refinement and interrelationship of categories of information are used in this process (Creswell, 2003:14). In grounded theory an initiatory investigation are done where the researcher poses questions about information given by respondents or obtained from historical records (Zikmund et al., 2013:139). Yin (2003:105) states that the use of grounded theory research is to develop new concepts and theories of business-related phenomena. The purpose of grounded theory is therefore to develop a theory about phenomena and the theory needs to be rooted in observation.

- ***Case studies:*** a method in which the researcher investigates a process, activity, event, or individuals in depth. Detailed information is collected by using different data collection procedures over a prolonged period of time (Creswell, 2003:15). According to Yin (2003:4) a case study is defined as an empirical investigation of a current phenomenon in its real-life context, particularly when the boundaries between context and phenomenon are not apparent. This method is used to study interactions between the factors that elucidate present status or that influence change (Manoharan, 2010:17). It is concerned with how and why things happen, and this leads to the investigation of contextual realities and the differences between what was planned and what really happened (Noor, 2008:1602). Case studies provide tools for researchers to describe a phenomenon in context by using various data sources. This research study qualifies as a case study as the GRI guidelines are applied to actual information of a selected sample of financial services companies in the financial sector.

- ***Action research:*** The distinguishing characteristic of action research is that the researcher consciously intercedes while studying the effect of that intercession at the same time (Myers, 2013:60). According to Myers (2013:61) and Pellissier (2007:14) the main focus of action research is to learn from the intervention in an organization to use that knowledge to benefit other organizations. Manoharan (2010:17) states that action research is not focused on generalization of applications or the development of theory, but rather on immediate application. It involves doing something to make a change in the researched situation.

2.4 RESEARCH METHODOLOGY

According to Ethridge (2004:25) methodology is defined as the systematic analysis and organization of the rational and experimental principles and procedures that should guide a scientific inquiry. Methodology refers to the manner in which we approach and implement functions or activities and includes general approaches or guidelines. Within a discipline, methodology comprises the accepted rules of evidence for reasoning about the different aspects of that discipline. The accumulated, growing body of knowledge comprises a discipline (Ethridge, 2004:4). According to Yang et al. (2006:601) research methodology directly influences the validity and generalizability of a study and plays a significant role in developing knowledge.

The subject matter of research methodology is an essential part of being able to bring together our segmented or fragmented attention on the variety of methods and techniques of the discipline into a more coherent overview (Ethridge, 2004:4). Kothari (2004:25) states that research methodology is more than just the research methods; it also takes into account the logic behind the methods used in the context of a research study and describes why a specific technique or method was used so that the research results can be evaluated by the researcher or by others.

According to Ethridge (2004:4) research methodology provides the principles on how to organize, plan, design, and conduct research. The concern of methodology is that suitable methods and procedures are selected, designed, and applied to achieve the research objectives and produce reliable knowledge (Ethridge, 2004:140). The choice of which method to use depends on the nature of the research problem and the kind of data required (Noor, 2008:1602). One's philosophical beliefs affect one's selection of *legitimate questions* as well as one's choice of research methods. Ethridge (2004:59) states that different philosophies represent different views of what constitutes reliable knowledge, or what is proper procedure for establishing reliability.

The three philosophies most connected to research methodology are positivism, normativism, and pragmatism.

- **Positivism:** Positivism as a philosophy keep to the view that only *factual* knowledge gained through observation, including measurement, is reliable. The view of the positivist is that only data that can be measured directly or observed are valid for scientific attention (Ethridge, 2004:59). Positivist research believes that reality is objectively given (Yin, 2003:254). According to Noor (2008:1602) positivism is based on the natural science model of dealing with facts, and is therefore more closely associated with a quantitative method of analysis. The positivist only sees factual knowledge from observation as trustworthy, so perceptions and personal judgements are regarded as purely emotive and are not accepted as scientific information.

- **Normativism:** According to Ethridge (2004:59) normativism takes the position that knowledge of the goodness and badness of conditions, things, situations, and actions is valid and even required to produce prescriptive knowledge. The normativistic philosophy puts emphasis on topics that are valued by people — things such as efficiency, income, welfare, standard of living, and quality of life. In other words, the emphasis is on objectivity.

- **Pragmatism:** Pragmatism is vital in problem-solving research because of its emphasis on prescriptive knowledge (Ethridge, 2004:69). Pragmatists assess concepts for their usefulness in solving contemporary problems rather than for their own sake (Ethridge, 2004:66). Thus, in pragmatism the truth of a concept depends upon its outcome or effect.

2.5 RESEARCH DESIGN

After defining the research problem, the researcher should prepare the design of the research project, known as the "research design" (Kothari, 2004:48). A research design is used to find conclusions for the initial set of research questions. According to Yin (2006:5) it is a plan that shows the researcher how to collect, to analyse, and to interpret observations to draw conclusions about causal relations among the variables under investigation.

In a research design the researcher decides on all the various components of a research project; the philosophical assumptions, the research method, which data collection techniques the researcher will use, and the approach to measurement and analysis of data (Myers, 2013:19). In other words, the design includes an outline of what the researcher will do from writing the theory to the final inquiry of the data (Kothari, 2004:48). Generally, a good design is one which minimizes prejudice and maximizes the reliability of the data collected and analysed. An appropriate and efficient design is one that yields maximal information and provides an opportunity to consider various aspects of a research problem (Kothari, 2004:50).

2.6 PHILOSOPHICAL ASSUMPTIONS

Another useful way to classify research methods is to differentiate between the underlying philosophical assumptions guiding the research. All research is based on underlying assumptions about what makes up *valid* research and which research methods are apposite. To carry out the research, the researcher should know what these assumptions are (Myers, 2013:36). According to Myers (2013:36) there are three categories, based on the underlying research epistemology (the theory of knowledge, with regard to its methods, validity, and scope): positivist, interpretive, and critical. These three philosophical assumptions are discussed below.

- **Positivist research:** In positivist research it is assumed that reality can be described by measurable properties, which are independent of the researcher. Positivist researchers usually try to test a hypothesis in an effort to increase the predictive perception of phenomena by formulating propositions that explain the subject matter in terms of dependent variables, independent variables, and the relationships between the two (Myers, 2013:38). In positivism, empirical data are assumed to be objective; the data are used to test a theory (Myers, 2013:40). It is also assumed that the facts are neutral and that they speak for themselves (Myers, 2013:41). According to Orlikowski and Baroudi (1991:5) research is classified as positivist if there is proof of a formal proposition, measurable variables, theory testing, and the drawing of conclusions about a phenomenon from the sample to a known population.

- **Interpretive research:** Interpretive researchers assume that access to reality is only through social constructions such as language, consciousness and shared meanings. They attempt to understand the context of a phenomenon through the meanings assigned to them by people, since the context is what defines the situation (Myers, 2013:39). According to Kaplan and Maxwell (1994) interpretive researchers do not predefine independent and dependent variables. They focus instead on the complexity of human sense-making as the situation becomes known.

- **Critical research:** Rather than merely describing current knowledge and beliefs as an interpretive researcher might do, the idea is to challenge those beliefs, assumptions, and values that might be taken for granted by the subjects themselves.

> Almost all critical researchers have a clear ethical basis that motivates their research work (Myers, 2013:43). According to Myers (2009:42) the main task is social assessment, whereby the restrictive conditions of the status quo are brought to light.

This study can be seen as interpretive research because a subjective approach is taken and as critical research since CSR is mentioned extensively.

2.7 SAMPLE DESIGN

One of the aims of research is to gain greater understanding of relationships among variables in a population (Manoharan, 2010:19). According to Kothari (2004:31) a *population* is all the items being considered in any field of inquiry and a list of all the items in the population is known as a census inquiry. Because of time and cost restraints only a few items are selected when undertaking field studies in practical life. The selected respondents constitute a *sample* and enable a researcher to study a portion of the population rather than the whole population. The selected sample should represent the total population in order to produce a miniature cross-section (Kothari, 2004:72). The results of your research depend on your sample data. The researcher must first decide the method of selecting a sample, or what is known as the sample design. In other words, a sample design is a specific plan determined before data can be collected for obtaining a sample (Kothari, 2004:31). The researcher should consider the nature of the inquiry and other related factors to decide the sample design to be used (Kothari 2004:34). There are two sampling techniques, namely, probability sampling and non-probability sampling.

- ***Probability sampling*** techniques are statistically meaningful because each item in the entire population has an equal probability of being included in the sample (Pellissier, 2007:32). This is also known as *chance sampling* or *random sampling* and is considered as the best method of selecting a depictive sample (Kothari, 2004:77). According to Yang et al. (2006:604) to avoid sampling bias random samples usually provide a good estimate of the population.

- ***Nonprobability sampling****,* on the other hand, does not provide a foundation for estimating the probability that each item in the population has of being included in the selected sample (Kothari, 2004:76). Items from the population are selected in a non-random manner (Manoharan, 2010:21). Nonprobability samples are used to make the obtainment of the required data simpler and more convenient (Kothari, 2004:15). According to Zikmund et al. (2013:392) it is a method used to select a sample based on convenience or the personal judgement of the researcher.

To select a sample in this particular study, and for the sample to represent the entire population, the biggest companies listed on the JSE in terms of market capitalization, are considered as their integrated reports will have a considerable impact on sustainability. The JSE top 40 listing indicates the largest and most influential listed companies. These companies are divided into three sectors: financial, industrial and resources. Seeing that only companies in the financial sector are included in the sample as the sector supplements aimed specifically at financial services companies are used, a nonprobability sample is selected. the companies listed on the JSE top 40 as on 10 June 2014 as well as the sample selected are shown in Table 2.1.

Table 2.1 JSE Top 40 listing and companies selected for the sample

Company	Sector	Financial company?	Selected
Barclays Africa Group Ltd	Financial	√	√
Discovery Ltd	Financial	√	√
FirstRand Ltd	Financial	√	√
Investec Ltd	Financial	√	√
Investec plc	Financial	√	√
Nedbank Group Ltd	Financial	√	√
Old Mutual plc	Financial	√	√
Remgro Ltd	Financial	√	√
RMB Holdings Ltd	Financial	√	√

Table 2.1 JSE Top 40 listing and companies selected for the sample (continued)

Sanlam Limited	Financial	√	√
Standard Bank Group Ltd	Financial	√	√
Aspen Pharmacare Holdings Ltd	Industrial		
Bidvest Group Ltd	Industrial		
British American Tobacco plc	Industrial		
Capital & Counties Properties plc	Industrial		
Compagnie Financière Richemont SA	Industrial		
Growthpoint Properties Ltd	Industrial		
Imperial Holdings Ltd	Industrial		
Intu Properties plc	Industrial		
Life Healthcare Group Holdings	Industrial		
Mediclinic International Ltd	Industrial		
Mondi Ltd	Industrial		
Mondi plc	Industrial		
MTN Group Ltd	Industrial		
Naspers Ltd	Industrial		
Reinet Investments	Industrial		
SABMiller plc	Industrial		
Shoprite Holdings Ltd	Industrial		
Steinhoff International Holdings Ltd	Industrial		
Tiger Brands Ltd	Industrial		
Vodacom Group Ltd	Industrial		

Table 2.1 JSE Top 40 listing and companies selected for the sample (continued)

Woolworths Holdings Ltd	Industrial		
African Rainbow Minerals Ltd	Resources		
Anglo American Platinum Ltd	Resources		
Anglo American plc	Resources		
AngloGold Ashanti Ltd	Resources		
Assore Ltd	Resources		
BHP Billiton plc	Resources		
Exxaro Resources Ltd	Resources		
Impala Platinum Holdings Ltd	Resources		
Kumba Iron Ore Ltd	Resources		
Sasol	Resources		

(Source: Reuters, 2014)

Listed companies are required to present their annual reports within six months of the date of their year-end. They are also obligated to provide an integrated report for their financial year starting on or after 1 March 2010. For the purpose of this study 2012 and 2013 reports are used.

2.8 COLLECTING THE DATA

To perform the research investigation the researcher must collect data. Data are the basic input to any decision-making process (Manoharan, 2010:30). Data come in different forms and from a variety of sources, and can have various purposes (Pellissier, 2007:31). Ethridge (2004:150) states that data are necessary to test theories or concepts empirically, to estimate parameters within relationships, and to determine the applicability of relationships.

To collect data the researcher should set the restrictions for the study, collect information through interviews, documents, and visual materials, as well as establish the procedure for recording the information (Creswell, 2003:185). According to Myers (2013:26) the data collection methods used should enable the researcher to collect the information required to answer the research questions. There are multiple methods of collecting the suitable data which varies significantly relating to costs, time and other resources available to the researcher (Kothari, 2004:34). The researcher should keep in mind that there are two kinds of data, namely, primary and secondary, when deciding about the way of collecting data for the study.

Primary data is the data which are gathered from the field under the control and supervision of a researcher. This type of data is generally collected for the first time and therefore original in character (Manoharan, 2010:30). According to Pellissier (2007:32) primary data indicate data collected by the researcher solely for use in the researched project. Yin (2003:12) states that primary sources are those data which are unpublished and collected by the researcher directly from the people or organizations. Primary sources include data from interviews, field-work and unpublished documents.

Data collected from previously published books, journal articles, newspaper articles, magazines, annual reports of companies, government publications, etc., are called secondary data, that is data that are already available (Manoharan, 2010:30; Yin, 2003:12). According to Zikmund (2013:160) it is data that have been collected already for purposes other than the one at hand. Kothari (2004:128) states that, when the researcher makes use of secondary data, s/he has to explore different sources from where it can be obtained. When using secondary data, the researcher does not encounter the usual problems associated with collecting primary data, but should first ensure that the data are reliable, suitable and adequate.

The researcher should choose one of these two data collection techniques, taking into account the nature of the research, available time and money, objective and scope of the investigation, and the desired degree of accuracy (Kothari, 2004:35). According to Yang et al. (2006:603) the method of collecting data influences the reliability and validity of a test. Researchers should use multiple methods to collect data to avoid single method bias.

In the context of this study, secondary data have been used as published academic research conducted locally and internationally is included in the research; information has also been collected using the relevant textbooks, subject-specific journals, the JSE website and the GRI website. The data collected were scrutinized to achieve the previously stated objectives. The collected data from the integrated reports of the selected companies are analysed to test its validity and reliability and to ensure that ethical issues have been considered.

2.9 VALIDITY AND RELIABILITY OF RESEARCH

Research validity can be defined as the informativeness of a specific study for the development and support of hypotheses (Judd & Kenny, 2006:101). Zikmund et al. (2013:303) define validity as the accuracy of a measure of the extent to which a score truthfully represents a concept. According to Manoharan (2010:85) all evaluations of validity are subjective opinions based on the judgement of the researcher. According to Manoharan (2010:34) reliability and validity are necessary conditions to ensure that the data-gathering procedure is effective. Reliability is synonymous with consistency or stability (Manoharan, 2010:186) and validity is achieved when a data-gathering instrument measures what it should measure. According to Manoharan (2010:34) reliability is a required but not an adequate condition for validity.

Two specific types of research validity have been identified: internal validity and external validity. Internal validity refers to how the research findings match the reality (Pellissier, 2007:12). Internal validity exists to the extent that a variable is responsible for any variance in the dependent variable (Zikmund et al., 2013:271). Developing procedures that will maximize internal validity is the single most important priority in designing research (Judd & Kenny, 2006:124). External validity refers to the degree to which the results of the research can be replicated in other environments (Pellissier, 2007:12). It is the accuracy with which the research findings can be generalized beyond the experimental subjects (Zikmund et al., 2013:273).

According to Pellissier (2007:12) it is crucial for all research to contain an indispensable element of truth to ensure reliability and validity of the research. In this research study the integrated reports of the chosen companies were compared to the list of requirements outlined by the GRI guidelines, to ensure that the same result was achieved for each company included in the sample and that this method could be applied to the entire population so the data collection can be seen as reliable and valid.

2.10 SUMMARY

The objective of this chapter is to give a background perspective of the types of research, research methodology and research design. In this study, the research can thus be seen as applied research and because the integrated reports of the companies are scrutinized and analysed, one can also say that a descriptive and an analytical study has been done. The research can be seen as empirical research, falls in the scope of qualitative research and it is concluded that a case study would be the most fitting method. This chapter also included a study of the philosophical assumptions and it was found that the research study qualifies as interpretive and critical research. The collection of data and sample design was also discussed. The objective of the next chapter is to explain the literature used for this study. As the Sustainability Reporting Framework and the Financial Services Sector Supplement of the GRI is the main literature applicable to this study, it is analysed and is discussed in detail in the next chapter.

CHAPTER 3

3. FUNDAMENTAL PRINCIPLES OF INTEGRATED REPORTING

3.1 INTRODUCTION

The objective of this chapter is to shed light on the literature that is to be used for this study. The Sustainability Reporting Framework and the Financial Services Sector Supplement of the GRI is the foundation on which this study is based. As this is the main literature applicable to this study, it will be analysed and discussed in detail.

According to Perez (2006:474), the *Sustainability Reporting Guidelines* philosophy is the notion of sustainable development and offers a new reporting framework, which enables organizations to measure and to report their contribution to sustainable development. At the core of the strategy of the GRI is the institutionalization of NFR as a standard practice, and the discourse of CSR has helped move GRI toward this goal of making sustainability reporting routine practice (Levy & Brown, 2011:131). Corporations that consider CSR vital to their success might be interested to show their CSR commitment to internal and external stakeholders by providing a standardized and extensive sustainability report (Dilling, 2010:25). Dilling (2010:22) also states that the concept of CSR is not an independent concept; it should be integrated with the overall mission and strategy of the company to be successful.

According to Levy and Brown (2011:129) the GRI is widely seen as the best-known and most used framework by businesses for NFR. If measured by rate of uptake, visibility, comprehensiveness and status, the GRI has been remarkably successful since its inception (Brown et al., 2009:571). From October 2006, over 1,000 international companies had registered with the GRI and provided corporate sustainability reports using its guidelines (Ballou et al*.,* 2006:1). According to Jones and Jonas (2011:68) around 1,400 companies from 64 countries submitted CSR reports using GRI guidelines in 2009 and *The Guardian* (2013) states that over 11,000 companies used the GRI framework as the basis of their reporting in 2013.

The rapid increase in the number of organizations worldwide using GRI guidelines and providing sustainability reports, gives the reporting criteria the credibility required to be considered generally accepted (Ballou et al., 2006:4). Ballou et al. (2006:18) also state that with companies issuing sustainability reports according to the GRI guidelines at this rate, stakeholders for all public organizations will come to expect these reports in the future.

By using the following Guidelines, companies can create relevant, reliable and standardized information that can enable them to make more informed decisions and assess opportunities and risks within the company.

3.2 CONTENT OF THE GUIDELINES

The Sustainability Reporting Guidelines of the GRI is divided into two parts. Part 1 contains the principles for defining report content and report quality, while Part 2 provides guidance on standard disclosures that should be included in the report. See Figure 3.1 below for an overview of the GRI Guidelines.

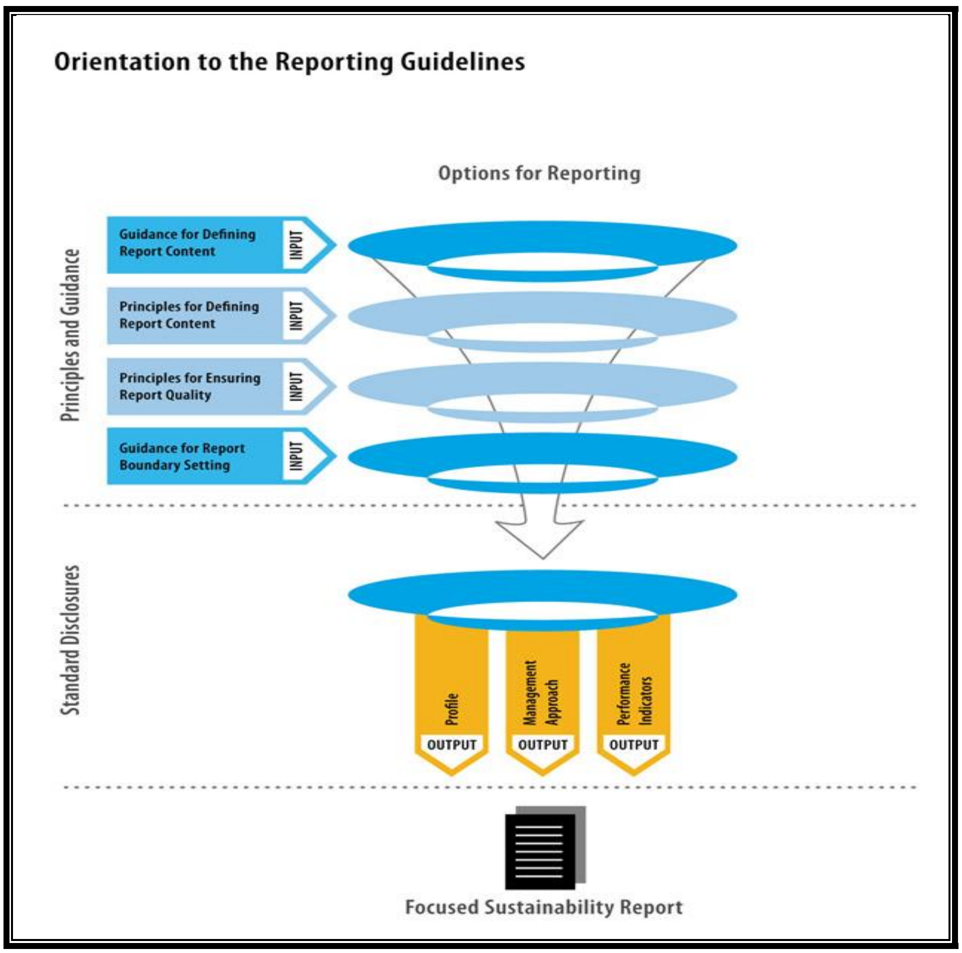

Figure 3.1 Overview of the GRI Guidelines (Source: Community Links Consulting Limited, 2007)

3.2.1 Part 1: Reporting Principles

The Reporting Principles are essential to achieve transparency in sustainability reporting and therefore should be applied by all organizations when preparing a sustainability report. These principles are divided into two groups: Principles for Defining Report Content and Principles for Defining Report Quality.

3.2.1.1 Principles for Defining Report Content

The Principles for Defining Report Content explain the method that should be applied to identify what content the report should cover by considering the influences and activities of the organization and the interest and expectations of its stakeholders. The content of the report is defined by the following factors:

- Stakeholder inclusiveness: Inclusivity concerns the reflection at all stages of the social and ethical accounting, auditing and reporting process over time of the needs of all stakeholder groups (AccountAbility, 1999:22). An IR gives insight into the relationship of the company with its key stakeholders and to what degree the company understands, considers and responds to their needs. (Deloitte, 2011b:14). A stakeholder is defined by the GRI (2013b) as an entity that can be affected by the activities of the company and whose actions can considerably affect the ability of the organization to implement successfully its strategies and to accomplish its goals. According to the GRI (2013b) the stakeholders should be identified by the company and it should explain how it has responded to their realistic expectations, as this is important to make decisions when preparing reports. The process of stakeholder engagement should be based on generally accepted or systematic approaches, principles or methodologies. For the report to be assurable it is imperative to document the process. Failure to identify and to engage with stakeholders will result conceivably in reports that are not useful. On the contrary, systematic stakeholder engagement enhances stakeholder receptivity and the credibility of the report.

- Sustainability context: The report must explain the performance of the company in the wider context of sustainability (GRI, 2013b). Sustainability reporting aims to present stakeholders with a clear picture of company values, governance, and management values (Dilling, 2010:22) and a means for the company to disclose information about whether it raised and improved eco- and socio-efficiency in the specific period (Daub, 2007:7). Organizations operating in various locations and sectors should consider how to explain their sustainability performance by differentiating between factors that have an international impact (such as climate change) and an impact on the local community (such as community development). Own sustainability and organizational strategy of the company provides the context in which to discuss performance. The relationship between business strategy and sustainability should be clarified, as well as the context within which performance is reported (GRI, 2013b).

- Completeness: An IR must comprise all material matters, both positive and negative, in the content of the business environment of the entity (Deloitte, 2013). According to AccountAbility (1999:22) completeness concerns the unbiased inclusion in the accounting processes over time of all appropriate areas of activity relating to the social and ethical performance of the organization. An IR should include material Aspects and their Boundaries, sufficient to disclose significant environmental, economic and social influences, and to enable stakeholders to assess the performance of the company in the reporting period. Completeness can also refer to practices in collecting information and whether the information presented is appropriate and reasonable (GRI, 2013b).

- Materiality: It concerns the need to include significant information that is likely to affect one or more stakeholder groups and their assessment of the social and ethical performance of the organization (Accountability, 1999:23.) According to the International Accounting Standards Board (IASB) Framework, information is material if its exclusion or misstatement can influence the decision-making on the basis of a report (Perez, 2006:466). Reporting organizations are encouraged to present only information on really crucial issues with the aim of achieving the sustainability goals of the company and managing its social and environmental impact (GRI 2013c). To determine whether an Aspect is material, internal and external factors should be considered, such as the competitive strategy and overall mission of the organization, broader social expectations, stakeholders' requests, and the influence of the company on downstream and upstream entities. These factors should be considered when assessing the importance of information for reflecting major economic, social and environmental influences, or when stakeholders make decisions (GRI 2013b). The outcome will be reports that are strategic and focused.

The Principles for Defining Report Content includes stakeholder inclusiveness, sustainability context, completeness and materiality. These principles should be used in combination to define the report content.

3.2.1.2 Principles for defining report quality

This group of principles gives guidance to ensure the quality of information in the sustainability report, including its correct presentation. Decisions related to the process of preparing information in a report should be consistent with these Principles.

- Balance: The content of the report should give an impartial picture of the performance of the company and should reflect all aspects of the performance, to enable a reliable assessment of performance in general. It should avoid omissions, selections or presentation formats that are likely to manipulate inappropriately or unjustifiably the judgement or decision of a reader (GRI, 2013d).

- Comparability: According to AccountAbility (1999:23) it is the ability to compare information on the performance of the organization with previous periods, performance targets, or external benchmarks drawn from other companies. The reported information should be presented in a way that enables stakeholders to evaluate changes in the performance of the company over time and to compare it to the performance of other organizations. Stakeholders also should be able to compare environmental, social and economic performance against the historic performance of the company (GRI, 2013d).

- Accuracy: According to the *Dictionary of Accounting Terms* (2014) accuracy is a concept that refers to "an accounting objective that the item fully reflects and valuates the set of facts involved, including all economic implications of the underlying transactions and events." The information reported on should be sufficiently detailed and accurate to make it possible for stakeholders to evaluate the performance of the company. Responses to economic, social and environmental Disclosures on Management Approach and Indicators can be expressed in numerous ways, such as detailed quantitative measurements and qualitative responses. The characteristics determining accuracy vary in accordance with the nature and user of the information (GRI, 2013d).

- Timeliness: Timeliness concerns the need for regular, systematic and timely action of the social and ethical accounting, auditing and reporting process to enable the company and its stakeholders to make informed decisions (AccountAbility, 1999:23). According to the GRI (2013d) and IFRS (2011:29) timeliness means having all information required available in time to influence the decisions of report users, thus making the information more useful.

- Clarity: The organization should make information available in a manner that is accessible and comprehensible to stakeholders who have an understanding of the organization and its activities (GRI, 2013d).

- Reliability: An integrated report should provide reliable and material information to assess the aptitude of the company to create and to sustain value in the short, medium and long term. (Deloitte, 2011b). The company must collect, record, scrutinize and disclose information and procedures used to prepare the report in a manner that can be subject to assessment; to establish the materiality and quality of the information. Stakeholders should be sure that the report can be verified to establish the truthfulness of the content and the degree to which it has applied duly the Reporting Principles (GRI, 2013d).

All of these Principles are fundamental to achieving transparency. The quality of the information is important to enable stakeholders to make sound and reasonable assessments of performance, and to take appropriate actions.

3.2.2 Part 2: Standard Disclosures

The standard disclosures as required by the Sustainability Reporting Guidelines are compiled from the base content that should be included in any sustainability part of an integrated report. There are two types of Standard Disclosures: General Standard Disclosures and Specific Standard Disclosures. A discussion on the types of disclosures is covered in this section. These types of disclosures are as identified and discussed by the GRI (2013d) in the Sustainability Reporting Guidelines.

3.2.2.1 General Standard Disclosures

These disclosures apply to all organizations and set the overall context for the report, providing a picture of the organization and its reporting process. There are seven types of General Standard Disclosures, ranging from the strategic outlook of the organization on addressing sustainability issues, and stakeholder inclusiveness in this process, to how it approaches important issues such as ethics, integrity and governance:

- Strategy and analysis: It provides an overall strategic view of the sustainability of an organization and draws on information given in other parts of the report. It is intended to give acumen on strategic matters rather than just summarizing the report contents.
- Organizational profile: It provides a summary of organizational characteristics to provide context for subsequent more detailed reporting against other Guidelines sections.
- Identified material aspects and boundaries: It provides an outline of the processes followed by the organization to describe the Report Content and identified material Aspects and their Boundaries.
- Stakeholder engagement: It provides an overview of the interaction of the organization with its stakeholders in the reporting period. According to AccountAbility (1999:16) engagement is not about organizations abdicating responsibility for their activities, but rather using leadership to build relationships with stakeholders, and hence improving accountability and performance. These Standard Disclosures are not limited to engagement that was conducted for the purposes of preparing the report.
- Report profile: It provides an overview of the fundamental information about the report, the GRI Content Index, and the method of seeking external assurance.
- Governance: It provides a general idea of the governance structure and its composition; the role of the highest governance body in setting the purpose, values,

and strategy of the organization; the performance evaluation and role in sustainability of the highest governance body; evaluating economic, social and environmental performance; and remuneration and incentives. According to AccountAbility (1999:12) the standard feeds into the control process of the organization by which it ensures the alignment of its strategy and values with its behaviour and the outcomes of its activities.

- Ethics and integrity: It gives an impression of the principles and values of the organization, its internal and external methods of asking advice on moral and lawful behaviour; and its methods for reporting concerns about illicit or unethical behaviour and matters of integrity.

3.2.2.2 Specific Standard Disclosures

The Guidelines groups Specific Standard Disclosures into three Categories — Social, Economic and Environmental. The sustainability report presents information relating to material Aspects, those that reflect the significant economic, environmental and social influences of the organization; or that substantively influence the decisions of stakeholders (GRI, 2013d). The information reported for each identified material Aspect can be disclosed as Disclosures on Management Approach (DMA) and as Indicators:

- Disclosures on Management Approach: The DMA give the business an opportunity to clarify how it is managing its material influences on the environment, society or economy, as a result indicating its approach to sustainability issues. The DMA focuses on three things: describing why an Aspect is material, how its influences are being dealt with, and how the management of this Aspect is being assessed (GRI, 2013c).

- Performance indicators: This allows a company to give information on their economic, environmental and social performance and influences that can be compared. Businesses are only required to provide Indicators on Aspects identified by their stakeholders as material to the company (GRI, 2013c).

Adequate information should be contained in the DMA to describe the response of an organization to material Aspects, while performance indicators provide information on the economic, environmental and social performance or influences of an organization related to its material Aspects. The following section provides an explanation of the economic, environmental and social categories into which the performance indicators are organized.

3.3 ECONOMIC, ENVIRONMENTAL AND SOCIAL INDICATORS

The performance indicators are divided into **Core** indicators and **Additional** indicators. The **Core** option contains the essential elements of a sustainability report and provides the background against which an organization communicates the influences of its economic, environmental and social and governance performance. The **Additional** option builds on the **Core** option by requiring additional Standard Disclosures of the strategy and analysis, governance, ethics and integrity of the organization and may only be applicable in certain circumstances. Additional indicators are concerned with topics that are material to some organizations but usually not to a majority (GRI, 2013c).

Thus, seeing that the core and sector-specific performance indicators specifically aimed at financial services companies are expected to be applicable to all the companies in the research sample, they will be focused on. A description of the economic, environmental and social performance indicators follows. A list of the core and sector specific indicators for the financial services sector is provided for each category.

3.3.1 Economic

The economic dimension of sustainability refers to the influences of an organization on the economic conditions of its stakeholders, and on economic systems at local, national, and international levels. The economic category illustrates the main economic influences of the organization throughout society, and the flow of capital among different stakeholders. The core and sector-specific performance indicators are as follows (Table 3.1).

Table 3.1 Economic performance indicators

Core performance indicators

Indicator code	Description
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments
EC2	Financial implications and other risks and opportunities for the activities of the organization owing to climate change
EC3	Coverage of the defined benefit plan obligations of the organization
EC4	Significant financial assistance received from government
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or *pro bono* engagement.

3.3.2 Environmental

The environmental aspect of sustainability refers to the impact of a company on natural systems; including land, air, water and ecosystems. This category includes influences associated with inputs (such as water and energy) and outputs (such as emissions and waste) as well as transport, biodiversity, product and service-related influences, and environmental conformity. The core and sector-specific performance indicators are as follows (Table 3.2).

Table 3.2 Environmental performance indicators

Core performance indicators

Indicator code	Description
EN1	Materials used by weight or volume
EN2	Percentage of materials used that are recycled input materials
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary source
EN8	Total water withdrawal by source
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
EN12	Description of significant influences of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
EN16	Total direct and indirect greenhouse gas emissions by weight
EN17	Other relevant indirect greenhouse gas emissions by weight
EN19	Emissions of ozone-depleting substances by weight
EN20	NO, SO, and other significant air emissions by type and weight
EN21	Total water discharge by quality and destination
EN22	Total weight of waste by type and disposal method
EN23	Total number and volume of significant spills
EN26	Initiatives to mitigate environmental influences of products and services, and extent of impact mitigation
EN27	Percentage of products sold and their packaging materials that are reclaimed by category
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations

3.3.3 Social

The social aspect of sustainability refers to the influences of the organization on the society in which it is operating. This category covers the subcategories: *Labour Practices and Decent Work, Human Rights, Society and Product Responsibility.*

Labour practices and decent work concerns the goals of the company regarding labour performance and policies, training, division of accountability between the senior work-force, supervising employees as well as remedial and precautionary action taken. The core and sector-specific performance indicators are as follows (Table 3.3).

Table 3.3 Labour practices and decent work performance indicators

Core performance indicators

Indicator code	Description
LA1	Total work-force by employment type, employment contract, and region, broken down by gender
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region
LA 15	Return to work and retention rates after parental leave, by gender
LA4	Percentage of employees covered by collective bargaining agreements
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist work-force members, their families, or community members regarding serious diseases
LA10	Average hours of training per year per employee by gender, and by employee category
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
LA14	Ratio of basic salary and remuneration of women–men by employee category, by significant locations of operation

Human rights includes the processes that have been implemented, occurrence of human rights violations, and changes in the ability of the stakeholders to exercise their human rights. Other human rights issues included are gender equality, fairness, freedom of association, forced labour, child labour and collective bargaining. There is rising accord worldwide that organizations have the obligation to respect human rights. The core and sector-specific performance indicators are as follows (Table 3.4).

Table 3.4 Human-rights performance indicators

Core performance indicators

Indicator code	Description
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human-rights concerns, or that have undergone human-rights screening
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human-rights screening, and actions taken
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
HR4	Total number of incidents of discrimination and corrective actions taken
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms

Society covers the influences that organizations have on society and their local communities, such as risks related to bribery and corruption, excessive influence in public policy-making and monopoly practices. The core and sector-specific performance indicators are as follows (Table 3.5).

Table 3.5 Societal performance indicators

Core performance indicators

Indicator code	Description
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes
SO9	Operations with significant potential or actual negative influences on local communities
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative influences on local communities
SO2	Percentage and total number of business units analysed for risks related to corruption
SO3	Percentage of employees trained in anti-corruption policies and procedures of the organization
SO4	Actions taken in response to incidents of corruption
SO5	Public policy positions and participation in public policy development and lobbying
SO8	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations

Sector-specific performance indicators

FS13	Access points in low-populated or economically disadvantaged areas by type
FS14	Initiatives to improve access to financial services for disadvantaged people

Product responsibility concerns the products and services that directly affect the customers of an organization. These Indicators include health and safety measures, marketing, information labelling, and privacy policies and practices. The core and sector-specific performance indicators are as follows (Table 3.6).

Table 3.6 Product responsibility performance indicators

Core performance indicators:

Indicator code	Description
PR1	Life-cycle stages in which health and safety influences of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services

Sector-specific performance indicators

FS15	Policies for the fair design and sale of financial products and services
FS16	Initiatives to enhance financial literacy by type of beneficiary

The sector-specific performance indicators for *Product and Service Impact* are as follows (Table 3.7).

Table 3.7 Product and service impact performance indicators

Sector-specific performance indicators

Indicator code	Description
FS1	Policies with specific environmental and social components applied to business lines
FS2	Procedures for assessing and screening environmental and social risks in business lines
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures
FS10	Percentage and number of companies held in the portfolio of the institution with which the reporting organization has interacted on environmental or social issues
FS11	Percentage of assets subject to positive and negative environmental or social screening
FS12	Voting policy/policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting

Thus, the above-mentioned core and sector-specific indicators for the particular categories were used to evaluate and analyse the integrated reports of the companies included in the research sample. For full descriptions of additional indicators not considered for the purpose of this study, refer to Annexure A.

3.4 DECISION TREE FOR BOUNDARY SETTING

According to GRI (2013e) a sustainability report should include in its boundary all entities that create considerable sustainability influences (actual and potential) and all entities over which the reporting organization exercises control or influences with regard to financial and operational policies and processes. In other words, the reporting company needs to consider which companies should be included in their integrated report.

Not all companies in the boundary need to be reported on in the same way, the manner of reporting is dependent on the degree of control or influence over the particular company, as well as whether the disclosure relates to operational, managerial or narrative information. Guidance on how to determine the boundary of the report is provided in Figure 3.2.

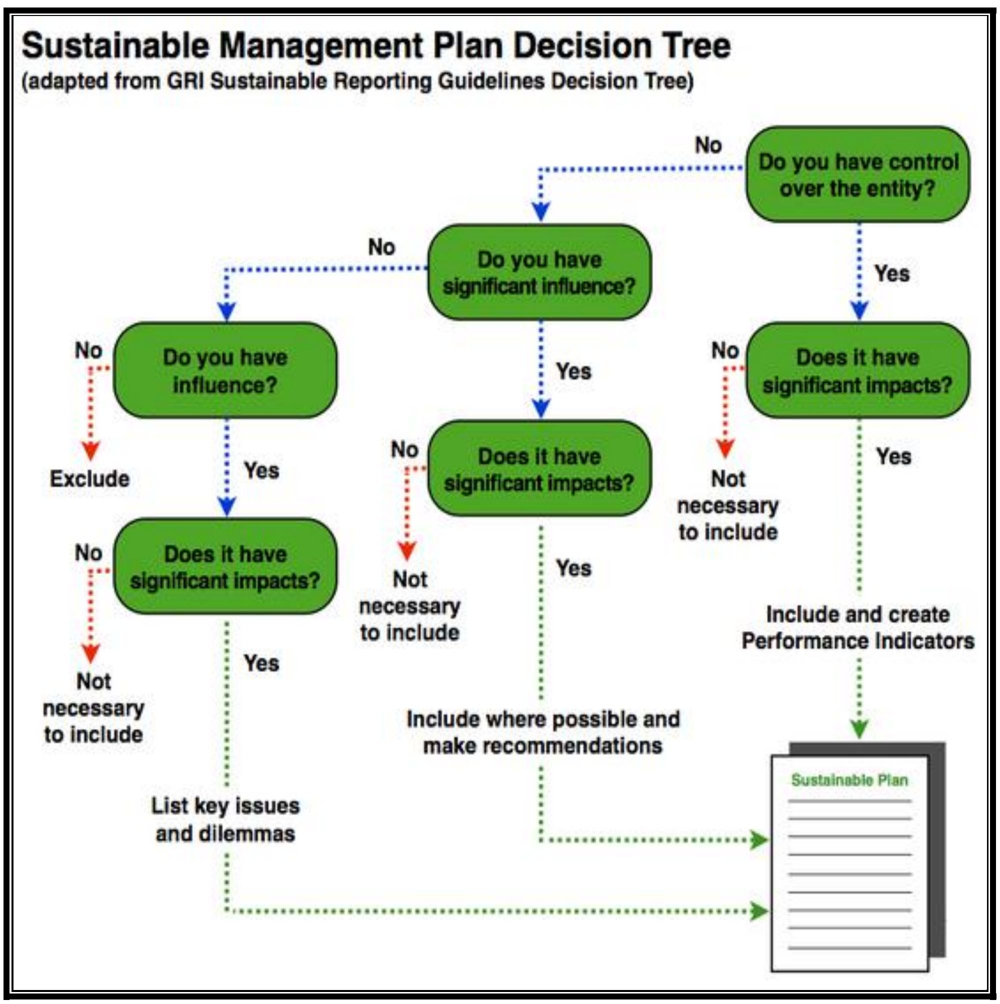

Figure 3.2 Diagramme of the Decision Tree for Boundary Setting (Source: SSET Centre, 2009)

Thus, as per Figure 3.2:

- All companies that the reporting company has control over should be included in full in the integrated report;
- for companies over which the reporting company has significant influence, the management approach to sustainability areas needs to be included in the integrated report; and
- narrative reporting on issues and dilemmas of companies that the reporting company has an influence over needs to be included in the integrated report.
- If the company has no significant influences regarding sustainability, they may be omitted from the scope of the integrated report.

Thus, the extension of a boundary depends on the extent of the sustainability impact of that particular company. A company may also decide not to gather information on a specific company that falls within the above-mentioned boundary as long as this decision does not significantly influence a specific disclosure.

3.5 G4 GUIDELINES

The fourth generation of the Guidelines, G4, was launched in May 2013 and is the most up-to-date version of the GRI Guidelines. The launch marked the result of two years of widespread stakeholder consultation and dialogue with experts worldwide from a wide variety of sectors; including companies, labour organizations, civil society, finance and academia. With G4, GRI anticipates continued strong growth in sustainability reporting and increased integration of financial and sustainability reporting (GRI, 2013f). Reports issued after 31st December 2015 must follow G4. Until then companies can continue to report using the G3/G3.1 Guidelines.

3.5.1 G4 Objectives

- Be user-friendly for beginner and experienced reporters
- Improve technical quality, with clearer definitions
- Align with other international reporting references (frameworks)
- Lead to reports that cover material topics

- Offer guidance on how to link sustainability and integrated reporting, aligned with the IIRC
- Improve data access (XBRL)

3.5.2 Changes from G3.1 to G4 Guidelines

Links between materiality and the management and performance information organizations should disclose in their report are made more explicit in G4. The G4 Guidelines can initiate shorter reports as organizations reveal information on a more focused list of Material Aspects. A new approach is taken by G4 to demonstrate the maturity of reports of organizations by offering two options — the Core option and the Comprehensive option — to an organization to prepare its sustainability report. These options designate the content to be included for the report to be prepared 'in accordance' with the Guidelines. To prepare a report 'In Accordance' with the G4 Guidelines, organizations must focus on material issues ('Aspects') and include DMA for all Material Aspects. To meet the Core level, organizations need to report on at least one indicator per Material Aspect, and additional disclosures on strategy, governance, ethics and integrity are necessary to meet the Comprehensive level. Each option can be applied by all organizations and the focus of both options is on the process of identifying material Aspects. An organization has to choose the option that best meets its reporting needs and enables it to meet the information needs of its stakeholders. The options do not relate to the report quality or performance of the organization — they reflect the compliance of the sustainability report with the Guidelines (GRI, 2013f).

New and revised disclosures are also contained in G4 and guidance is provided on how to select material topics and to explain the boundaries of where these occur. The following table (Table 3.8) provides an overview of the changes in performance indicators from the G3.1 to G4 guidelines.

Table 3.8 Overview of changes in standard disclosures from G3.1 to G4 Guidelines

CHANGES IN STANDARD DISCLOSURES FROM G3.1 TO G4 GUIDELINES

SPECIFIC STANDARD DISCLOSURES

G3.1	G4
CATEGORY: ENVIRONMENTAL	
EN1	G4-EN1
EN2	G4-EN2
EN3	G4-EN3
EN4	G4-EN3
New	G4-EN4
New	G4-EN5
EN5	G4-EN6
EN6	G4-EN7
EN7	G4-EN6
EN8	G4-EN8
EN9	G4-EN9
EN10	G4-EN10
EN11	G4-EN11
EN12	G4-EN12
EN13	G4-EN13
EN14	
EN15	G4-EN14
EN16	G4-EN15, EN16
EN17	G4-EN17
New	G4-EN18

G3.1	G4
CATEGORY: ECONOMIC	
EC1	G4-EC1
EC2	G4-EC2
EC3	G4-EC3
EC4	G4-EC4
EC5	G4-EC5
EC6	G4-EC9
EC7	G4-EC6
EC8	G4-EC7
EC9	G4-EC8
CATEGORY: SOCIAL	
SUBCATEGORY: SOCIETY	
SO1	G4-SO1
SO9	G4-SO2
SO10	
SO2	G4-SO3
SO3	G4-SO4
SO4	G4-SO5
SO5	
SO6	G4-SO6

G3.1	G4
SUBCATEGORY: HUMAN RIGHTS	
HR1	G4-HR1
HR2	G4-HR10
HR3	G4-HR2
HR4	G4-HR3
HR5	G4-HR4
HR6	G4-HR5
HR7	G4-HR6
HR8	G4-HR7
HR9	G4-HR8
HR10	G4-HR9
New	G4-HR11
HR11	G4-HR12
SUBCATEGORY: LABOUR PRACTICES	
LA1	G4-10
LA2	G4-LA1
LA3	G4-LA2
LA15	G4-LA3
LA4	G4-11
LA5	G4-LA4

Table 3.8 Overview of changes in standard disclosures from G3.1 to G4 Guidelines (continued)

EN18	G4-EN19	SO7	G4-SO7	LA6	G4-LA5

EN19	G4-EN20
EN20	G4-EN21
EN21	G4-EN22
EN22	G4-EN23
EN23	G4-EN24
EN24	G4-EN25
EN25	G4-EN26
EN26	G4-EN27
EN27	G4-EN28
EN28	G4-EN29
EN29	G4-EN30
EN30	G4-EN31
New	G4-EN32
New	G4-EN33
New	G4-EN34

SO8	G4-SO8
New	G4-SO9
New	G4-SO10
New	G4-SO11

SUBCATEGORY: PRODUCT RESPONSIBILITY	
PR1	G4-PR1
PR2	G4-PR2
PR3	G4-PR3
PR4	G4-PR4
PR5	G4-PR5
PR6	G4-PR6
PR7	G4-PR7
PR8	G4-PR8
PR9	G4-PR9

LA7	G4-LA6
LA8	G4-LA7
LA9	G4-LA8
LA10	G4-LA9
LA11	G4-LA10
LA12	G4-LA11
LA13	G4-LA12
LA14	G4-LA13
New	G4-LA14
New	G4-LA15
New	G4-LA16

(Source: GRI, 2013g)

Legend
No change to Standard Disclosure
New Standard Disclosure
Data points added to Standard Disclosure
Entire Indicator moved to Guidance
Content in Standard Disclosure has been reduced
Content from Standard Disclosure has been moved to Guidance
Moved to Organizational Profile in G4

The new indicators are indicated with green blocks, for full descriptions of each new indicator refer to Table 3.9 below. The orange blocks indicate where data points have been added to the Standard Disclosures, the pink blocks show where the entire indicator has been moved to the Guidance section, and the light grey blocks show where content from the Standard Disclosure has been moved to Guidance. The blue blocks indicate where the content of the Indicator has been reduced and the dark grey blocks show the indicators that have been moved to 'organizational profile' in the G4 guidelines.

Table 3.9 New standard disclosures in G4

G4-EN4	Energy consumption outside of the organization
G4-EN5	Energy intensity
G4-EN18	Greenhouse gas emissions intensity
G4-EN32	Percentage of new suppliers that were screened using environmental criteria
G4-EN33	Significant actual and potential negative environmental influences in the supply chain and actions taken
G4-EN34	Number of grievances about environmental influences filed, addressed, and resolved through formal grievance mechanisms
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria
G4-LA15	Significant actual and potential negative influences for labour practices in the supply chain and actions taken
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms
G4-HR11	Significant actual and potential negative human rights influences in the supply chain and actions taken
G4-SO9	Percentage of new suppliers that were screened using criteria for influences on society
G4-SO10	Significant actual and potential negative influences on society in the supply chain and actions taken
G4-SO11	Number of grievances about influences on society filed, addressed, and resolved through formal grievance mechanisms

(Source: GRI, 2013d)

Thus, as per Table 3.9 new standard disclosures have been added in the G4 guidelines under the environmental category and following subcategories of the social category:

Society, Human Rights and Labour practices. For full descriptions of all indicators in the G4 guidelines not considered for the purpose of this study, refer to Annexure B.

3.6 GENERAL GUIDANCE

The sustainability guidelines of the GRI include general reporting notes which give guidance on gathering data, the form and frequency of reporting and assurance. Here it is important to note that GRI recommends the use of external assurance for sustainability reports in addition to any internal resources. GRI uses the term 'external assurance' to refer to activities designed to result in published conclusions on the quality of the report and the information contained within it. External assurance may also refer to activities designed to result in published conclusions on systems or processes (such as the process for defining report content, including the application of the Materiality Principle or the stakeholder engagement process) (GRI, 2013b). Acquiring external assurance for the sustainability report is necessary to add credibility to a report. Groups or individuals who are not in any way influenced by their relationship with the reporting company should provide this assurance so that an independent and unbiased conclusion can be published. The reporting company should include the approach used to obtained external assurance in the report to assist stakeholders in evaluating the credibility of the report and the independence of the assurance providers (Hindley, 2013:36).

3.7 SUMMARY

In this chapter an analysis of the GRI sustainability framework was done and the key aspects that should be reported on as part of the integrated report were identified.

It was found that the reporting company first needs to define the content and quality of the integrated report. Subsequently standard disclosures as required by the Sustainability Reporting Guidelines should be considered as this is the basic disclosure required by the GRI. These standard disclosures provide a picture of the organization and its reporting process; it also includes the management approach that provides an overview of the approach of the company to sustainability issues, and the performance indicators which allow companies to provide comparable information on their economic, environmental and social performance and influences.

Of the performance indicators, the 'core' indicators, as well as the sector-specific indicators as per the Financial Services *Sector Supplement*, was identified as being material and thus chosen as the basis for the analysis of the integrated reports of the companies selected in the research sample.

An explanation was given of the economic, environmental and social categories into which the performance indicators are organized. For each category a listing of core and sector specific indicators for the financial services sector was provided.

Finally an overview of the fourth generation of the Guidelines, G4, was given as well as the changes in standard disclosures from the G3.1 to G4 Guidelines together with an explanation of the new disclosures in the G4 Guidelines.

The focus of the next chapter is on the empirical analysis of the companies sampled.

CHAPTER 4

4. RESEARCH ARTICLE

Title: Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African financial industry.

The reader is requested to take note of the following:

The article has been accepted for publication in the following IBSS indexed, peer-reviewed academic journal as follows:

- Van Niekerk, E. & Buys, P.W. 2014. The South African financial services industry's integrated reporting compliance with the Global Reporting Initiative Framework. *Banks and bank systems*, 9(4): (In press). (IBSS / ISSN: 1816-7403).

The article was written in line with the journal's submission guidelines, which are included in "***Annexure D: Acceptance notification and journal submission guidelines***" on page 105.

The article was researched and written by the first author as the candidate and primary author, while the second author fulfilled a reviewer function thereto as the study leader of the research project.

Title: The South African financial services industry's integrated reporting compliance with the Global Reporting Initiative Framework

Abstract

In the past, businesses' activities were motivated exclusively by the desire to maximize financial returns; however, over the past decade, increased awareness of non-financial business impacts has led companies from being profit-driven to incorporating environmental and social value into its performance measurements. The GRI published guidelines for sustainability reporting and is seen as the leading standard for voluntary corporate reporting of environmental and social performances.

Given the significance of the financial services industry in South Africa, this article reflects on the quality of integrated reporting of the South African financial services industry by analyzing compliance with the GRI sustainability reporting guidelines. The results indicate that although these companies used these guidelines in their sustainability reports, and that adherence has improved, some companies do not apply the sector specific supplements. The implication hereof is that it seems as if the sector has not truly embraced sustainability reporting, and may merely attempt to provide minimum compliance with general guidelines. By fully embracing the sector specific reporting guidelines, the South African financial services sector may reach the next level of sustainability reporting.

Keywords

Corporate social responsibility, GRI framework, Global Reporting Initiative, integrated reporting, sustainability

JEL Classification

M41, M42, M48

4.1 INTRODUCTION

4.1.1 Background

By looking at the *big picture* of how the world is shaping up around us, we can identify many issues that businesses should be concerned with. Global crises in the economic, political, social and ecological spheres are continual and universal, and are embedded in our modern systems of manufacturing, consumption and wealth creation (Shrivastava & Paquin, 2011:35). According to Blowfield and Murray (2008:193), companies have an obligation to account for responsibilities that go further than just the financial performance of a company. Perez (2006:464) stated that the rules and practices of financial reporting play a vital role in the operation of the modern corporate environment by influencing the way in which information is selected and interpreted to make informed decisions. However, according to Beukes (2003:30), traditional financial accounting approaches do not provide all the elements that create success and underwrite the progress of business. Blowfield and Murray (2008:190) stated that these measures of performance have focused solely on financial issues and overlooked by-products of commercial activity for which others have to pay, such as pollution, emissions, etc. According to Nortjé *et al.,* (2014, 32) the current understanding of the corporate sustainability concept is its aim to ensure long-term shareholder value by recognizing economic, environmental and social opportunities and risks. Following on this, Shrivastava and Paquin (2011:46) and Dilling (2010:19) stated that various stakeholders have demanded more *non-financial* information from businesses and these demands have led to more companies publishing environmental and social reports. This results in a call for better corporate governance, transparency and accountability.

According to Borkowski *et al.* (2010:30), the concept of *sustainability reporting* denotes how firms handle nonfinancial factors such as environmental, social and governance issues that can have an impact on the organization's future performance, revenue and value. Dilling (2010:19) stated that through sustainability or nonfinancial reporting (NFR), organizations show their commitment to sustainable development. According to Shrivastava and Paquin (2011:48), there are various avenues that practitioners are pursuing to develop more robust measures of impact, including the social and environmental accounting discipline; increased Corporate Social Responsibility (CSR); and developing reporting standards such as the Global Reporting Initiative (GRI). Each of these approaches is moving business towards a stronger triple-bottom line approach of evaluating firm performance on social, economic and environmental measures.

Today, organizations have to think about *Integrated Reporting* (IR) – which integrates financial and sustainability information into one report to provide a single report telling stakeholders how i) the company is impacted by the environment and community and ii) how the company impacts on the environment and community in which it operates (SAICA, 2012a). In January 2011, the Integrated Reporting Committee (IRC) in South Africa issued a Discussion Paper on IR to offer voluntary guidance on a framework for an integrated report in response to the need for listed companies to present an integrated report for their financial years starting on or after 1 March 2010.

Although it is becoming more common for companies to disclose their CSR information, it remains a voluntary effort. According to Mitchell *et al.* (2005:7), challenges identified with respect to present CSR suggest that stakeholders would not necessarily have knowledge of environmental and social impacts and shortfalls from business activities, because of limitations of current CSR practice, because it is a voluntary and non-prescriptive reporting framework. As a result, there is a risk that the obligatory reports may not serve the primary objective of sustainability reporting, which is to get companies to take the needs of future generations into consideration while pursuing their own.

The financial sector was from the start a great hope of the GRI founders as a potential influential user of data on sustainability performance, and the GRI's greatest contribution for the financial sector has been to elevate expectations of their clients for disclosure of information (Brown *et al*., 2009:575). The financial services sector plays an important role for society in general; they provide essential functions such as providing protection from risks, enabling saving and investment, and supporting the creation of new jobs and enterprises (WEF, 2013:3). According to the DFID (2004:4), the financial sector also plays a significant role in increasing the ability of individuals and households to access basic services such as health and education, consequently having a direct impact on poverty reduction.

The financial services sector is not only important to the economy, but also has a significant impact on social development and the environment. According to Ines Garcia-Pintos Balbas, a member of the Working Group that developed GRI's Financial Services Sector Supplement (GRI, 2011b), investment and risk assessment, and taking social and environmental issues into account, are major considerations for the financial sector and the financial sector needs to do a great deal more in incorporating transparency, risk assessment and social and environmental considerations into their decisions.

4.1.2 Research objectives

Considering the above, the key objective of this study is therefore to determine the extent to which financial services companies' sustainability reports, as submitted to the Johannesburg Securities Exchange Ltd (JSE), adhere to the GRI Guidelines and the Sector Supplements for Financial Services. In order to achieve the primary objective, the following secondary objectives have to be considered. The key indicators that are reported on have to be identified; the level of integration of the companies' sustainability performance with the financial performance included in the reports has to be evaluated; and the adherence level given to the reports by the GRI has to be identified and evaluated.

Therefore, by evaluating and comparing the sustainability reports of the JSE-listed financial services companies, with the G3.1 Guidelines and the Sector Supplements for Financial Services, it should be possible to determine the extent of adherence of these companies' sustainability reports to the G3.1 Guidelines and the Sector Supplements for Financial Services.

4.1.3 Research methodology

In this study, the research can be seen as applied research with descriptive and analytical study components. The research can also be seen as empirical research and falls in the scope of qualitative research. Within the context of this study, the research was conducted by doing an in-depth analysis of the GRI Guidelines, as well as the Sector Supplements for the Financial Services. The sustainability reports of the companies in the financial sector listed on the JSE Top 40 Board will be analyzed and compared as this has been identified as the sample to be used in the report analysis. The applicable reports were obtained from their relevant websites. 2012 reports will be used as well as 2013 reports to enable a comparison of the reporting on a per company basis and to judge any possible improvements.

In order to meet the objectives, the article includes an overview of sustainability reporting, corporate social responsibility and integrated reporting. As the GRI's Sustainability Reporting Framework and the Financial Services Sector Supplement are the main literature applicable to this study, it will also be discussed. This is followed by the research results and the conclusions and recommendations.

4.2 LITERATURE REVIEW

4.2.1 Sustainability reporting

Sustainability is the ability to sustain a high quality of life for present and future generations and calls for companies to rethink how and what they produce (Blowfield & Murray, 2008:27). According to Shrivastava and Paquin (2011:48), we need to find new ways of practicing business and conceive of business activity to support the long-term health and success of our economic, environmental and community systems. As one way to do this, they propose the idea of a sustainable enterprise; this is an enterprise capable of accounting for the surface-level negations of reducing environmental impact, creating social benefit, and competitively creating economic value (Turk *et al.,* 2013:75; Shrivastava & Paquin, 2011:44).

The GRI published the 'Sustainability Reporting Guidelines' in 2002, which include detailed instructions and standards on how to set up assured sustainability reports and, by using the guidelines, organizations show a strong commitment towards constant progress of their sustainability reporting practices (Hindley & Buys, 2012: 1251; Dilling, 2010:21). According to Perez (2006:474), the Guidelines differentiate between economic, environmental and social activities of an organization and a sustainability report issued in line with the GRI Guidelines should contain information on each of these aspects of corporate behavior and should be issued together with the conventional financial statement. There is no law obligating organizations to present stand-alone sustainability reports, but the trend to provide these disclosures is certainly growing (Borkowski *et al.,* 2010:32).

4.2.2 Corporate social responsibility

CSR activities are the actions a business instigates to advance social good beyond its own interests and going beyond compliance. According to Turk *et al.,* (2013:75) as well as Jones III and Jonas (2011:65), it consists of the practices that companies use to react to stakeholder expectations and includes minimizing harm that the company's operations may have on society and the environment. Demiraq (2005:11) defines CSR as corporate responsibilities to society for ethical, environmental and social issues. Chiquita's (2012) definition is that CSR commits companies to operate in a socially responsible manner everywhere they do business, balancing the needs and concerns of their stakeholders.

According to Mitchell *et al*. (2005:67), CSR emerged into academic prominence in the 1970s and is levelled at the heart of the purpose of business and what companies are responsible for. It is about whether companies must take account of social and environmental concerns beyond those that evidently have an impact on a company's operating abilities (Turk *et al.,* 2013:75; Marsden, 2006:24). Nikolaou *et al.* (2013:176) stated that the practices of CSR are considered indispensable in order for the business community to present efficient solutions for a more sustainable future.

Jones III and Jonas (2011:66) stated that reporting on sustainable development evolved into CSR reporting, with organizations now disclosing information about their triple-bottom line reporting, which measures a firm's performance by integrating economic, environmental and social measures. According to Jones III and Jonas (2011:71), the growing number of companies issuing CSR reports in accordance with the GRI guidelines suggests that CSR reporting is fast becoming a regular part of business reporting, rather than a rare exception.

4.2.3 Integrated reporting

The King Report on Governance for South Africa (King III) has been driving the focus on integrated reporting. The core principles in King III are that performance, risk strategy and sustainability are inseparable. The GRI announced the formation of the International Integrated Reporting Committee (IIRC) in August 2010. Their responsibility is to create a framework for sustainability accounting that is globally accepted, which brings together financial, social, environmental and governance information in an understandable and comparable format (KPMG, 2011a). IR is just such a framework. The chairman of the IRC, Professor Mervyn King, states that IR is designed to provide a better and more holistic view of a company by describing how a company's strategy, stakeholder relationships, performance, opportunities and risks, essential resources and its future outlook are interconnected (SAICA, 2012b).

In terms of what major global accounting firms say about IR, it is described by Deloitte (2011b) as enabling a process that enhances and preserves long-term sustainability, without sacrificing short-term performance. According to Nortjé *et al.,* (2014, 32) and PWC (2012), an IR explains how a company creates and sustains value now and in the future. According to KPMG (2011a), an effective IR process is one that fulfills the rising number of reporting requirements of an organization and provides information to relevant stakeholders. Even with numerous definitions as indicated above, Hindley and Buys (2012:1252) argues that one can still be unsure about what should be reported on for an integrated report to be seen as adequate. To assist companies with their integrated reporting initiatives, the Sustainability Reporting Framework, as developed by the GRI, can be used.

4.3 THE GRI SUSTAINABILITY REPORTING GUIDELINES

The GRI Sustainability Reporting Guidelines offer Reporting Principles, Standard Disclosures and an Implementation Manual to enable organizations to measure and report their contribution to sustainable development. By using the following guidelines, companies can create relevant, reliable and standardized information that can enable them to make more informed decisions and assess opportunities and risks within the company.

4.3.1 Content of the Guidelines

The GRI's Sustainability Reporting Guidelines contain the principles for defining report content and report quality, and provide guidance on standard disclosures that should be included in the report. The standard disclosures are the basic disclosures required by the GRI. These standard disclosures provide a picture of the organization and its reporting process; it also includes the *management approach* that provides an overview of the company's approach to sustainability issues, and the *performance indicators* that allow companies to provide comparable information on their economic, environmental and social performance and impacts (GRI, 2013b).

The performance indicators are divided into *Core* indicators and *Additional* indicators. The *Core* option contains the essential elements of a sustainability report and provides the background against which an organization communicates the impacts of its economic, environmental and social and governance performance. The *Additional* option builds on the *Core* option by requiring additional Standard Disclosures and is concerned with topics that are material to some organizations, but usually not for a majority (GRI, 2013b). The Guidelines also offer tailored guidance relevant to certain sectors to address sector-specific aspects and issues with *Sector Supplements* (Nortjé *et al.,* 2014, 32*.*

Consequently, because that the core and sector-specific indicators as per the Financial Services *Sector Supplement*, were identified as being material and expected to be applicable to all the companies in the research sample, they have been taken into account in considering the compliance to the GRI Guidelines.

4.3.2 Application levels of the Framework

Application levels indicate the degree to which the reporting company has applied the Guidelines in its *sustainability report* by communicating which set of disclosures have been addressed. They do not give an opinion on the organization's sustainability performance, but rather aim to reflect the extent of transparency in reporting against the GRI Guidelines by confirming the amount of Reporting Guidelines content that has been addressed. There are three different Application Levels: A, B and C. A indicates the highest level of compliance and adherence to the Framework, B is the midway level and C is the lowest level of adherence (GRI, 2011c).

According to GRI (2011c), reporting companies are required to assess their own application level. GRI offers a service for organizations to have their self-declared application level checked and confirmed or they can choose to have their application level checked by a third party not affiliated with GRI. GRI uses the term 'external assurance' to refer to activities designed to result in published conclusions on the quality of the report and the information contained within it. When a reporting organization has submitted its sustainability report for external assurance, a "+" sign can be added to an application level.

Table 4.1: Application level table

	C	C+	B	B+	A	A+
Profile disclosures	Report on indicators: 1.1, 2.1-2.10, 3.1-3..8, 3.10-3.12, 4.1-4.4, 4.14-4.15	Externally Assured	In addition to 'C', also report on indicators: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17	Externally Assured	Same as for 'B'	Externally Assured
Disclosures on management approach	Not required		Management approach i.r.o. each indicator category		Management approach i.r.o. each indicator category	
Performance indicators & Sector Supplement Performance Indicators	Report on at least 10 performance indicators (at least one from each of: social, economic and environment).		Report on at least 20 performance indicators (at least one from each of: social, economic and environment).		Report on each core and sector supplement indicator or explain the reason for its omission.	

(Source: GRI, 2011d)

For each company included in the research sample, the above table has been used in order to measure adherence to the GRI Sustainability Framework.

4.3.3 G4 Guidelines

G4, the fourth generation of the Guidelines, was launched in May 2013 and is the most up-to-date version of the GRI Guidelines. With G4, GRI anticipates continued strong growth in sustainability reporting and increased integration of financial and sustainability reporting (GRI, 2013f). Reports issued after 31 December 2015 must follow G4; until then, companies can continue to report using the G3/G3.1 Guidelines.

G4 makes more explicit links between materiality and the management and performance information organizations should disclose in their report. The G4 Guidelines can initiate shorter reports as organizations reveal information on a more focused list of material aspects. G4 takes a new approach to demonstrating the maturity of organizations' reports by offering two options to an organization to prepare its sustainability report; these options designate the content to be included for the report to be prepared 'in accordance' with the Guidelines: the **core** option and the **comprehensive** option. To prepare a report 'in accordance' with the G4 Guidelines, organizations must focus on material issues ('aspects') and include disclosure on management approach for all material aspects. To meet the core level, organizations need to report on at least one indicator per material aspect, and additional disclosures on strategy, governance, ethics and integrity are necessary to meet the comprehensive level. The focus of both options is on the process of identifying material aspects and reflects the compliance of the organization's sustainability report with the Guidelines. G4 also contains new and revised disclosures and provides guidance on how to select material topics and explain the boundaries of where these occur.

4.4 RESEARCH RESULTS

4.4.1 Descriptive statistics

The selected sample consisted of 10 companies in the financial services industry (per the JSE Top 40 listing as at 10 Jun 2014). The integrated reports of 2012 and 2013 were analyzed and compared. Compliance with the core and sector-specific indicators was tested through an analysis of the respective reports. Based on the Framework, a total of up to 71 performance indicators may be reported on, of which 55 are core and 16 are sector-specific indicators.

Table 4.2: JSE listing financial services companies' reporting indicators

Company	2012			2013		
	Core (n=55)	Sector-specific (n=16)	Total (n=71)	Core (n=55)	Sector-specific (n=16)	Total (n=71)
Barclays Africa Group	41	8	49	N/A	N/A	N/A
Discovery	16	0	16	35	0	35
Firstrand	22	9	31	25	9	34
Investec	50	0	50	50	13	63
Nedbank Group	55	16	71	55	16	71
Old Mutual Plc	29	7	36	33	9	42
Remgro	24	0	24	25	0	25
RMB Holdings	22	9	31	25	9	34
Sanlam	45	14	59	N/A	N/A	N/A
Standard Bank Group	47	16	63	N/A	N/A	N/A

Full or partial reporting on material aspects, as well as indicators stated as not material/applicable, as the company does not have significant impacts in this regard, was taken into account. As significant elements of disclosure were made by FirstRand, RMB chose to cross-refer stakeholders to the FirstRand report, instead of replicating the information, as all businesses in the RMB brand stable form part of the wider FirstRand Group, therefore the indicators of FirstRand were used for RMB.

The above results indicate that Nedbank reported on all core indicators in 2012 and 2013. With regard to sector-specific indicators, two companies, namely Nedbank Group and Standard Bank Group, reported on all 16 indicators in 2012. Barclays Africa Group, Sanlam and Standard Bank could not be taken into account in 2013 as they used the G4 Guidelines for their 2013 integrated reports. With G4 reporting, companies should only report on material issues, rather than reporting on everything and organizations should also explain the process they go through to define their material issues (called 'material aspects').

It should also be noted that three companies, namely Discovery, Investec and Remgro, did not provide any information on the sector-specific indicators in 2012, with Investec reporting on some of these indicators in 2013. There was also some improvement with most of the companies reporting on more core and sector-specific indicators in 2013.

4.4.2 Key performance indicators reported on

After analyzing the data to determine what the key indicators are that were reported on, it became apparent that some performance indicators were reported on by all the companies selected in the sample. The following indicators have therefore been identified as the key indicators as all the companies considered it of high enough materiality and significance to report on.

Table 4.3: Key performance indicators reported on

Code	Description	2012	2013
EC1	Direct economic value generated and distributed	Yes	Yes
EC8	Development and impact of investments and services provided for public benefit including pro bono engagements	Yes	Yes
EN3	Direct energy consumption by primary energy source	Yes	Yes
EN4	Indirect energy consumption by primary source	Yes	Yes
EN16	Total direct and indirect greenhouse gas emissions	Yes	Yes
EN28	Monetary fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Yes	
LA1	Total workforce	Yes	Yes
LA13	Composition of governance bodies and employees	Yes	Yes
SO2	Number of business units analyzed for risk related to corruption	Yes	Yes
SO8	Monetary fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Yes	

As per Table 3, these indicators are seen as material and relevant by all the financial services companies selected in the sample. As indicated, of the key performance indicators reported on, two were *economic* indicators (EC1 and EC8), four were *environmental* indicators (EN3, EN4, EN16 and EN28), two were *labor and decent work* indicators (LA1 and LA13), and two were *social* indicators (SO2 and SO8).

4.4.3 Level of Integration

As previously stated, the IIRC stated that an integrated report should bring together financial, social, environmental and governance information in a consistent, concise and comparable format (KPMG, 2011a) to help with the development of more comprehensive information about businesses in order to meet the requests of a more sustainable, global economy. According to Deloitte (2011a), the IR tells the overall story of a company in a way that enables stakeholders to measure the ability of the company to create and sustain value over the short, medium and long term. The *integrated report* should therefore be an all-inclusive integrated annual report that shows the company's attempts to improve long-term sustainability and should include quantitative and qualitative information to communicate the company's sustainability progress and make sustainability more measurable.

The concept *integrated* does not imply that all the material information should be combined into one report; it can also be issued in separate reports, as long as the company reports on their financial and nonfinancial information in a way that discloses their impact on each other. If a company chooses to report its financial and nonfinancial results separately, references should be made to the other parts of the report, or to the detailed separate report, to indicate to the stakeholders or report users how the company's nonfinancial performance contributes to its financial performance. In analyzing the companies' annual reports, the level of integration of the reports was considered and the following categories of integration were identified:

- Fully integrated: This refers to when a company combines all the key financial and nonfinancial information into a single document to express its value-creation process.
- Integrated and separate: This refers to one integrated report serving the same purpose as mentioned above, but includes references to separate reports that contain more detail on the specific indicators. These reports then serve as a supplement to the company's annual report.
- Separate: This indicates that a company created separate reports for their financial and nonfinancial results.
- Separate on the Web: This indicates that non-financial information is disclosed, but only available on the company's website and not part of their annual report.

After examining the relevant companies' reports, the following classification was made as shown in Table 4 below:

Table 4.4: Level of integration per company

Company	2012				2013			
	Fully integrated	Integrated & Separate	Separate	Separate on Web	Fully integrated	Integrated & Separate	Separate	Separate on Web
Barclays Africa Group		Y				Y		
Discovery		Y				Y		
Firstrand	Y				Y			
Investec		Y				Y		
Nedbank Group		Y				Y		
Old Mutual Plc			Y				Y	
Remgro	Y				Y			
RMB Holdings	Y				Y			
Sanlam				Y				Y
Standard Bank Group		Y				Y		
Total	3	5	1	1	3	5	1	1

Reports that are *fully integrated* and *integrated and separate* are regarded as high-quality reports and seen as acceptable. When using only *separate* and *separate on Web* reports, specific reference should be made to the other reports that include nonfinancial information to make report users aware of all the applicable reports. When considering the findings in the financial services sector, eight of the companies published acceptable integrated reports in 2012 and 2013, while two companies, Old Mutual Plc and Sanlam, submitted *separate* or *separate on Web* reports. There was no change in the level of integration from 2012 to 2013. It should also be noted that although RMB is indicated as submitting *fully integrated* reports for both years, the integrated reports only include a very limited overview as FirstRand published a detailed sustainability review in its integrated reports.

4.4.4 GRI adherence levels of the reports

The final analysis done in this study was to examine the application levels of the relevant reports. A rating was given based on the evaluation of the sustainability disclosure requirements as given by the GRI and then compared against the companies' self-declared ratings as shown in Table 5 below:

Table 4.5: Evaluation of declared ratings

Company	Year	Rating based on analysis of disclosures	Self-declared rating	Difference in rating
Barclays Africa Group	2012	B+	B+	No
	2013	N/A	N/A	N/A
Discovery	2012	C+	B+	Yes
	2013	B+	B+	No
Firstrand	2012	B	Not declared	N/A
	2013	B	Not declared	N/A
Investec	2012	B	B	No
	2013	B	B	No
Nedbank Group	2012	A+	A+	No
	2013	A+	A+	No
Old Mutual Plc	2012	B	C	Yes
	2013	B	C	Yes
Remgro	2012	B	Not declared	N/A
	2013	B	Not declared	N/A
RMB Holdings	2012	C	Not declared	N/A
	2013	C	Not declared	N/A
Sanlam	2012	B+	B+	No
	2013	N/A	N/A	N/A
Standard Bank Group	2012	B+	B+	No
	2013	N/A	N/A	N/A

Barclays Africa Group, Sanlam and Standard Bank could not be taken into account in 2013 as they used the G4 Guidelines for their 2013 integrated reports and with the G4 Guidelines ‘in accordance’ levels replace A, B & C adherence levels, so it was not possible to compare their ratings. As per Table 5, it was found that there were three instances where there were differences in the ratings based on the analysis of disclosures and self-declared ratings. In only one instance the company was over-optimistic by rating itself higher than what was based on the analysis of its integrated reporting. Some of the disclosures were only stated as not material/relevant to the company; however, for the purpose of this article, they were seen as disclosed as the companies gave a reason for not disclosing the indicator. It should also be noted that FirstRand, Remgro and RMB Holdings did not declare their ratings on adherence and in these instances it was not possible to compare ratings based on the analysis of disclosures and self-declared ratings. All the companies except for RMBH indicated that their non-financial reporting policies are aligned with the GRI; RMBH was also the only company that stated that they do not believe integrated reporting had a significant influence on how they run the business, but ensured the alignment of the group’s objectives with the long-term interests of its stakeholders.

4.5 CONCLUDING DISCUSSION

4.5.1 Summary and implications

Sustainability reporting has become a useful tool to communicate to stakeholders who challenge business on issues regarding the fair distribution of wealth, climate change and other environmental and social matters. By reporting to stakeholders annually, companies can demonstrate that policies, procedures and management systems are in place to assist in managing various company, industry, environmental and societal challenges. An integrated report should define the company’s most material issues and provide a simple and comparable discussion about the company’s aptitude to deal with these issues. An integrated report should give stakeholders a meaningful interpretation of the company’s financial performance within the context of how well environmental, social and economic matters are handled. The process of integrated reporting is, however, not yet clearly understood and some companies may feel that it can still be complex and also vague in some areas; however, integrated reporting is still in its early years and will evolve over time.

In the South African economy, the financial services sector plays an important role in the local and international economies. The purpose of this article was therefore to analyze the integrated reports of this sector for the periods 2012 and 2013 to determine their application of the GRI Guidelines. It was found that the results clearly suggest that the South African financial services sector is successfully implementing the GRI Guidelines as a means of demonstrating maximum transparency and accountability. It was found that all of the companies reported on core indicators, but some companies did not provide any information on the sector-specific indicators. The implication hereof is that it may seem as if the companies are truly embracing the GRI sustainability report guidelines in their reporting – they are merely following a route of minimum compliance by not integrating (or perhaps even grasping) the sector specific reporting guidelines. There was, however, some improvement with most of the companies reporting on more core and sector-specific indicators in 2013 than in 2012. Some indicators were seen as material by all the financial services companies selected in the sample; two were economic indicators, four were environmental indicators, two were labor and decent work indicators, and two were social indicators. When considering the findings of the level of integration, eight of the companies published acceptable integrated reports in 2012 and 2013, while two companies submitted *separate* or *separate on Web* reports. There was no change in the level of integration from 2012 to 2013. When considering the GRI adherence levels of the reports, it was found that there were three instances where there were differences in the ratings based on the analysis of disclosures and self-declared ratings. In only one instance, the company was over-optimistic by rating itself higher than what was based on the analysis of its integrated reporting. All the companies except for one indicated that their nonfinancial reporting policies are aligned with the GRI.

Furthermore, most companies stated some indicators as not material/relevant to the company without explaining the measure of materiality used. Although it was still considered as disclosed, it raised the question as to whether it may be necessary for the GRI to provide more information on this concept, as materiality could be interpreted differently by different stakeholders. The contribution of the paper is therefore seen as providing some insight into the current status of sustainability reporting in the South African financial services sector. Although, most of these companies are providing such reports, and although the quality of these reports has been improving, there is still room for improvement. The lack of grasping the functionality of the sector supplements, and incorporating it in their reporting practices, may very well lift the sustainability reports (and thus the integrated reports) to the next level.

4.5.2 Limitations of the study

The results of this study are limited by the fact that only the South African financial services sector was used in the sample. This restricts the application of the results of this study to companies in other sectors. The results may furthermore not be applicable to other countries, as submitting/providing integrated reports may not be a listing requirement of the relevant stock exchange. There is also no assured positive correlation between a high GRI compliance score and effective reporting, as an effective report is not measured by the number of boxes ticked, but rather by how well the GRI Guidelines are applied with regard to materiality. Furthermore, because the companies only indicated some indicators as 'not material' to the company without providing a meaningful discussion on each of the performance indicators and why it is not material, it is difficult to determine how effective the integrated reports of these companies really were. Because some companies started using the G4 Guidelines in 2013, it was not possible to compare the adherence levels of all the companies for the period 2012 and 2013 as the G4 Guidelines' 'in accordance' levels replaced A, B & C adherence levels. The G4 Guidelines also contain new and revised disclosures, which made it difficult to compare the key performance indicators and number of indicators reported on, limiting the results of this study to the companies that could be compared.

4.5.3 Future research possibilities

Considering the above limitations, further research can attempt to replicate a similar study in other sectors of the JSE, or a study can be done to determine the effectiveness of companies' integrated reports. The comparability of reports using the G4 Guidelines can also be evaluated.

4.6 REFERENCES

Beukes, C.J. 2003. Environmental performance evaluation in non-financial terms. http://www.unisa.ac.za/contents/faculties/service_dept/docs/Sabview_Vol-7_2.pdf Date of access: 12 May 2014Blowfield, M., Murray. A. 2008. Corporate Responsibility: A Critical Introduction. Oxford: Oxford University Press.

Borkowski, S., Welsh, M. & Wentzel, K. 2010. Johnson & Johnson: A Model for Sustainability Reporting. *Strategic Finance.* 29-37. Sept.

Brown, H.S., De Jong, M. & Levy, D.L. 2009. Building institutions based on information disclosure: lessons from GRI's sustainability. *Journal of cleaner production:* 571-580*.*

Chiquita. 2012. http://www.chiquita.com/getattachment/4dedce2f-c4ac-4183-9e14-c87a6202e511/2012-Corporate-Responsibility-Report.aspx Date of access: 28 May 2014

Deloitte. 2011a. Integrated Reporting Is your message lost in regulation? http://www.iasplus.com/en/binary/safrica/1107integratedreporting.pdf Date of access: 5 Jan 2014

Deloitte. 2011b. Integrated Reporting Navigating your way to a truly Integrated Report. Edition 1. http://www2.deloitte.com/content/dam/Deloitte/za/Documents/deloitte_integrated_reporting.pdf Date of access: 5 Jan 2014

Demirag, I. 2005. Introduction. Responsibility, accountability and governance: the presumed connections with the state, the market and the civil society and an overview. (*In* Demirag, I., *ed.* Corporate social responsibility, accountability and governance: global perspectives. Sheffield: Greenleaf Publishing).

DFID. 2004. The Importance of Financial Sector Development for Growth and Poverty Reduction. http://www.microfinancegateway.org/sites/default/files/mfg-en-paper-the-importance-of-financial-sector-development-for-growth-and-poverty-reduction-2004.pdf Date of access: 10 March 2014

Dilling, P.F.A. 2010. Sustainability Reporting In A Global Context: What Are The Characteristics Of Corporations That Provide High Quality Sustainability Reports – An Empirical Analysis. I*nternational Business & Economics Research Journal,* 9(1):19-29.

Global Reporting Initiative. 2011b. News and press center. https://www.globalreporting.org/information/news-and-press-center/Pages/Reporting-in-the-financial-services-sector.aspx Date of access: 05 Sept 2013

Global Reporting Initiative. 2011c. Application level information. https://www.globalreporting.org/reporting/G3andG3-1/application-level-information/Pages/default.aspx Date of access: 20 Aug 2014

Global Reporting Initiative. 2011d. Application Level Table. https://www.globalreporting.org/resourcelibrary/Application-Level-Table.pdf Date of access: 20 Aug 2014

Global Reporting Initiative. 2013b. G4 Sustainability Reporting Guidelines - Implementation Manual. https://www.globalreporting.org/resourcelibrary/GRIG4-Part2-Implementation-Manual.pdf Date of access: 30 March 2014

Global Reporting Initiative. 2013f. The GRI Sustainability Reporting Guidelines Main Features of G4. https://www.globalreporting.org/resourcelibrary/main-features-of-g4.pdf Date of access: 30 March 2014

Hindley, T. & Buys, P.W. 2012. Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African mining industry. *International Business and Economics Research Journal,* 11(11): 1249-1260.

Jones III, A. & Jonas, G.A. 2011. Corporate social responsibility reporting: The growing need for input from the accounting profession. *The CPA journal*, 65-71, Feb.

KPMG. 2011a. Integrated reporting – Understanding the requirements. https://www.kpmg.com/ZA/en/IssuesAndInsights/ArticlesPublications/General-Industries-Publications/Documents/Integrated%20reporting%20-%20Understanding%20the%20requirements.pdfMarsden, 2006

Mitchell, C.G., Hill, T.R., Stobie, B.S. 2005. Corporate social and environmental reporting as an effective mechanism to support social accountability in South Africa *Southern African Journal of Accountability and Auditing Research Vol 6.* 67-74.

Nikolaou, I.E., Evangelinos, K.I. & Allan, S. 2013. A reverse logistics social responsibility evaluation framework based on the triple bottom line approach*. Journal of Cleaner Production.* 173-184.

Nortjé, C., Middelberg, S.L. Oberholzer, M., Buys, P.W. (2014). Developing a sustainable balanced scorecard for the oil and gas sector. *Environmental Economics*, 5(4): 31-39

Perez, O. 2006. Facing the Global Hydra: Ecological Transformation at the Global Financial Frontier: The Ambitious Case of the Global Reporting Initiative. (*In* Joerges, C., Petersmann, E. Constitutionalism, Multilevel Trade Governance and Social Regulation. Oregon: Hart Publishing. p. 459-487.)

PWC. 2012. *Sustainability Reporting tips* Simple actions to make your reporting more accessible and effective http://www.pwc.co.uk/sustainability-climate-change/publications/sustainability-reporting-tips.jhtml Date of access: 5 Jan 2014

SAICA. 2012a. Sustainability Reporting and Integrated Reporting. https://www.saica.co.za/Technical/SustainabilityandIntegratedReporting/SustainabilityReportingandIntegratedReporting/tabid/1653/language/en-ZA/Default.aspx Date of access: 5 Jan. 2014

SAICA. 2012b. Significant changes in the way in which JSE listed companies report. https://www.saica.co.za/News/NewsArticlesandPressmediareleases/tabid/695/itemid/3694/language/en-ZA/Default.aspx Date of access: 5 Jan. 2014

Shrivastava, P. & Raymond, P. 2011. Sustainable enterprises: Addressing management challenges in the twenty-first century. (*In* Jain, S. & Kedia, B. Enhancing Global Competitiveness through Sustainable Environmental Stewardship. Cheltenham: Edward Elgar Publishing Limited. p. 35-55.)

Turk, B.K., Shackleton, C.M., Whittington-Jones, 2013. Prevalence of sustainability reporting practices of a sample of listed companies on established and emerging stock exchanges. South African Journal of Economic and Management Sciences, 16(1):75-82.

WEF. 2013. The Role of Financial Services in Society - A Multi-stakeholder Compact. http://www3.weforum.org/docs/WEF_FS_RoleFinancialServicesSociety_ Compact_Report_2013.pdf Date of access: 10 Mar 2014

CHAPTER 5

5. CONCLUSION

5.1 BACKGROUND

In this chapter the results of the research study are summarized. The purpose of the study was to examine and to analyse the integrated reports of the financial services companies listed on the JSE Top 40 board. The specific objectives highlighted in Chapter 1 are addressed and this is followed by the conclusions, limitations and recommendations for further research.

The research shows that financial reporting alone does not tell the overall story of a company in a way that lets the stakeholders measure the ability of the company to create and sustain value. That is why more stakeholders have requested that companies provide more nonfinancial information and these demands have led to more companies publishing environmental and social reports to display accountability to the outside world. In this day and age reporting on sustainability has become expected and unavoidable. But what is sustainability and how does one report on it? To report on sustainability one first needs to comprehend what it entails as there are various terms used in practice, for example *corporate social responsibility* (CSR) and *integrated reporting* (IR).

Sustainability is the ability to sustain a high quality of life for present and future generations. The concept of *CSR* is about the responsibility of the company to take account of *social* and *environmental concerns* beyond those that have an impact on the operating abilities of a company. Sustainability reports are viewed as a companion to financial reporting and indicate how firms handle these nonfinancial factors that can influence the future performance, income and value of the company. By combining financial, social, environmental and governance information in an *integrated report,* companies can indicate to the stakeholders or users of the report how the nonfinancial performance of the company contributes to their financial performance. As sustainability becomes truly core to business operations, integrated reporting is becoming more important.

This study focused on the financial services sector. It was indicated that the financial industry plays a significant role in society in general; serving individuals, families, businesses, governments and public institutions. As a result they should ensure that their goals are aligned with the needs of society and that they are constantly acting in the best interests of all stakeholders of the financial system and of society in general.

5.2 RESEARCH SUMMARY

Given the significance of the financial services companies in South Africa incorporating social and environmental considerations into their decisions, it was indicated that the integrated reports provided by these companies are of great importance. Although it is becoming more common for companies to report on sustainability, challenges can be identified owing to the fact that it is a voluntary and nonprescriptive reporting framework.

In view of the above, the primary research question (refer section 1.6 on p. 10) investigates the extent to which the integrated reports of the South African financial services companies, as submitted to the JSE, have been prepared in accordance with, and in consideration of, the GRI guidelines. In answering this research question, three additional questions can be formulated, namely i) what are the key indicators reported on by the financial services companies, ii) what is the level of integration of the sustainability reports with the annual financial statement, and iii) what GRI adherence levels are given to the applicable reports (refer to the section 1.6 on p. 10).

This study therefore set out to address the above-mentioned problems by evaluating and comparing the integrated reports of the JSE-listed financial services companies with the Guidelines and the Sector Supplements for Financial Services.

5.2.1 Literary research summary

In Chapter 1, the introduction to the research study as well as the background of sustainability, corporate social responsibility, the GRI and integrated reporting are presented. As indicated, companies listed on the JSE are required to submit integrated reports, but challenges can be identified owing to the fact that it is a voluntary and nonprescriptive reporting framework. To assist companies in producing integrated reports, the Sustainability Reporting Framework, as developed by the GRI, can be used. This led to the research objective and research questions.

In Chapter 2 a background perspective of the types of research, research methodology and research design is given. A study of the philosophical assumptions, collection of data and sample design is discussed also.

In Chapter 3 the Sustainability Reporting Framework and the Financial Services Sector Supplement of the GRI are analysed and are discussed in detail. The Sustainability Reporting Guidelines contains the principles for defining report content and report quality, as well as guidance on standard disclosures that should be included in the report. The Guidelines groups specific standard disclosures into three categories — social, economic and environmental — and divides the performance indicators of these categories into *core* indicators and *additional* indicators. The Guidelines also offers tailored guidance relevant to certain sectors to address sector-specific aspects with *sector supplements.* For the purpose of this study the sector-specific indicators for the financial services sector along with the core performance indicators are used to analyse the integrated reports of the South African financial services companies listed on the JSE Top 40 board.

5.2.2 Empirical research summary

The focus of Chapter 4 is on the empirical analysis of the sampled companies in the form of an academic article. A summary of Chapters 1, 2 and 3 is also included.

In the course of the study it became clear that some indicators were seen as material by all the financial services companies selected in the sample. Of these indicators two were economic indicators, four were environmental indicators, two were labour and decent work indicators, and two were social indicators.

When considering the findings of the level of integration — the second research question — it is found that eight of the companies published acceptable integrated reports in 2012 and 2013, while two companies submitted *Separate* or *Separate on Web* reports. It is also found that there were no changes in the level of integration from 2012 to 2013.

When considering the GRI adherence levels of the report in answering the last research question, it is found in three instances that there were differences in the ratings based on the analysis of disclosures and self-declared ratings. In only one instance the company was overoptimistic by rating themselves higher than what was based on the analysis of their integrated reporting.

5.2.3 Concluding discussion

Sustainability reporting has become a useful tool to communicate to stakeholders who challenge business on issues regarding the fair distribution of wealth, climate change and other environmental and social issues. By reporting to stakeholders annually, companies can demonstrate that policies, procedures and management systems are in place to assist in managing various company, industry, environmental and societal challenges and that they are integrating social and environmental considerations into their decisions. Being able to quantify the value that sustainability adds to business, and the contribution the business makes to society and the environment, is vital. As a result, companies have put a lot of time and effort into developing integrated reports. An integrated report should define the most material issues of the company and should provide stakeholders with a meaningful interpretation of the financial performance of the company in the context of how well environmental, social and economic matters are handled. The process of integrated reporting is however not yet clearly understood and some companies may feel that it can still be complex and also vague in some areas, but IR is still in its early years and will evolve over time.

In the South African economy, the financial services sector plays an important role in local and international economies. The purpose of this study therefore was to analyse the integrated reports of this sector for the periods 2012 and 2013, to determine their application of the GRI Guidelines. It was found that the results clearly suggest that the South African financial services sector is implementing the GRI Guidelines successfully as a means for demonstrating maximum transparency and accountability.

5.3 LIMITATIONS OF THE STUDY

The results of this study are limited by the fact that only the South African financial services sector was used in the sample. This restricts the application of the results to companies in other sectors. The results may furthermore not be applicable to other countries as well, as submitting or providing integrated reports may not be a listing requirement of the relevant stock exchange.

There is also no assured positive correlation between a high GRI compliance score and effective reporting, as an effective report is not measured by the number of boxes ticked, but rather by how well the GRI Guidelines are applied with regards to materiality. And because the companies have only indicated some indicators as 'not material' to the company without providing a meaningful discussion of each of the performance indicators and the reason why it is not material, it is difficult to determine how effective the integrated reports of these companies really were.

Because some companies started using the G4 guidelines in 2013, it was not possible to compare the adherence levels of all the companies for the period 2012 and 2013 as the G4 Guidelines 'In Accordance' levels replaced A, B and C adherence levels. The G4 Guidelines also contains new and revised disclosures, which made it difficult to compare the key performance indicators and number of indicators reported on, limiting the results of this study to the companies that could be compared.

5.4 FUTURE RESEARCH

Because IR is still in its early years and evolving, several opportunities exist for further study. Considering the above limitations, further research can attempt to replicate a similar study in other sectors of the JSE, or a study can be undertaken to determine the effectiveness of the integrated reports of companies by assessing only material issues reported on, the boundary of the reports and the DMA. The comparability of reports using the G4 Guidelines can also be evaluated.

6. REFERENCES

AccountAbility. 1999. http://www.accountability.org/images/content/2/1/213/AA1000%20Framework%201999.pdf Date of access: 6 Jan. 2014.

Acquier, A. & Aggeri, F. 2007. The development of a CSR industry: Legitimacy and feasibility as the two pillars of the institutionalization process. (*In* Den Hond, F., De Bakker, F.G.A. & Neergaard, P. *eds.* Managing corporate social responsibility in action: talking, doing and measuring. Farnham: Ashgate. pp. 149–65).

Babber, G. 2012. Integrated reporting and sustainability go hand in hand. *CIMA Financial Management*, Dec.:3.

Ballou, B., Heitger, D.L., & Landes, C.E. 2006. The future of corporate sustainability reporting: A rapidly growing assurance opportunity. *Journal of Accountancy*:1–18.

Beukes, C.J. 2003. Environmental performance evaluation in non-financial terms. http://www.unisa.ac.za/contents/faculties/service_dept/docs/Sabview_Vol-7_2.pdf Date of access: 12 May 2014.

Bhattacharyya, A.K. 2012. Does corporate social responsibility yield returns? A study of Indian firms. *CIMA Financial Management,* Nov.:50.

Blowfield, M., Murray. A. 2008. Corporate responsibility: a critical introduction. Oxford: Oxford University Press.

Borkowski, S., Welsh, M. & Wentzel, K. 2010. Johnson & Johnson: A model for sustainability reporting. *Strategic Finance,* Sept.:29–37.

Brown, H.S., De Jong, M. & Levy, D.L. 2009. Building institutions based on information disclosure: lessons from GRI's sustainability. *Journal of Cleaner Production:*571–80.

Chiquita. 2012.____http://www.chiquita.com/getattachment/4dedce2f-c4ac-4183-9e14-c87a6202e511/2012-Corporate-Responsibility-Report.aspx Date of access: 28 May 2014.

Chartered Institute of Management Accountants (CIMA). 2013. Integrated reporting would demonstrate the value of data. *CIMA Financial Management*, July/August:29.

Community Links Consulting Limited. 2007. http://communitylinksconsulting.pbworks.com/w/page/16228227/GRI Date of access: 7 Dec. 2013.

Creswell, J.W. 2003. Research design qualitative, quantitative, and mixed methods approaches. 2nd ed. California: Sage.

Daub, C. 2007. Assessing the quality of sustainability reporting: An alternative methodological approach. *Journal of Cleaner Production*:75–85.

Deloitte. 2011a. Integrated reporting is your message lost in regulation? http://www.iasplus.com/en/binary/safrica/1107integratedreporting.pdf Date of access: 5 Jan. 2014.

Deloitte. 2011b. Integrated reporting navigating your way to a truly integrated report. Edition 1. http://www2.deloitte.com/content/dam/Deloitte/za/Documents/deloitte_integrated_reporting.pdf Date of access: 5 Jan. 2014.

Deloitte. 2013. Telling the story of long term value creation insights to the IIRC's integrated reporting framework consultation. http://deloitteblog.co.za/wp-content/uploads/2013/04/Telling-the-story-of-long-term-value-creation.pdf Date of access: 5 Jan. 2014.

Demirag, I. 2005. Introduction. Responsibility, accountability and governance: the presumed connections with the state, the market and the civil society and an overview. (*In* Demirag, I., *ed.* Corporate social responsibility, accountability and governance: global perspectives. Sheffield: Greenleaf Publishing).

DFID. 2004. The importance of financial sector development for growth and poverty reduction. http://www.microfinancegateway.org/sites/default/files/mfg-en-paper-the-importance-of-financial-sector-development-for-growth-and-poverty-reduction-2004.pdf Date of access: 10 March 2014.

Dictionary of accounting terms. 2014. http://www.allbusiness.com/glossaries/financial-reporting/4951111-1.html Date of access: 26 January 2014.

Dilling, P.F.A. 2010. Sustainability reporting in a global context: What are the characteristics of corporations that provide high quality sustainability reports – an empirical analysis. *International Business & Economics Research Journal,* 9(1):19–29.

Eccles, R.G. & Krzus, M.P. 2010. Integrated reporting for a sustainable strategy. *Financial Executive*, March:29–32.

Ethridge, D.E. 2004. Research methodology in applied economics. 2nd ed. Iowa: Blackwell.

European Economic and Social Committee, 2014. http://www.eesc.europa.eu/?i=glossaries.en.sustainable-terms.21470 Date of access: 5 Jan. 2014.

Global Reporting Initiative. 2011a. Guidelines. https://www.globalreporting.org/reporting/G3andG3-1/Pages/default.aspx Date of access: 5 July 2013.

Global Reporting Initiative. 2011b. News and press center. https://www.globalreporting.org/information/news-and-press-center/Pages/Reporting-in-the-financial-services-sector.aspx Date of access: 5 Sept. 2013.

Global Reporting Initiative. 2011c. Application level information. https://www.globalreporting.org/reporting/G3andG3-1/application-level-information/Pages/default.aspx Date of access: 20 Aug. 2014.

Global Reporting Initiative. 2011d. Application level table. https://www.globalreporting.org/resourcelibrary/Application-Level-Table.pdf Date of access: 20 Aug. 2014.

Global Reporting Initiative. 2011e. G3.1 Standard Disclosures: Performance Indicators. https://www.globalreporting.org/resourcelibrary/G3.1-Quick-Reference-Sheet.pdf Date of access: 10 July 2014.

Global Reporting Initiative. 2013a. About the G4 sustainability reporting guidelines. www.globalreporting.org/reporting/g4/pages/default.aspx Date of access: 7 Dec. 2013.

Global Reporting Initiative. 2013b. G4 sustainability reporting guidelines — implementation manual. https://www.globalreporting.org/resourcelibrary/GRIG4-Part2-Implementation-Manual.pdf Date of access: 30 March 2014.

Global Reporting Initiative. 2013c. An introduction to G4 — the next generation of sustainability reporting. https://www.globalreporting.org/resourcelibrary/GRI-An-introduction-to-G4.pdf Date of access: 30 March 2014.

Global Reporting Initiative. 2013d. G4 sustainability reporting guidelines — reporting principles and standard disclosures. https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf Date of access: 30 March 2014.

Global Reporting Initiative. 2013e. Financial services sector supplement — reference sheet. https://www.globalreporting.org/resourcelibrary/FSSS-Quick-Reference-Sheet.pdf Date of access: 30 March 2014.

Global Reporting Initiative. 2013f. The GRI sustainability reporting guidelines main features of G4. https://www.globalreporting.org/resourcelibrary/main-features-of-g4.pdf Date of access: 30 March 2014.

Global Reporting Initiative. 2013g. Overview of changes in standard disclosures from G3.1 to G4 guidelines. https://www.globalreporting.org/resourcelibrary/GRI-G4-Overview-Tables-G3.1-vs-G4.pdf Date of access: 30 April 2014.

Hindley, A.T. 2013 Integrated reporting compliance with the Global Reporting Initiative Framework: An analysis of the South African mining industry. http://dspace.nwu.ac.za/bitstream/handle/10394/8701/Hindley_AT.pdf?sequence=1 Date of access: 30 Aug. 2014.

Jones III, A. & Jonas, G.A. 2011. Corporate social responsibility reporting: The growing need for input from the accounting profession. *The CPA Journal*, Feb.:65–71.

Judd, C.M. & Kenny, D. 2006. Research design and research validity. (*In* De Vaus, D., *ed*. Research design Sage benchmarks in social research methods Volume 1. London: Sage).

Kaplan, B. and Maxwell, J.A. 1994. Qualitative research methods for evaluating computer information systems. (*In* Anderson, J.G., Aydin, C.E. & Jay, S.J. *eds.* Evaluating health care information systems: Methods and applications. Thousand Oaks: Sage. pp. 45–68).

Knudsen, J.S. 2006. The Global Reporting Initiative in Denmark: Emperor's new clothes or useful reporting tool? (*In* Kakabadse, A. & Morsing, M., *ed*s. Corporate social responsibility reconciling aspiration with application. New York: Palgrave Macmillan. pp. 129–39).

Kothari, C.R. 2004. Research methodology methods and techniques. 2nd revised ed. New Delhi: New Age.

KPMG. 2011a. Integrated reporting — understanding the requirements. https://www.kpmg.com/ZA/en/IssuesAndInsights/ArticlesPublications/General-Industries-Publications/Documents/Integrated%20reporting%20-%20Understanding%20the%20requirements.pdf Date of access: 5 Jan. 2014.

KPMG. 2011b._Integrated reporting performance insight through better business reporting Issue 1. http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/road-to-integrated-reporting.pdf Date of access: 5 Jan. 2014.

Leedy, P.D. 1985. Practical research planning and design. 3rd ed. New York: Macmillan.

Levy, D. & Brown, H. 2011. The Global Reporting Initiative: Collaboration and conflict in the development of non-financial reporting. (*In* Jain, S. & Kedia, B., *eds.* Enhancing global competitiveness through sustainable environmental stewardship. Cheltenham: Edward Elgar. pp. 129–52).

Manoharan, P.K. 2010. Research methodology. New Delhi: APH.

Marsden, C. 2006. In defence of corporate responsibility. (*In* Kakabadse, A. & Morsing, M., *eds.* Corporate social responsibility, reconciling aspiration with application. New York: Palgrave Macmillan. pp. 24–39).

Myers, M.D. 2009. Qualitative research in business and management. London: Sage.

Myers, M.D. 2013. Qualitative research in business & management. 2nd ed. London: Sage.

Mitchell, C.G., Hill, T.R., Stobie, B.S. 2005. Corporate social and environmental reporting as an effective mechanism to support social accountability in South Africa. *Southern African Journal of Accountability and Auditing Research,* 6:67–74.

Morsing, M. & Oswald, D. 2006. Novo Nordisk A/S: Integrating sustainability into business practice. (*In* Kakabadse, A. & Morsing, M., *eds.* Corporate social responsibility, reconciling aspiration with application. New York: Palgrave Macmillan. pp. 183–216).

Nikolaou, I.E., Evangelinos, K.I. & Allan, S. 2013. A reverse logistics social responsibility evaluation framework based on the triple bottom line approach. *Journal of Cleaner Production*:173–84.

Noor, K.B.M. 2008. Case study: A strategic research methodology. *American Journal of Applied Sciences,* 5(11):1602–1604.

Orlikowski, W.J. & Baroudi, J.J. 1991. Studying information technology in organizations: Research Approaches and Assumptions. *Information Systems Research*, 2(1):1–8.

Pellissier, R. 2007. Business research made easy. Cape Town: Juta.

Perez, O. 2006. Facing the global hydra: Ecological transformation at the global financial frontier: The ambitious case of the Global Reporting Initiative. (*In* Joerges, C. & Petersmann, E. *eds.* Constitutionalism, multilevel trade governance and social regulation. Oregon: Hart. pp. 459–87).

PwC. 2012. Sustainability reporting tips simple actions to make your reporting more accessible and effective http://www.pwc.co.uk/sustainability-climate-change/publications/sustainability-reporting-tips.jhtml Date of access: 5 Jan. 2014.

Reserve Bank. 2013. Expand the role of financial sector to grow our economy. http://www.reservebank.to/data/documents/economicdialogue/S4_14_Discussant.pdf Date of access: 10 March 2014.

Rogers, M. & Ryan, R. 2001. The triple bottom line for sustainable community development. *Local Environment,* 6:279–89.

Reuters. 2014. http://in.reuters.com/finance/markets/index?symbol=za!J200&sortBy=&sortDir=&pn=1 Date of access: 10 Jun. 2014.

SAICA. 2012a. Sustainability reporting and integrated reporting. https://www.saica.co.za/Technical/SustainabilityandIntegratedReporting/SustainabilityRepo rtingandIntegratedReporting/tabid/1653/language/en-ZA/Default.aspx Date of access: 5 Jan. 2014.

SAICA. 2012b. Significant changes in the way in which JSE listed companies report. https://www.saica.co.za/News/NewsArticlesandPressmediareleases/tabid/695/itemid/3694/language/en-ZA/Default.aspx Date of access: 5 Jan. 2014.

SAICA. 2012c. http://www.saica.co.za/faqs/showQuestions.asp?FaqSectionId=15 Date of access: 6 Jan. 2014.

Shrivastava, P. & Paquin, P. 2011. Sustainable enterprises: Addressing management challenges in the twenty-first century. (*In* Jain, S. & Kedia, B. *eds* Enhancing global competitiveness through sustainable environmental stewardship. Cheltenham: Edward Elgar. pp. 35–55).

SSET Centre. 2009. http://www.sset-platform.org/01_SSET_-_English/Tools/Decision_Tree Date of access: 10 Feb. 2014.

Tencati, A. & Perrini, F. 2006. The sustainability perspective: A new governance model. (*In* Kakabadse, A. & Morsing, M., *eds.* Corporate social responsibility, reconciling aspiration with application. New York: Palgrave Macmillan. pp. 94–111).

The Advanced Learner's Dictionary of Current English. 1952. London: Oxford University Press.

The Guardian. 2013. http://www.theguardian.com/sustainable-business/global-reporting-initiative-updates Date of access: 28 May 2014.

Tzeng, H., Duffy, S.A., Low, L.K. 2008. https://open.umich.edu/sites/default/files/Topic2LitSearchandReview.ppt Date of access: 16 July 2014.

Webster's Dictionary and Thesaurus. 2006. New Lanark, Scotland: Geddes & Grosset.

WEF. 2013. The role of financial services in society — a multi-stakeholder compact. http://www3.weforum.org/docs/WEF_FS_RoleFinancialServicesSociety_Compact_Report_2013.pdf Date of access: 10 Mar. 2014.

World Business Council for Sustainable Development. 2002. Sustainable development reporting: striking the balance. Hertfordshire: Earthprint.

Yang, Z., Wang, X., & Su, C. 2006. A review of research methodologies in international business. *International Business Review,* 15(6): 601–17.

Yin, R. K. 2003 Case study research: design and methods. 3rd ed. Newbury Park: Sage.

Yin, K. 2006. Research Designs. (*In* De Vaus, D., *ed*. Research design Sage benchmarks in social research methods Volume 1. London: Sage).

Zikmund, W.G., Babin, B.J., Carr, J.C., Griffin, M. 2013. Business research methods. 9th ed. Canada: Cengage Learning.

7. ANNEXURE A: ADDITIONAL PERFORMANCE INDICATORS

ECONOMIC

Indicator Code	Description
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.

ENVIRONMENTAL

Indicator Code	Description
EN5	Energy saved due to conservation and efficiency improvements.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.
EN9	Water sources significantly affected by withdrawal of water.
EN10	Percentage and total volume of water recycled and reused.
EN13	Habitats protected or restored.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.

ENVIRONMENTAL (continued)

EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
EN30	Total environmental protection expenditures and investments by type.

LABOUR PRACTICES AND DECENT WORK

Indicator Code	Description
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.
LA9	Health and safety topics covered in formal agreements with trade unions.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.

HUMAN RIGHTS

Indicator Code	Description
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.

SOCIETY

Indicator Code	Description
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.

PRODUCT RESPONSIBILITY

Indicator Code	Description
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

(Source: GRI, 2011e)

8. ANNEXURE B: G4 STANDARD DISCLOSURES

CATEGORY: ECONOMIC

Indicator Code	Description
G4-EC1	Direct economic value generated and distributed
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change
G4-EC3	Coverage of the organization's defined benefit plan obligations
G4-EC4	Financial assistance received from government
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation
G4-EC7	Development and impact of infrastructure investments and services supported
G4-EC8	Significant indirect economic impacts, including the extent of impacts
G4-EC9	Proportion of spending on local suppliers at significant locations of operation

CATEGORY: ENVIRONMENTAL

Indicator Code	Description
G4-EN1	Materials used by weight or volume
G4-EN2	Percentage of materials used that are recycled input materials
G4-EN3	Energy consumption within the organization
G4-EN4	Energy consumption outside of the organization
G4-EN5	Energy intensity
G4-EN6	Reduction of energy consumption
G4-EN7	Reductions in energy requirements of products and services
G4-EN8	Total water withdrawal by source
G4-EN9	Water sources significantly affected by withdrawal of water
G4-EN10	Percentage and total volume of water recycled and reused
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

CATEGORY: ENVIRONMENTAL (continued)

G4-EN13	Habitats protected or restored
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)
G4-EN18	Greenhouse gas (GHG) emissions intensity
G4-EN19	Reduction of greenhouse gas (GHG) emissions
G4-EN20	Emissions of ozone-depleting substances (ODS)
G4-EN21	NO, SO, and other significant air emissions
G4-EN22	Total water discharge by quality and destination
G4-EN23	Total weight of waste by type and disposal method
G4-EN24	Total number and volume of significant spills
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, I, III, and VIII, and percentage of transported waste shipped internationally
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization’s discharges of water and runoff

CATEGORY: ENVIRONMENTAL (continued)

G4-EN27	Extent of impact mitigation of environmental impacts of products and services
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization’s operations, and transporting members of the workforce
G4-EN31	Total environmental protection expenditures and investments by type
G4-EN32	Percentage of new suppliers that were screened using environmental criteria
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms

SUB-CATEGORY: HUMAN RIGHTS

Indicator Code	Description
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
G4-HR3	Total number of incidents of discrimination and corrective actions taken
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments
G4-HR10	Percentage of new suppliers that were screened using human rights criteria
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Indicator Code	Description
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
G4-LA3	Return to work and retention rates after parental leave, by gender
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation
G4-LA8	Health and safety topics covered in formal agreements with trade unions
G4-LA9	Average hours of training per year per employee by gender, and by employee category
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK (continued)

G4-LA14	Percentage of new suppliers that were screened using labour practices criteria
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms

SUB-CATEGORY: PRODUCT RESPONSIBILITY

Indicator Code	Description
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes
G4-PR5	Results of surveys measuring customer satisfaction
G4-PR6	Sale of banned or disputed products
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

SUB-CATEGORY: SOCIETY

Indicator Code	Description
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs
G4-SO2	Operations with significant actual and potential negative impacts on local communities
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
G4-SO4	Communication and training on anti-corruption policies and procedures
G4-SO5	Confirmed incidents of corruption and actions taken
G4-SO6	Total value of political contributions by country and recipient/beneficiary
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

(Source: GRI, 2013d)

9. ANNEXURE C: DATA ANALYSIS

(REFER BACK OF MINI-DISSERTATION)

10. ANNEXURE D: ACCEPTANCE NOTIFICATION AND JOURNAL SUBMISSION GUIDELINES

>>> "Editor of the Journal "Banks and Bank Systems"" <bbseditor@businessperspectives.org>
2014/11/06 08:58 AM >>>
Dear Eldine van Niekerk and Pieter Buys,

Thank you so much for your paper, we will make invoice for you during this days, I would like to inform you that your paper has been accepted for publication. Your paper will be published in the issue 4, 2014 of the journal "Banks and Bank Systems".

We offer contributors very democratic fee policy. The payment is done only if the paper is accepted. You should pay acceptance fee equal to € 320. I remind you that you will receive hard copy of the journal. As soon as the payment is done I will provide you with official letter confirming payment to let you have the reimbursement from your institution (if you need such a letter). Mover you could subscribe to the journal only for € 350 per online subscription and for € 370 per print subscription as an author (subscription only individual not the institutional).

We remind you that our web-site (http://www.businessperspectives.org) is visited during a year by more than 50 000 experts from over 60 countries of the world. Therefore, participating in open-access program will let you promote your academic achievements as the best. If you have an intention to pay only acceptance fee, but want to participate in open-access program, the participation in open-access program will be € 350.

To make all clear, please, find enclosed the form you should read.

If you prefer to pay the submission fee in USD please ask the Accountable Secretary about exchange rate.

Please also note that the final sum that we will receive is equal to the submission fee you have prefered.

Choose the option you prefer and send this form to us back during next 2 days.

I look forward to hearing from you soon.

With best regards,
Nataliya Petrina
E-mail: bbsexeceditor@businessperspectives.org
Accountable Secretary
International Research Journal
"Banks and Bank Systems"
http://www.businessperspectives.org/component/option,com_journals/task,journal/id,6/Itemid,74/

Author guidelines

"Business Perspectives" is a publisher of high quality peer-reviewed international journals in the fields of management and business administration, marketing, finance and banking.

Thank you for your interest in publishing with "Business Perspectives".

If you had published with us before or are just looking for information on submitting papers, you will find this site full of useful information.

Submission Process

Once a submission is made the Editor will reply with an electronic message that acknowledges the receipt of the manuscript. This electronic message also indicates the manuscript number assigned. This number should be cited in all future correspondence.

The Editor will inform an author about the expected volume and issue of the journal where the paper could be published. This lets the authors feel comfortable regarding the reporting to their universities and plan their research activity effectively. We do it within three days after the paper submission.

All papers are published in English.

To submit a paper, please send one copy in the form of an MS Word file attached to an e-mail (details in Author Guidelines (PDF Version) below) to the Editor of the relevant journal:

"Problems and Perspectives in Management" Journal:

Editorial Assistant: ppm_editor@businessperspectives.org

"Investment Management and Financial Innovations" Journal:

Editorial Assistant: imfi_editor@businessperspectives.org

"Innovative Marketing" Journal:

Editorial Assistant: imexeceditor@businessperspectives.org

"Banks and Bank Systems" Journal:

Editorial Assistant: bbsexeceditor@businessperspectives.org

"Insurance Markets and Companies: Analyses and Actuarial Computations" Journal:

Editorial Assistant: insexeceditor@businessperspectives.org

"Environmental Economics" Journal:

Editorial Assistant: eeexeceditor@businessperspectives.org

"Public and Municipal Finance" Journal:

Editorial Assistant: pmfexeceditor@businessperspectives.org

Reviewing process

All papers are refereed by the international competent researchers using "double-blind" review which is the best practice in papers reviewing.

The reviewers' recommendations determine whether a paper will be accepted as it is, without any alteration / accepted with minor revision / rejected, but encouraged to re-write and re-submit / rejected without further consideration.

The period of reviewing is very short to let authors have a fast feedback and get to improve their papers due to the reviewer comments. The process of reviewing lasts no longer than 30 days. In comparison with other journals, we do not impose extra fees on authors for the reviewing.

Acceptance fee

We offer a very democratic fee policy to our contributors. We only ask for payment from those authors whose papers have been already reviewed and accepted for publication in the journal. Therefore, all the contributors whose papers have not been accepted do not lose their money. All expenses are covered by the Publisher of the journal.

Proofreading

After the paper is typeset, the publisher will furnish the authors of accepted papers with proofs for the correction of printing errors. The proofs must be returned as soon as possible; the issue to which a paper is finally assigned depends in part on the date the corrected proofs are received from the author(s). The publisher is not responsible for the errors which are the result of authors' oversights.

Requirements to the manuscripts (PDF Version)

1. Abstract preparation guidelines

1.1. The abstract (200-250 words) should reflect the conceptual content of the article. In the abstract the author should give a brief overview of research importance, describe the subject matter and the aim of research, its methodology as well as highlight the most significant results of research.

1.2. Journal of Economic Literature (JEL) classifications that can be found athttp://www.aeaweb.org/jel/jel_class_system.php, and a few key words about the manuscript are necessary.

1.3. Font - Times New Roman; text size - 12 pts, line-spacing - one-and-a-half.

2. The paper main body preparation guidelines

2.1. The paper should present the result of independent original research undertaken by the author; it should contain the data never published before.

2.2. The paper should contain a clear description of research objective and its subject.

2.3. The methodology of research should be described in detail.

2.4. The author personal scientific contribution must be grounded in the paper.

2.5. The paper should contain basic suggestions on how to solve the problem under study.

2.6. American English has been preferred to British English.

3. The structure of the paper

3.1. The title of the paper.

3.2. Below, in the centre of the page the name of the author should be printed. Reference to the author's name should be made at the bottom of the page with the footnote marked by asterisk ("*"). The reference should contain information about the author's degree, position and the place of work as well as contact details (phone number, job or/and personal e-mail).

3.3. Below, the text of the abstract should be printed.

3.4. After the abstract's keywords and JEL classifications should be printed.

3.5. Below the main body of the paper should be placed.

3.6. The main body of the paper should be followed by references.

3.7. References contain the list of literature referred to given in alphabetical order.

3.8. All figures and tables should be printed inside the papers' main body.

4. References in the text

4.1. References in the text are made as follows: (Myers, 2000), the former being the name of the author, the latter - edition year.

4.2. Examples of references:

Alchian A. and Woodward, S. (1987). Reflections on the Theory of the Firm, *Journal of Institutional and Theoretical Economics*, 143, pp. 110-136.

Berle A.A. and Means, G.C. (1932). *The Modern Corporation and Private Property*, New York: Macmillan, 418 p.

Cremers, K. and Nair, V. (2005). Governance Mechanisms and Equity Prices, *Journal of Finance*, 60 (6), pp. 2859-2894.

5. Manuscript length

5.1. The paper should not be less than 2000 words and should not exceed 6000 words.

11. ANNEXURE E: LANGUAGE CERTIFICATE

LIZ SMIT

BA (Languages) (Rand Afrikaans University), BA Hons (Afrikaans) (North West University)

SA Translators' Institute (SATI) membership number: 1002474

168 Kock Street, POTCHEFSTROOM 2531

Cell Number 082 529 8055

E-mail: lizsmit@imaginet.co.za

Date: 23 October 2014

To: Eldine van Niekerk

Dear Ms Van Niekerk

EDITED MINI-DISSERTATION

Herewith the edited manuscript of the mini-dissertation: *Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African financial industry*

I draw your attention to the following:

1. The corrections requested by you are made in the manuscript.
2. As you have requested an electronic version, it is sent to you by e-mail.
3. I have taken all reasonable care to identify and to rectify errors in the document: spelling, punctuation, style, grammar, page layout and typography.
4. I have checked the reference list.
5. I have tried to be consistent regarding grammar and presentation.
6. Although I have taken all reasonable care to ensure the correctness of the document, the end product is still your responsibility.

You can hand this letter in with your mini-dissertation as proof that the study is professionally edited.

I also attach my invoice for services rendered.

Regards

Liz Smit

9. ANNEXURE C: DATA ANALYSIS

	Barclays Africa Group	G4	Discovery		Firstrand		Investec		Nedbank Group		Old Mutual Plc		Remgro		RMB Holdings		Sanlam	G4	Standard Bank Group	G4
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
ECONOMIC																				
EC1	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
EC2	✓		X	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓		✓	
EC3	✓		X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
EC4	✓		X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
EC6	✓		X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	X	✓	✓	✓		✓	
EC7	✓		X	✓	X	X	✓	✓	✓	✓	✓	✓	X	X	X	X	✓		✓	
EC8	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
ENVIRONMENTAL																				
EN1	✓		X	✓	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		✓	
EN2	X		X	✓	X	X	✓	✓	✓	✓	X	X	✓	✓	X	X	X		✓	
EN3	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
EN4	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
EN8	✓		✓	✓	X	X	✓	✓	✓	✓	X	X	✓	✓	X	X	✓		✓	
EN11	✓		X	✓	X	X	✓	✓	✓	✓	✓	✓	X	X	X	X	✓		✓	
EN12	✓		X	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	X	X	✓		✓	
EN16	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
EN17	X		X	X	X	X	X	✓	✓	✓	✓	✓	✓	✓	X	X	✓		✓	
EN19	✓		X	X	X	X	X	✓	✓	✓	✓	✓	X	X	X	X	✓		X	
EN20	✓		X	X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	✓		X	
EN21	X		X	X	X	X	✓	✓	✓	✓	✓	✓	X	X	X	X	✓		✓	
EN22	✓		✓	✓	X	X	✓	✓	✓	✓	✓	✓	X	✓	X	X	✓		✓	
EN23	✓		X	✓	X	X	X	✓	✓	✓	✓	✓	X	X	X	X	✓		✓	
EN26	✓		X	✓	✓	✓	✓	✓	✓	✓	X	X	X	X	✓	✓	✓		X	
EN27	✓		X	✓	X	X	✓	✓	✓	✓	✓	✓	X	X	X	X	✓		X	
EN28	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
LABOUR PRACTICES AND DECENT WORK																				
LA1	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
LA2	✓		X	X	✓	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓		✓	
LA 15	✓		X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	X	X		✓	
LA4	✓		X	✓	X	X	✓	X	✓	✓	✓	✓	✓	✓	X	X	✓		✓	
LA5	X		X	✓	X	X	✓	X	✓	✓	X	X	X	X	X	X	✓		✓	
LA7	✓		X	✓	X	X	✓	X	✓	✓	X	X	✓	✓	X	X	✓		✓	
LA8	✓		X	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓		✓	
LA10	X		✓	✓	✓	✓	✓	✓	✓	✓	X	✓	X	X	✓	✓	✓		✓	
LA13	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
LA14	X		X	X	X	X	✓	X	✓	✓	X	X	X	X	X	X	X		X	
HUMAN RIGHTS																				
HR1	X		X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	X	X		✓	
HR2	X		X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		X	
HR3	X		X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	X	X		✓	
HR4	X		✓	✓	X	X	✓	✓	✓	✓	X	X	✓	✓	X	X	✓		✓	
HR5	✓		X	✓	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		X	
HR6	✓		X	✓	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		✓	
HR7	✓		X	✓	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		✓	
HR10	X		X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		✓	
HR11	X		X	X	X	X	✓	✓	✓	✓	X	X	X	X	X	X	✓		✓	
SOCIETY																				
SO1	✓		X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
SO9	X		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	X		✓	
SO10	X		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	X		✓	
SO2	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
SO3	✓		✓	✓	X	✓	✓	✓	✓	✓	X	✓	X	X	X	✓	X		✓	
SO4	✓		✓	✓	✓	✓	✓	✓	✓	✓	X	X	X	X	✓	✓	✓		✓	
SO5	✓		X	X	✓	✓	✓	✓	✓	✓	X	X	X	X	✓	✓	✓		✓	
SO8	✓		✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	

FS13	✓		X	X	✓	✓	X	✓	✓	✓	X	X	X	X	✓	✓	X		✓	
FS14	✓		X	X	✓	✓	X	✓	✓	✓	X	X	X	X	✓	✓	✓		✓	
PRODUCT RESPONSIBILITY																				
PR1	✓		X	✓	X	X	✓	✓	✓	✓	X	✓	X	X	X	X	✓		X	
PR3	✓		X	✓	X	X	✓	✓	✓	✓	X	X	X	X	X	X	X		✓	
PR6	✓		X	X	✓	✓	✓	✓	✓	✓	X	✓	X	X	✓	✓	X		✓	
PR9	✓		X	✓	X	X	✓	✓	✓	✓	X	✓	✓	✓	X	X	✓		✓	
FS15	✓		X	X	✓	✓	X	✓	✓	✓	X	X	X	X	✓	✓	✓		✓	
FS16	✓		X	X	✓	✓	X	✓	✓	✓	X	X	X	X	✓	✓	✓		✓	
PRODUCT AND SERVICE IMPACT PERFORMANCE INDICATORS																				
FS1	✓		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓		✓	
FS2	✓		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓		✓	
FS3	✓		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓		✓	
FS4	✓		X	X	X	X	X	✓	✓	✓	✓	✓	X	X	X	X	✓		✓	
FS5	X		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓		✓	
FS6	X		X	X	X	X	X	✓	✓	✓	X	X	X	X	X	X	✓		✓	
FS7	X		X	X	X	X	X	X	✓	✓	X	X	X	X	X	X	✓		✓	
FS8	X		X	X	X	X	X	X	✓	✓	X	✓	X	X	X	X	✓		✓	
FS9	X		X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	X		✓	
FS10	X		X	X	X	X	X	✓	✓	✓	X	✓	X	X	X	X	✓		✓	
FS11	X		X	X	X	X	X	X	✓	✓	X	X	X	X	X	X	✓		✓	
FS12	X		X	X	X	X	X	✓	✓	✓	✓	✓	X	X	X	X	✓		✓	
Total reporting:	49	N/A	16	35	31	34	50	63	71	71	36	42	24	25	31	34	59	N/A	63	N/A
Total FSS reporting:	8	N/A	0	0	9	9	0	13	16	16	7	9	0	0	9	9	14	N/A	16	N/A
Total Core reporting:	41	N/A	16	35	22	25	50	50	55	55	29	33	24	25	22	25	45	N/A	47	N/A
FSS supplement used?	✓	N/A	X	X	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓	N/A	✓	N/A
Management approach given?	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	X	✓	N/A	✓	N/A
Rating based on analysis:	B	N/A	C	B	B	B	B	B	A	A	B	B	B	B	B	B	B	N/A	B	N/A
External assurance obtained?	✓	N/A	✓	✓	X	X	X	X	✓	✓	X	X	X	X	X	X	✓	N/A	✓	N/A
Final rating:	B+	N/A	C+	B+	B	B	B	B	A+	A+	B	B	B	B	C	C	B+	N/A	B+	N/A
Self-declared rating:	B+	N/A	B+	B+	declared	declared	B	B	A+	A+	C	C	declared	declared	declared	declared	B+	N/A	B+	N/A
Difference in rating?	NO	N/A	YES	NO	N/A	N/A	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	N/A	NO	N/A	NO	N/A
	Barclays Africa Group		**Discovery**		**Firstrand**		**Investec**		**Nedbank Group**		**Old Mutual Plc**		**Remgro**		**RMB Holdings**		**Sanlam**		**Standard Bank Group**	