

Insights Chartered Secretaries Southern Africa



CSSA/JSE Integrated Reporting Awards

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Awards encourage learning by peer appraisal

Integrated reporting is the tool businesses today need to stay ahead of the competition and remain connected, writes ALF JAMES

THE key goals of integrated reporting are to contribute to financial stability and sustainable development, which are becoming more pressing issues internationally in the global economic environment that is unstable and in which regulatory authorities are increasingly focusing on companies' environmental and social impacts.

The International Integrated Reporting Council (IIRC) says integrated reporting applies principles and concepts that are focused on bringing greater cohesion and

efficiency to the reporting process, and adopting "integrated thinking" as a way of breaking down internal silos and reducing duplication.

According to the IIRC, integrated reporting also improves the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. Its focus on value creation, and the "capitals" used by the business to create value over time, contributes towards a more financially stable global economy.

It is amid this heightened awareness of the need for both stability and sustainability that the Chartered Secretaries Southern Africa (CSSA)/Johannesburg Stock Exchange (JSE) Integrated Reporting Awards, which have been running for 59 years, took place at the Montecasino ballroom on November 11. More than 400 guests attended the gala dinner.

"The CSSA/JSE Integrated

Reporting Awards recognised the importance of good governance and reporting in the face of a rapidly changing business world and was attended by companies across various sectors," says Stephen Sadie, CEO of CSSA.

The awards are the longest-standing reporting awards in the country, having recognised excellence in corporate reporting since 1956. The JSE has been an important co-host of the awards for the past 20 years.

"The CSSA/JSE Integrated Reporting Awards offer entrant companies an opportunity for peer-on-peer comparison of their reports, which is important as the International Integrated Reporting Framework is barely two years old, having been released by the IIRC in December 2013. The best way for organisations to become skilled at integrated reporting is to be compared with and learn from their peers. Likewise, the judging process is not only important from an awards perspective, but also from an improvement and learning perspective," explains Sadie.

He says as an independent professional body with an interest in good corporate governance, CSSA is committed to promoting reporting excellence in southern Africa and the awards contribute to the learning process.

He says a huge plus factor in the success of SA's integrated reporting development is the King



Report on Corporate Governance, which has contributed to local companies being among the global leaders in the integrated reporting process as well as the JSE being the first stock exchange in the world to require listed companies to produce integrated reports. This is reflected in Mervyn King being appointed as chairman of the IIRC.

"One of the hallmarks of the awards is that they cover 10 categories from the Top 40 to NGOs. This means that companies compete against their equals — apples are compared to apples.

Reports in the Top 40, Mid Cap and Small Cap categories have been relatively good while nonlisted companies have also upped their game in reporting," says Sadie.

"There is considerable interest in how public money has been spent. One has witnessed corporate governance lapses in SAA, SABC and other state-owned companies (SOCs). On the other hand, Transnet has done relatively well in its reporting as has the Development Bank Southern Africa. It is important to encourage good reporting among SOCs so that the public can distinguish between those SOCs that are failing and others that are responsible custodians of public funds.

"Similarly in the public sector category, Fasset came out tops indicating that it is difficult to paint all public sector organisations and departments with the same brush."

It is also important to recognise companies that excel in the region as SA's economy is inextricably linked with those of the southern Africa region. The Swaziland Sugar Association has been acknowledged in these awards.

Significantly this year's awards took place as some of the world's biggest names in business and investment from 25 countries were meeting in London to set out how they are making the transition to integrated reporting. More than 180 representatives gathered for the IIRC's 2015 Official Integrated



Stephen Sadie ... comparison. Left: CSSA president, Johann Neethling.

Reporting Convention, which focused on the practical implementation of integrated reporting, including how embedding a "multi-capitals" approach to value creation contributes to long-term decision making and investment.

Paul Druckman, CEO of the IIRC, says: "Business as usual is no longer an option. New models are challenging conventional wisdom and established companies must adapt to the 'new normal' of innovation and disruption."

"Many companies are redefining the parameters of their own success, and with mainstream providers of financial capital, they

are achieving a new balance between profit today and sustainable performance over the long term. Integrated reporting is the tool businesses need to make this transition, stay ahead of the competition and remain connected to customers, employees and other stakeholders on whom their future success depends."

Druckman says integrated reporting helps facilitate a new, inclusive philosophy through the measurement, management and communication of a company's strategy and performance. It yields more transparent reports that reveal the way in which companies draw on multiple resources — financial, manufactured, human, intellectual, social and relationship, and natural — to create value over the short, medium and long term.

The aim of an integrated report is to tell, clearly and concisely, the organisation's stakeholders about the company and its strategy and risks; linking its financial and sustainability performance in a way that gives stakeholders a holistic view of the organisation and its future prospects, says Sadie.

"Integrated reporting requires that an organisation is cognisant of the environment and community in which it operates, explains how it creates value, and describes how it will be a viable, thriving entity in the short, medium and long term, rather than merely focusing on short-term financial profit."

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Winner in the Mid Cap category of the 2015 Chartered Secretaries Southern Africa/JSE Integrated Reporting Awards.



Making life better

'Use reporting as a catalyst for behavioural change'

SA is a unique audience in that it is made up of a range of stakeholders as providers of different types of capital and those from many tiers of broader society

COMPANIES and investors face a new reality in which value is increasingly seen beyond short-term financial performance and in the context of broader influences — not only long-term success, but also the environment and community within which we each operate, according to Donna Oosthuysen, director capital markets at the JSE.

Delivering the keynote address at the CSSA/JSE Integrated Reporting Awards she asked the audience to consider the context in which the awards ceremony was taking place.

"The recent marches for better access to education, greater economic freedom and inclusivity, perceptions around a crisis in political leadership, the continuing global economic downturn and its implications, and the upcoming challenge to reach a global agreement at COP21 to reverse climate change all make the sustainability imperative real and tangible," said Oosthuysen.

"Transparency is a key consideration to respond to these challenges. In the drive to realise value, achieving relevant material disclosure has become the Holy Grail for corporates the world over."

Oosthuysen said that, as an exchange, the JSE understands that sustainability is significant as it may impact financial stability and investor protection. She

said what we do and how we do it leads to output and stability, while disclosure and transparency are the building blocks of good governance.

"The advent of the notion of integrated reporting is thus a timely one, not only in that it requires and fosters an integrated approach to thinking about the business, but the potential impact that properly concise and relevant reporting could have on facilitating responsible investment and active ownership cannot be underestimated."

"Beyond this ideal, integrated reporting creates an opportunity to speak to multiple stakeholders in a clear, simple language with one voice. SA is a unique audience in that it is made up of a range of stakeholders as providers of different types of capital and those from many tiers of broader society."

"As a transformative country it's critical to get all interested and affected parties on board in a manner that clearly articulates the tenets of good governance and transparency."

"Integrated reporting as a way to position the company's overall strategy, risk and opportunity profile relative to its broad range of stakeholders then becomes an ideal launch pad for real and impactful engagement."

Oosthuysen illustrated the JSE's way of thinking



Donna Oosthuysen ... sustainability is significant.

regarding integrated reporting being the basis for real and impactful engagement with these points:

1. First, there is a difference between reporting and transparency. Companies can report by "dumping" mounds of information and believe that they are being transparent, but end up making the reporting opaque through longer financial statements and lots of explanatory notes. If companies really want to use reporting and transparency as a catalyst for behavioural change, it would help if they aimed not just for reporting but for proper transparency: clear and simple. Clarity and simplicity mean people remember and focus on the information that is imparted.
2. What transparency means to different stakeholders and hence whether it will catalyse their understanding of value will depend on who those stakeholders are, since they all look at the world through their own lenses.
 - Shareholders are mostly interested in numbers and strategy, quality of management — much of that is shared face to face.
 - Employees want to know why they work for the best company in terms of strategy but also to understand how this impacts their pockets and lifestyles.
 - Communities are most interested in what you are doing practically about the things that affect them such as infrastructure, job creation, education and local procurement.
 - Government and regulators are interested in responses to policy — both existing and new.
3. The role of outside incentives is always important but may need to be relooked at. Financial market regulators look at disclosure as a great panacea — if the information is out there, at least those who need it can get it, but excessive disclosure is not necessarily transparent.

Oosthuysen said in the rush to get volumes of information out there, perhaps the ecosystem is missing an opportunity to get the relevant information used in a manner that builds a shared understanding between multiple stakeholders of the value the company produces.

"All of this leads me to conclude that companies should seize the initiative to be proactive about developing a common understanding of value and value creation."

She stressed that while the work being done by South African companies in implementing integrated reporting is truly progressive, which is evidenced by the awards, integrated reporting remains an evolutionary journey.





Integrated Reporting AWARDS 2015



2015 winners

Congratulations

Congratulations to Barclays Africa Group Ltd as this year's overall winner and all other 2015 winners.

- Overall winner**
- Barclays Africa Group Ltd
- Top 40**
- Standard Bank Group Ltd
- Mid Cap**
- Life Healthcare Group Holdings Ltd
- Small Cap**
- Hulamin Ltd
- Fledgling/AltX**
- York Timbers Holdings Ltd
- Large State-owned Company**
- Transnet SOC Ltd
- Small State-owned Company**
- Development Bank Southern Africa Ltd
- Public Sector**
- Fasset
- Regional Company**
- Swaziland Sugar Association
- Non-listed Company**
- Strate (Pty) Ltd
- NPO/NGO**
- Cotlands

CLOVER INDUSTRIES LIMITED
INTEGRATED ANNUAL REPORT
for the year ended 30 June 2015




Clover's vision and mission has been aligned to its value chain, and the company appreciates that strategy, risk, governance, performance and sustainability are inseparable.

Clover's integrated annual report seeks to cover all the processes through which it interacts and communicates with its stakeholders. In particular, Clover continuously strives to adhere to principles of sound corporate governance in its quest to enhance the interest and welfare, not only of all its stakeholders, but also the broader community within which it conducts its business and affairs. Clover's "Way Better" philosophy is engrained in the fibre of every Cloverite, and we are committed to providing our stakeholders with "Way Better" value propositions. For more information go to www.clover.co.za/annual-report.

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