# CORPORATE DISCLOSURE QUALITY – A COMPARATIVE STUDY OF BOTSWANA AND SOUTH AFRICA

BY

**BENDRIBA PATRICK LUTIMBANYA KIYANGA**

submitted in accordance with the requirements for

the degree of

**MASTER OF COMMERCE**

IN THE SUBJECT

ACCOUNTING

at the

**UNIVERSITY OF SOUTH AFRICA**

SUPERVISOR: PROFESSOR C.J. CRONJE

JOINT SUPERVISOR: PROFESSOR H.C. WINGARD

FEBRUARY 2014

## TABLE OF CONTENTS

## TABLE OF FIGURES

# LIST OF TABLES

# ACKNOWLEDGEMENTS

I would like to thank the Almighty for His amazing grace, my late mother Geresia Ntunzwe for her unfailing love, my wife Adella, my children Edmund, Eric, Linda, Dickson and Daniel; for their encouragement and support during the period of my studies. My grandchildren Jason Kiyanga, Karen Kiyanga and Liam Kiyanga should always remember that I undertook this study to inspire them. Lastly I would especially like to express my gratitude and thank my supervisors Professor Christo J. Cronje and Professor Christa H. Wingard, for their academic guidance and support.

## DECLARATION

I Bendriba Patrick Lutimbanya Kiyanga declare that “CORPORATE DISCLOSURE QUALITY – A COMPARATIVE STUDY OF BOTSWANA AND SOUTH AFRICA” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of a complete list of references.

............................................................

B. P. L. KIYANGA February 2014

## ABSTRACT

Corporate reporting has changed from the traditional form of reporting which covered financial information only to the modern form of reporting called integrated reporting which covers, financial, corporate governance and sustainability information. The levels of corporate disclosure among corporate entities within any country and between countries are thus likely to have been affected by this change.

Motivated by the IMF/World Bank (2006) that observed that corporate reporting improved in Botswana during the previous five years, without indicating what the actual level was or how it compares with that of other countries; this study sought to determine the actual level of corporate disclosure of two samples of companies: 23 companies listed on the Botswana Stock Exchange (BSE) and the top 40 companies (by market capitalisation) that are listed on the Johannesburg Stock Exchange (JSE). The study also shows how the two levels of corporate disclosure compare.

This study is qualitative and descriptive by design; and involves analysing the content of the corporate annual report of each company in a sample using a corporate disclosure checklist; and determining the level of corporate disclosure for each sample of companies. The process ends with a comparative analysis of the levels of corporate disclosure of the companies from the two samples.

Consistent with the IMF/World Bank report, the study revealed that the level of corporate disclosure in the BSE sample was low but increasing. However, the increase in the level of corporate disclosure varied from sector to sector and the specific information items. The study also showed that integrated reporting was not practised at all by the companies in the BSE sample.

Comparatively, companies in the JSE sample had a higher level of corporate disclosure than that of companies in the BSE sample; and the rate of increase was much higher than that in the BSE sample. The study further found integrated reporting practiced in the entire JSE sample, although at different levels.

This study also noted that although in principle it is sensible to benchmark from the best, other fundamental factors need to be considered before carrying out the exercise. Furthermore, the study indicated that the prevalent low level of corporate disclosure in the BSE sample was evidence that the corporate reporting environment in which the BSE lies was not conducive for the theories of corporate disclosure to fully explain corporate disclosure.

A number of recommendations were made including establishing corporate disclosure indices and creation of a corporate environment in which all the theories discussed in the study can explain corporate disclosure.

This study contributes to the literature on cross-country corporate disclosure and cautions companies with low levels of corporate disclosure not to embark on benchmarking without creating an environment conducive for corporate reporting. The study also offers useful insights to policymakers in Botswana and South Africa; and stimulates further research on cross-country corporate disclosure. The academia too will be able to identify areas for further research from this study.

**Key words:** Financial reporting, mandatory disclosure, integrated reporting, cross-country, corporate disclosure, sustainability reporting, environmental disclosure, corporate governance reporting, information asymmetry, contextual disclosure, social and responsibility accounting, voluntary corporate disclosure, accounting theories.

# CHAPTER ONE

# INTRODUCTION

## 1.1 BACKGROUND TO THE STUDY

In Botswana investors provide finance to entities in the form of equity capital and loans while creditors provide credit to entities by supplying goods and services to them on credit. The public, on the other hand, provides labour to entities as well as the market for the entities' products. The government relies on entities for finance in the form of taxes levied and information in return for providing them with an environment that is conducive to business. These actual and potential parties which interact with entities are the entities' stakeholders (IOD, 2009; IRC, 2011:5).

As the entity's stakeholders interact with the entity they make decisions which require relevant information about the entity's performance and governance. Investors for example require information about the entity's profitability and risk in order to make investment decisions (Gibson, 2001:179). Lenders, in making lending decisions, also require information about the entity's ability to repay loans and pay interest thereon (Vorster, Koornhof, Oberholster&Koppeschaar, 2013; IASB, 2013).

On their part, suppliers require information about the entity's liquidity in order to decide whether or not to grant credit to the entity (Rees, 1995:4-5, Everingham& Lomax, 2005:4-5). Employees require information about job opportunities, job security as well as the entity's ability to pay an acceptable remuneration package (Belkaoui, 2000:32, Gibson, 2001:179). The government needs information with which to assess the entity's compliance with existing regulations as well as for economic management purposes (Glautier &Underdown, 2001:19; Everingham & Lomax, 2005:4-5). The entity's customers require information about the entity's ability to continue supplying them with goods and services at a reasonable price. Lastly, the public requires information about the entity's social responsibility (Glautier &Underdown, 20011:19; Everingham &Lomax, 2005:4-5) and environmental accountability (Clarke, 2004:25; Lund-Thomsen, 2005).

While financial intermediaries such as financial analysts, the financial press and credit rating agencies may provide the information required by the firm's stakeholders, the common method by which such information is communicated to stakeholders is through financial reporting and disclosure by management (Singhvi& Desai, 1971:129; Healy, & Palepu, 2004:403). This is usually by way of corporate annual reports. The entity's corporate annual report contains both mandatory and voluntary information about the firm's performance, position and governance. Such reports, although not specifically addressed to particular stakeholders, are believed to provide the information that stakeholders require (IASB, 2013).

However, communication to stakeholders through corporate annual reports has a number of shortcomings. First there is the problem of information asymmetry which arises when management possesses more information about the firm than the firm's stakeholders. According to Healy and Palepu (2001:407) information asymmetry causes a mis-valuation of firms' securities at the stock market, which is one of the signs of an inefficient capital market.

Secondly, the existence of information asymmetry leads to the agency problem, which is the expropriation of the stakeholders' interest in the entity by management by virtue of being in control of the entity's resources and in possession of superior information about the entity than does the stakeholders (El-Gazzar, Fornaro & Jacob, 2006; Schroeder, Clark &Cathey, 2001:49). To perpetuate this expropriation, management may misrepresent information about the entity's performance and governance. For example, management may overstate earnings in order to pay themselves bonuses or they may just pay themselves attractive packages without disclosing it.

Thirdly, corporate annual reports do not capture events and items that are caused by changes in the economic environment such as rapid technological innovation, globalisation and the emergence ofnetwork organisations (Healy &Palepu, 2001: 432), all of which exposes the interests of stakeholders in the entity to risk (Graham, Harvey, &Rajgopal,2005).

Rapid technological innovations in information technology, biotechnology, telecommunications and the internet are creating financial reporting challenges, which have not yet been accommodated by the existing model of financial reporting (PricewaterhouseCoopers, 2007:4-5). For example intangible assets such as human capital and market share, which are critical to the survival of firms, are not reported under existing accounting standards. According to Drozd (2004:2) there is a dearth of publicly available information on the factors that drive the future value of a business.

Furthermore, the emerging shift from predominantly manufacturing economies to knowledge-based economies as evidenced by high-tech companies such as Microsoft, which have no tangible non-current assets on their statements of financial position, means that investors and lenders are financing ideas rather than assets (Fredrick, 2000:2). This development is regarded as one of the modern financial reporting challenges. The financial reporting challenge is what type of information to provide to financiers and other users of accounting information in order to enable them to make informed decisions (Fredrick, 2000:3).

Further to this, the globalisation of capital markets, due to market deregulation and the use of the internet and the globalisation of financial reporting standards, have also created financial reporting challenges of their own (PricewaterhouseCoopers, 2007:4-5; Healy&Palepu, 2001). In addition, complex organisational structures, which are emerging due to innovations such as closely coordinated supply chains and strategic alliances, cause difficulties to financial reporters in applying the entity measurement concept. Reflecting such types of interdependences in financial statements is a challenge to both standard setters and financial reporters.

Lastly, there is the problem of how much to disclose. While stakeholders prefer full disclosure by entities, this is often not advisable for both parties because firstly, full disclosure may lead to information overload which, according to Parades (2003), leads to poor decisions by the users. Ideally, entities are thus required to provide balanced information. Secondly, the cost of full disclosure may outweigh the benefits (Belkaoui, 2004:187**).** The costs of full disclosure are information processing costs and proprietary costs. Proprietary costs include the loss emanating from disclosing information to competitors and legal costs for disclosing private information (Verrecchia, 2001:97-180; Dye, 2001:181-235; Ho&Wong, 2001:139-156). Entities thus tend to disclose economic information on a cost-benefit basis (Grandal, 1969:457-466).

Due to entities' failure to disclose fully as expected by their stakeholders, corporate disclosure is subject to regulations, and the debate on regulation continues (Fredrick, 2000:8). The regulation of financial reporting and disclosure involves imposition of laws, rules, standards, codes and guidelines of what should be disclosed, when it should be disclosed and how it should be disclosed. It also includes provision of the enforcement mechanisms to ensure that reporters abide by the regulations. Disclosure, according to regulation, is called mandatory disclosure or financial reporting; this is the disclosure that ensures that entities disclose some minimum information to stakeholders. Although the regulation of corporate disclosure does not completely solve the disclosure problems stated above, it is by large an effective way to protect users of corporate annual reports from the risks emanating from poor disclosure (Davey, 2008).

## 1.2 THE RESEARCH TOPIC

Corporate disclosure is regarded as an effective way by which companies communicate their affairs to their stakeholders who include investors, lenders, employees, government and the public as well as suppliers and customers. Effective corporate disclosure benefits not only the company and its stakeholders but also the economy as a whole. However, because corporate disclosure has its costs, there is a tendency among firms not to disclose their affairs fully but only to disclose after considering the costs and benefits involved(Cormier, Aerts, Ledoux &Magnan, 2009:2).This tendency has made corporate disclosure a recurrent theme amongst regulators, the academia as well as politicians.

The research topic for this study is 'Comparative corporate disclosure' involving companies listed on the stock exchanges of Botswana and South Africa. The two countries have contrasting features. While Botswana is a small but developing economy with sound economic management, South Africa is a much more advanced economy than Botswana in many aspects. Which country has the better quality of corporate disclosure given their contrasting features? And what lessons can each country learn from the other?

The IMF/World Bank (2006:20) observed a number of corporate reporting challenges in Botswana including fragmented legal provisions regulating corporate reporting, lack of a financial reporting enforcement mechanism, poor accounting education and training system and lack of an auditing oversight body. The IMF/World Bank (2006:20) also revealed that, in spite of these challenges, the quality of corporate disclosure in Botswana was improving between2001 and2006.

However, the study did not show what the level of corporate disclosure was and how it compared to those of other countries such as South Africa. Although the methodology used in the IMF/World Bank (2006) study is not robust, the study nevertheless raises a number of issues, one of which forms the basis of this study.

The issues raised include: What is the quality of corporate disclosure? How does it compare to that of other countries? What factors influence the present quality of corporate disclosure in Botswana and how can it be improved? The choice of comparative corporate disclosure as a study topic is thus an attempt to bridge this knowledge gap in the literature on corporate disclosure in Botswana.

## 1.3 THE PROBLEM STATEMENT

The improvement in corporate reporting practices that is indicated in the IMF/World Bank (2006) report is based on perceptions of the stakeholders rather than on an actual analysis of corporate annual reports. Furthermore, the report used the previous quality of disclosure as a standard for assessing the improvement in disclosure rather than benchmark the quality of disclosure of Botswana companies against that of companies in another country.

The fundamental questions emanating from the above report are: What is the actual (rather than the perceived) quality of corporate disclosure in Botswana and how does it compare with that of the best country in the region, South Africa? Three key research questions are used in this study, namely:

(1) What was the quality of corporate disclosure of the companies listed on the BSE and of the top 40 listed on the JSE during the two calendar years ended 31 December 2010 and 2011?

(2) How does the quality of disclosure of the BSE companies compare with that of the top 40 JSE companies over the same period?

(3) What lessons can be learned?

## 1.4 OBJECTIVE OF THE STUDY

The primary objectives of the study is to benchmark the quality of corporate disclosure of the BSE companies against that of the JSE companies and then determine if there is a difference in the quality of corporate disclosure between the two sets of companies. The study thus involves (i) assessing the quality of corporate disclosure of companies listed on the Domestic Equity Board of the BSE and on the JSE and then (ii) determining how the quality of corporate disclosure of BSE companies compares with that of the top 40 JSE companies. The comparison of the quality of corporate disclosure covers different sectors as well as key areas of disclosure.

## 1.5 SIGNIFICANCE OF THE STUDY

The study contributes to the ever growing literature on corporate disclosure. In particular, the study sheds light on the comparative quality of corporate disclosure in Botswana and South Africa. The study benchmarks the quality of corporate disclosure of a group of companies from an emerging market against that of a group of companies from a developed stock market, thereby offering an opportunity for the group with a lower quality of disclosure to learn from the other. Since no previous comparative corporate disclosure study of this nature has been undertaken, this study has useful insights to policymakers in Botswana and South Africa. For example, regulatory bodies in Botswana are likely to use the findings of this study to improve the quality of corporate disclosure in that country.

Furthermore, this study encourages further research on cross-country corporate disclosure. Public knowledge of the comparative quality of corporate disclosure in the two countries is likely to complement their respective governments' efforts in promoting foreign direct investments and financial crises. Furthermore, the regulatory bodies and the academia are likely to pick up from the findings of this study some problem areas of their interest to address.

## 1.6 THE RESEARCH APPROACH

This study covers all 23 companies listed on the Domestic Equity Board of the BSE and the top 40 companies listed on the JSE during the years ended 31 December 2010 and 2011; and the selection of the top JSE companies was based on the Global Classification System. The research approach entails a literature study that is carried out to identify the knowledge gap in previous studies, to obtain background information to the research topic, to identify tested methods, techniques and research designs for uncovering the answer to the research questions, as well as to obtain an understanding of the conceptual and regulatory principles that have a bearing on the study.

Literature study involves library research which in turn includes reading previous research publications, journal articles and textbooks. It also involves carrying out research on the internet and studying existing regulatory instruments in the two countries. The bulk of the material from the literature study is presented under Mandatory corporate disclosure, Contextual corporate disclosure, Integrated reporting and Research methodology.

This literature study is complemented with the use of content analysis techniques and is applied on the corporate annual reports of a population of 23 companies that are listed on the Domestic Equity Board of the BSE and the top 40 companies from the JSE, to examine the nature and quality of information disclosed by the companies listed on the two stock markets.

According to Leedy and Ormrod (2005:142) content analysis involves identifying the documents to analyse a particular body of material for the purpose of establishing patterns, themes or biases. In this study, content analysis involves studying the companies' corporate annual reports for the calendar years 2010 and 2011 and to use the information disclosed in the corporate annual reports to answer the questions raised in the research instrument.

The literature study and the content analysis are complementary to each other in the sense that the literature study involves examining a selected content of material while the content analysis involves examining a selected type of literature. The use of content analysis is justified in this study because of the nature of the source of data used. Whenever data is to be collected from some form of text such as the corporate annual reports, content analysis is regarded as the most appropriate method to use (Babbie, 2007:320; Mouton, 2001:166).

## 1.7 PILOT STUDY

A pilot study involving four companies listed on the BSE was carried out using the study approaches and methods outlined above. The study involved collecting data from the four companies and processing it using the Excel spreadsheet software in line with the methods stated in this chapter. During the piloting process the checklist was found too complex to apply, so it was modified. The modified version appears in Appendix A of this study and the findings of this study are based on the revised corporate disclosure checklist.

## 1.8 LIMITATIONS OF THE STUDY

There are four limitations in this study: First, the study covers a two-year period only. Therefore, the results obtained may not reflect a true trend in the quality of corporate disclosure. Secondly, content analysis cannot be one hundred per cent objective; therefore, the findings of this study might be influenced by the degree of objectivity of the content analyst. Thirdly, the study excludes private and close companies and therefore does not reflect a complete state of each country's quality of corporate disclosure. Lastly, a complete comparative study involving Botswana and South Africa is not possible because integrated reporting is not yet practised in Botswana during the period covered by this study.

## 1.9 ORGANISATION OF THE STUDY

This study is organised into seven chapters which are laid out as follows:

**Chapter one: Introduction.**

The introductory chapter discusses the research topic and gives the background to the study. Furthermore, it presents the problem statement, the objective of the study and the significance of the study. The chapter also outlines the research approaches used, the outcome of the pilot study and the limitations of the study. At the end, an outline of the organisation of the study is provided.

**Chapter two: Mandatory corporate disclosure**

This chapter defines mandatory corporate disclosure as disclosure according to Generally Accepted Accounting Practices (GAAP) and gives a brief history of mandatory disclosure in terms of the phases through which mandatory disclosure evolved to its present form. Then the chapter examines various theories that underlie mandatory disclosure. The theories examined include the IASB Conceptual Framework, Positive Accounting Theory, Legitimacy Theory, Stakeholder Theory and the Agency Theory. The need for a comprehensive theory is also stated. Furthermore, the chapter compares and contrasts the quality of the corporate financial reporting environments of Botswana and South Africa, and underscores the need to carry out this study in order to determine the actual quality of disclosure in the two countries. At the end of the chapter a summary is provided.

**Chapter three: Contextual corporate disclosure**

Chapter three defines contextual disclosure and outlines its evolution from voluntary disclosure to sustainability reporting and the role players involved. It also examines the main theories and frameworks underlying contextual disclosure. The theories examined include Agency Theory, Stakeholder Theory and Legitimacy Theory. The frameworks examined are the Enhanced Business Reporting Framework, the IFRS Practice Statement Management commentary and the GRI Reporting Framework. In addition a brief review of contextual literature in Botswana and South Africa is presented and then, at the end of the chapter, a summary is provided.

**Chapter four: Integrated reporting**

The chapter gives a background to integrated reporting in terms of the shortcomings of traditional corporate reporting. This is followed by an examination of the concept 'integrated reporting'; and the reasons why integrated reporting is advocated in terms of the benefits of integrated reporting. Further to this, the role players of integrated reporting are identified and acknowledged, as well as the practical and theoretical issues in implementing integrated reporting and the way forward. The chapter also looks at the global trends of integrated reporting as well as the state of Integrated Reporting in Botswana and South Africa.

**Chapter five: Research methodology**

This chapter describes the research instrument used in the study, the corporate disclosure checklist as a list of specially set questions the responses to which indicate whether a particular piece of information has been disclosed or not. The areas from which questions have been set are also stated as mandatory disclosure, corporate governance, sustainability reporting and integrated reporting.

Furthermore, the chapter describes the population from which the samples studied were selected and how the samples were selected. In addition, the data collection process in terms of the steps involved and how the disclosure checklist scores the quality of corporate disclosure are explained. The issue of instrument reliability and validity is discussed and some of its limitations are acknowledged as well.

Lastly the chapter discusses how the data has been processed using the spreadsheet program and how it was analysed in terms of graphs and tables. At the end of the chapter a summary and conclusions are provided.

**Chapter six: Research findings**

The findings of the study are presented and analysed in this chapter. First, charts depicting the quality of corporate disclosure for each area of corporate disclosure are presented followed by a tabular presentation of the quality of corporate disclosure for the sectors in which the companies studied fall. Second, the quality of corporate disclosure depicted by charts and tables is discussed. Themain areas for which the quality of corporate disclosure is assessed include: overall disclosure, mandatory disclosure, and contextual disclosure. Furthermore, disclosure of the major categories of corporate information, and disclosure of individual pieces of corporate information and comparative disclosure is also assessed. At the end of the chapter a summary of the research findings is given.

**Chapter seven: Summary, conclusions and recommendations**

This chapter summarises previous chapters and draws conclusions from the research findings. The chapter also makes recommendations and suggestions for further research.

## 1.10 OPERATIONAL DEFINITIONS

This study uses some terminology contextually. Given below are the definitions of some of the terms used:

- Disclosure: The presentation of financial information either on the face of the financial statements or in the notes thereto or anywhere in the corporate annual report. Financial reporting and disclosure are used interchangeably.
- Quality of disclosure: An indicator of how low or high the level of the information disclosed in corporate annual reports is.
- Low quality disclosure: The quality of disclosure is said to be low if information is not disclosed at all or if disclosed, the disclosure does not comply with applicable standards, codes or rules.
- High quality of disclosure: The quality of disclosure is said to be high if the item(s) in question has been fully disclosed or in the case of contextual disclosure an explanation for non-disclosure is given.
- Firm: A firm is a listed company for the purpose of this study
- Contextual disclosure: The disclosure in excess of the disclosure prescribed by the GAAP. It is disclosure of information that complements the disclosure prescribed by the GAAP.
- An exchange is a stock market or a securities exchange market.

# CHAPTER TWO

# MANDATORY CORPORATE DISCLOSURE

## 2.1 INTRODUCTION

The purpose of this study as stated in chapter one is to describe the comparative level of corporate disclosure of companies listed on the JSE and on the BSE. Although the literature on mandatory corporate disclosure in general abounds, there is nevertheless scanty literature on the level of cross-country mandatory corporate disclosure, particularly the comparative level of mandatory corporate disclosure of South Africa and Botswana listed companies.

Mandatory corporate disclosure is described in this study as a disclosure in accordance with Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). Mandatory corporate disclosure can be defined as those aspects and items of information that are required by statutes, stock exchanges or prescribed by accounting standards (Cronje, 2008; Myburg, 2001:201; Owusu-Ansah, 1998).

This chapter presents a review of the literature on mandatory corporate disclosure in general. The review covers the history of financial reporting, the theoretical framework of corporate disclosure and the financial reporting environments of Botswana and South Africa. The review is presented in four subsections namely, a brief history of mandatory corporate disclosure, the theoretical framework of mandatory corporate disclosure and the financial reporting environments of Botswana and South Africa.

## 2.2 BRIEF HISTORY OF MANDATORY CORPORATE DISCLOSURE

Modern financial reporting started as unregulated primitive accounting records about 5000 BC in the form of knots on cords, marks on stone and clay tables as well as marks on papyrus and papers used for keeping tallies of what was owed or owned by unsophisticated traders, governments, temples and estate owners of the ancient civilisations of Mesopotamia, Italy and Egypt (Edwards, 1996; Gouws &Cronje, 2008:7; Mathew &Perera, 1996:9).

As documented by Mathew and Perera (1996) primitive accounting was more concerned with stewardship than with the communication of information for decision making purposes. Furthermore, because of the weaknesses of primitive accounting, the ancient merchants of Italy soon became dissatisfied with the system and adopted the Double Entry System instead(Brown, 2003:109; Edwards, 1996:46).

The Double Entry system of accounting involves recording two aspects of a transaction, a debit and a credit; as such it was more efficient than the primitive system. Edwards (1996:46) and Brown (2003:109) note that Luca Pacioli, who is regarded as the father of the Double Entry system, was actually its publisher rather than its inventor, for the system is said to have originated from the Far East.

However, the Double Entry system is not a system of corporate disclosure, but rather a way of recording the dual aspects of a transaction. Its importance lies in its ability to produce verifiable transactions. Thus, the Double Entry system is nothing different from the plus and minus signs that are used to record transactions using spreadsheet software such as Excel. It is thus strange how the Double Entry system has survived the test of time and technology. According to Belkaoui (2001:1-5), the Double Entry System was followed by the development of accounting principles in the USA which characterise modern accounting practices.

The emergence of thecorporate form of business organisations which were managed by non-owner managers created the demand for corporate financial information. The managers of corporate entities had to report regularly to their owners through financial statements to keep them informed about the performance of their business (Lewis & Pendril, 1998:20). The system of financial corporate reporting led, in turn, initially to the development of the accounting profession and, subsequently, to the emergence of regulated corporate reporting. To date regulated corporate financial reporting has developed to become the most important form of corporate reporting (Healy &Palepu, 2001).

However, modern regulated corporate financial reporting has several shortcomings including, providing information that is not forward-looking, not providing non-financial information, overemphasis on short-term results, failure to capture the drivers of firms' value, and preoccupation with the quality of output from the accounting system rather than with the inputs and processes that generate the output. These weaknesses have led to calls for a new corporate reporting model (IRC, 2011:1; Litan&Wallison, 2000) and the emergence of integrated financial reporting. In spite of its shortcomings, regulated corporate financial reporting remains the main source of the bulk of information about corporate entities. This is the reason why this study made use of information from regulated corporate reports to assess the comparative level of corporate disclosure of listed companies in Botswana and South Africa.

## 2.3 THE THEORETICAL FRAMEWORK OF CORPORATE FINANCIAL REPORTING

The Framework of Financial Reporting has evolved along two approaches: the 'explain–predict' approach and the 'evaluate–develop' approach (Coetzee, 2010:2; Inanga& Schroeder, 2005:231). The 'explain–predict' approach on one hand, comprises several theories, including Agency Theory, Legitimacy Theory, Stakeholder Theory, and Positive Accounting Theory; all of which attempt to explain and predict accounting practice. The 'evaluate–develop' approach on the other hand, is a prescriptive theory, the IASB Framework, which prescribes a set of principles that are used to evaluate existing accounting practices as well as guide the development of new accounting rules (Coetsee, 2010:2). Although both approaches influence accounting practice the 'evaluate–develop' approach seems to be predominant. A brief explanation of each theory follows next.

### 2.3.1 The IASB Conceptual Framework

The IASB Conceptual Framework for Financial Reporting (Conceptual Framework) is a set of broad principles, definitions, assumptions and concepts that (a) provide a general frame of reference for evaluating accounting practices and (b) guide the development of new accounting practices. The primary focus of the Conceptual Framework is thus not to explain or predict accounting practice, but rather to guide the evaluation of existing practices and facilitate the development of new ones (Hendriksen, 1982:1; Wolk, Dodd &Rozycki, 2008:5).

Hendriksen (1982:1) considers the provision of a coherent set of principles for evaluating accounting practice and developing new accounting practice as the most important goal of accounting theory. This is why the Conceptual Frameworkis committed to setting accounting standards which are principle-based rather than rule-based. However, there is no empirical evidence in support of the Conceptual Framework supremacy over other theories of accounting. The general view is that there is no comprehensive theory of accounting (Belkaoui, 2004; Coetsee, 2010:2; Watts &Zimmerman, 1979:301).

There are several reasons why the Conceptual Framework is not a generally accepted theory of accounting. Firstly, the Conceptual Framework describes accounting practices instead of explaining and predicting them. Secondly is its failure to take into account non-financial information; and thirdly is its insistence on the historical cost basis of measurement. The other reasons as documented by Benson, Carmichael,Jamal, Demiski, Laux, Rajgopal, Vrana & Dharan, 2006; citing the American Accounting Association’s Financial Accounting Committee are that it contains general statements that are refutable; lacks unity of purpose and fails to define boundaries within which standards setters should operate. TheIFRS Foundation, (2013), also reveals many gaps in the Conceptual Framework which need to be addressed.

Furthermore, Nobes (2005:25) documents that most accounting standards that are based on the Conceptual Framework are inconsistent with the Conceptual Framework itself.

This is either because clear principles are lacking in the Conceptual Framework or the principles used are inappropriate. This state of affairs may adversely affect the quality of financial reporting. Consequently, there have been calls for a new financial reporting model which ultimately led to the introduction of integrated reporting as a new financial reporting model. The question one may pose is; is integrated reporting based on a comprehensive theoretical framework with sound principles?

This study evaluates the level of corporate disclosure of Botswana's and South Africa's listed companies. The theories discussed in this chapter are relevant to this study in the sense that they provide the frame of reference for evaluating the comparative level of corporate disclosure. In particular the checklist used in content analysis in chapter 5 is based on accounting standards and other regulations that are based on the principles of the Conceptual Framework and other theories discussed in this chapter.

### 2.3.2 Positive Accounting Theory

According to Watts and Zimmerman (1986), Positive Accounting Theory seeks to explain and predict how choices of accounting standards, methods and information disclosure formats are made. The assumptions on which it is based are that: preparers act opportunistically in making accounting choices, contracting costs between an entity and its stakeholders influence the choice of accounting practices and that there is an explicit set of accounting choices to select from.

Watts and Zimmerman (1986:244-260) highlight the following key hypotheses of Positive Accounting Theory:

(i) The bonus plan hypothesis: *ceteris paribus*, managers of entities with bonus plans are more likely to choose accounting procedures that shift reported earnings from future periods to the current period.

(ii) The debt/equity hypothesis: *ceteris paribus*, the larger the debt/equity ratio the more likely the entity's manager is to select accounting procedures that shift earnings from future periods to the current period.

(iii) The size hypothesis: *ceteris paribus*, the larger the entity the more likely managers are to choose accounting procedures that defer reported earnings from the current to future periods.

So far evidence from tests of the theory's hypotheses is consistent with the hypotheses, implying that the theory does explain and predict the choice of accounting practices. An entity's social disclosure for example, has been found to be explained by the Positive Accounting political cost (size) hypothesis (Belkaoui &Karpik 1989; Ness &Mirza, 1991; Panchapakesan & McKinnon, 1992). Furthermore, Lourenco and Curto (2010:739) observed that the type of jointly controlled entity influences the choice of accounting methods to report joint ventures.

However, Sternberg (1997:9) argues that the theory has several shortcomings. In the first place it does not clarify whether the incentives for making accounting choices are economic, or efficient or social in nature. Secondly, the theory does not explain all accounting practices, as much remain unexplained. Thirdly, the implication in the theory that accounting choices are influenced by transactional costs only is not correct as there are other factors that influence the accounting choices made. For example, the nature of the entity, professional requirements and industry practice may influence the choice of accounting practices (Gouws &Cronje, 2008; Belkaoui, 2004:57). Lastly, the theory just focuses on the supply side of disclosure; the decision-making usefulness of the information disclosed does not feature as a factor influencing the choice. However, these shortcomings do not render the theory completely invalid.

### 2.3.3 Legitimacy Theory

The Legitimacy Theory seeks to explain an attempt by corporate entities to fight perceived threats to their legitimacy. The theory is based on the premise that there is an implied social contract between a corporate entity and society, and that the terms of the social contract specify the societal expectations from the corporate entity while at the same time defining the entity's operations, its growth and survival (Guthrie & Parker, 1989).

The theory then suggests that a legitimacy gap arises when an entity is perceived to be failing to meet the societal expectations and that if the legitimacy gap is not narrowed then the entity begins to lose its legitimacy (Sethi, 1979). The evidence of loss of legitimacy may take different forms including revocation of the social contract and various sanctions including curtailment of access to some resources and even reduced demand for the entity's products. In extreme cases the very existence of the entity may be threatened (Tilling, 2008:5).

Three strategies to narrow the legitimacy gap have been identified, namely the legitimacy establishing strategy, the reactive strategy and legitimacy maintaining strategy (Khor, 2003). The strategy adopted by an entity depends on its circumstances (Dowling &Pfeffer, 1975:127; Khor, 2003: 6-7). New entities on one hand tend to adopt a legitimacy establishing strategy by complying with the terms of the social contract and disclosing the fact (Hearit, 1995:2).

On the other hand, entities operating in a relatively stable environment tend to adopt a legitimacy maintaining strategy (Ashford &Gibbs, 1990:53), while entities that are threatened by sanctions or closure tend to adopt a legitimacy defence strategy. Regarding the defensive strategy, two options have been identified, either the entity may change its behaviour to comply with the new terms of the social contract or it can change the perception of society towards the entity's behaviour (Ashford & Gibbs, 1990:83; Tilling, 2008:10).

In contrast to the Conceptual Framework, the Legitimacy Theory explains and predicts corporate disclosure from a preparer's perspective, as a tool by which entities communicate their legitimising strategies. The Legitimacy Theory holds that an entity's disclosure policies are influenced by its legitimising strategy. Accordingly, given an entity's legitimising strategy, one can deduce the type of corporate disclosure that achieves the strategy. This implies that disclosure levels between entities that face legitimacy crises could, other things being equal, be due to the differences in their legitimising strategies.

The validity of the Legitimacy Theory has been confirmed by studies of entity survival strategy during times of threat. It has been observed that whenever regulations, laws, standards or taste change, the entities that survive are those which adjust their behaviour to match the new situation (Ashford &Gibbs, 1990:183). Entities that fail to narrow their legitimacy gaps succumb to sanctions and some fail to survive. However, although legitimacy theory is generally believed to explain corporate social disclosure and maintain that Legitimacy Theory can be rebutted or demonstrated depending on the association between disclosure and patterns and changes in societal opinions.

The Legitimacy Theory is said to be one of the most cited theories in financial reporting and disclosure (Tilling, 2008:1). The areas in which the theory is applicable include; the Accounting Framework, social and environment accounting, sustainability reporting and the reporting of contingencies. For example, the theory validates the Accounting Framework by showing that stakeholders do influence financial disclosure. Concerning social and environmental disclosure, De Villiers and Van Staden, (2006:763) observed that legitimate objectives may be saved by changing the volume of environmental disclosure. Further to this, Brookhart, Beeler, and Culpepper (2005), observed that the issue of Staff Accounting Bulletin (SAB) 92 in the USA led to an increase in environmental disclosure in the Chemical and Petroleum industry; which is a reactive legitimacy strategy in terms of the Legitimacy Theory.

The Legitimacy Theory thus provides a sound theoretical framework for understanding how and why management adopts certain disclosure policies. However, Gray (2002) cited by Khor (2003:14) contends that the theory may be considered underdeveloped because of many gaps in the academic literature which embrace the fundamental themes of legitimacy.

### 2.3.4 Stakeholder Theory

A stake is an interest in something. A stakeholder is thus someone with an interest in something. Woodward (1993) identifies business stakeholders as comprising interest groups including human resources, owners, and non-equity suppliers of funds, suppliers of goods and services, customers, political groups, the general public as well as the physical environment. However, the concept ‘stakeholder’ has two meanings; the original but narrow concept of stakeholder and the widely used concept of stakeholder.

According to the original meaning, stakeholders are those groups without whose support the entity would cease to exist (Freeman, 1994:25). This original but narrow meaning of the theory is practical because, to the extent that an entity depends on capital contributed by shareholders, the shareholders are the entity’s stakeholders. Similarly, for an entity which depends on its employees’ skills for survival, (a knowledge management entity) or an entity which depends on suppliers or customers for its survival, the employees, suppliers and customers are its stakeholders.

In contrast, the widely used stakeholder concept views a stakeholder as any group or individual who can affect or be affected by the achievement of the organisation’s objectives. This definition of stakeholder is so inclusive that every creature, human or otherwise, becomes a stakeholder including unborn children and terrorists (Freeman, 1984; Sternberg, 1997:4).Both concepts however, are the basis of the Stakeholder Theory.

Central to the Stakeholder Theory is the doctrine that business should be run not for the financial benefits of their owners but for the benefit of all their stakeholders. The essential tenets of the Stakeholder Theory are therefore that organisations are accountable to their stakeholders and that the proper objective of management is to balance the stakeholders’ conflicting interests. According to Camara, Chamorro and Moreno (2009:697) the Stakeholder Theory explains organisational responses to changing demands from constituents.

However, the theory suffers from two major weaknesses; firstly the inclusive definition of the term ‘stakeholder’ is not practical because an organisation cannot be accountable to an endless list of stakeholders. Secondly the statement that the role of management is to balance the conflicting interests of various stakeholders is not attainable in business, given the countless business stakeholders and their conflicting interests (Sternberg, 1997).

Its shortcoming notwithstanding, the Stakeholder Theory’s basic tenets have some applications in corporate reporting and disclosure. For example, its tenet of accountability to stakeholders means much more than providing them with information that is useful for decision-making. As Van der Laan (2009:15) observed companies are increasingly reporting on their interactions with society through environmental reports, corporate governance reports and social responsibility reports. This type of reporting provides evidence of how the Stakeholder Theory explains corporate disclosure (Van der Laan, 2009; 15).

Furthermore, according to Gray, Owen and Adam (1996) management may use corporate disclosure as a tool for managing the information needs of powerful stakeholders and thus be able to manipulate the most powerful stakeholders in order to gain their support, which they require for their survival. The Stakeholder Theory is thus a very powerful means of explaining, justifying and understanding financial reporting and disclosure.

### 2.3.5 Agency Theory

According to this theory, when one party (the principal) delegates decision making powers to another party (the agent) under a contract, a principal – agent relationship arises (Jensen &Meckling, 1976; Clarke, 2004:78). Jensen and Meckling cited in (Clarke, 2004:59) define the principal-agent relationship as a contract under which one or more persons (principals) engages another person (the agent) to perform some services on their behalf, which involves giving some decision making authority to the agent.

While the intention of both parties in the agency relationship is to work towards the interest of the principal, information asymmetry and greed lure management into pursuing personal objectives instead of those of the principal. This conflict of interest or lack of goal congruence between management and the shareholders is described as the agency problem (Fama &Jensen, 1983; Clarke, 2004:65; Eisenhardt, 1989).

A typical example of the principal–agent relationship is that between management and shareholders (Jensen &Meckling, 1976; Clarke, 2004:61). The relationship arises when shareholders delegate the administration of an entity to management, thus making management the agent of the shareholders. In this kind of relationship, the expectation is that the agent (management) will pursue the shareholders' wealth maximisation objective.

In the shareholder – management relationship the agency problem may take different forms, for example, management may pay themselves hefty remuneration packages, undertake risky investment projects or, because of information asymmetry and greed, management may pursue personal objectives instead of those of the principal, or they may operate less profitably (Gitman**,** 2009:19).

Another example of the principal – agent relationship is that between shareholders (through management) and lenders. Lenders entrust their money to shareholders, with the expectation that shareholders will honour the loan covenants agreed between the two parties. However, what may happen is that the shareholders, through management, may pay themselves excessive dividends or take on more loans contrary to the existing covenants with the lenders (Gitman, 2009:570).

The Agency Theory's concern to solving the agency problem has led to two somehow different but complementary versions of the theory; the Positivist version and the principal – agent version (Eisenhardt, 1989; Clarke, 2004:80). According to the Positivist version of the Agency Theory, the agency problem can be solved by prescribing the appropriate governance mechanisms to limit the agent's opportunistic behaviour. Jensen

(1983) and Clarke (2004:80) document that the proponents of the Positivist Theory are more concerned with describing the mechanisms that solve the agency problem than with the various forms that the agency relationship may take or the optimal governance mechanism to apply.

Positivists propose two alternative approaches in solving the agency problem depending on the extent to which the principal is able to observe the behaviour of the agent. When the behaviour of the agent is not observable this version of the Agency Theory recommends an outcome type of contract (Eisenhardt, 1989; Clarke, 2004:80). This is a contract in which the principal remunerates the agent on the basis of outcome. Eisenhardt (1989) argues that such a contract will automatically realign the agent's goals to those of the principal. Remuneration in the form of share options is an example of this type of outcome-based contract. Alternatively, the principal can invest in information systems such as budgeting, and corporate disclosure that motivate the agent to align his goals with those of the principal (Eisenhardt, 1989; Clarke, 2004:80).

The principal – agent version of the Agency Theory, on the other hand, is concerned with the general theory of agent-principal relationships as well as with the best approach to solving the agency problem (Harris &Raviv, 1979; Eisenhardt, 1989). It is general in that it can be applied in different forms of the principal – agent relationships including the customer – supplier, bank – customer and employee – employer relationships, and not just with the owner – management relationship as with the Positivist version **(**Eisenhardt, 1989; Clarke, 2004:80-81). Its approach to the agency problem involves determining the optimal contract between the principal and the agent depending on the extent to which the behaviour of the agent is observable (Clarke, 2004; Eisenhardt, 1989).

Thus, when the behaviour of the agent is unobservable the principal – agent version of the Agency Theory proposes that the principal should either use an outcome based contract or invest in information systems such as budgeting and disclosure that assist the principal in knowing what the agent is doing. On the other hand, where the principal does know what the agent is doing, the principal should use a behaviour-based contract to mitigate the agency problem (Clarke, 2004:81).

The two versions of the Agency Theory are complimentary in that they both prescribe investment in information systems as one of the solutions to the agency problem. From a financial reporting and accounting perspective, the Agency Theory explains and predicts accounting practice by citing the use of accounting practices to reduce information asymmetry, promote transparency and fight agency problems. Typical accounting rules and regulations that explain how the Agency Theory influences mandatory corporate disclosure include the disclosure of related party transactions, directors' remuneration and auditors' remuneration.

### 2.3.6 The need for a comprehensive theory

Lack of a generally accepted theory of financial reporting remains a major concern. A comprehensive accounting theory could be developed by consolidating the theories from the two schools of thought into one theory. The new theory would not only guide the evaluation of accounting practice and development of new accounting practices but would also explain and predict accounting practices. Such a theory would however not overcome all the weaknesses of the current model. For example, non-financial information would still not feature in it; nevertheless it would deliver higher quality financial information than the conventional financial reporting model (ICAEW, 2009:30).

A consolidated theory would merge all the principles from the 'explain–predict' school of theories with the decision usefulness principles from the ConceptualFramework. Issues such as organisational legitimacy, agency costs, cost and benefits of the accounting rule used would feature in the consolidated theory. Since there is evidence that the explain–predict theories also explain financial reporting, a consolidated framework of financial reporting, incorporating all the principles from these theories, would meet the needs of users in a much better way than is currently the case.

## 2.4 THE FINANCIAL REPORTING ENVIRONMENT OF BOTSWANA AND SOUTHAFRICA

Cross-country disclosure literature is growing. Increased interest in such studies seems to be due to new evidence that cross country differences in corporate disclosure are associated with *inter alia,* differences in economic growth, efficient allocation of investments and development of financial intermediaries (Bushman & Smith, 2003:66). At the same time Khanna, Palepu and Srinivasan, (2004) contend that cross-border economic interactions are associated with similarities in disclosure and governance practices.

These views suggest that benchmarking one country's corporate disclosure can provide important insights regarding the country's differences in economic performance. Given the significant volume of cross-border economic transactions and the applicability of IFRS in both countries, one would expect asKhanna, Palepu and Srinivasan (2004) documented similarities in disclosure and governance practices between Botswana and South Africa.

However, the country's quality of corporate disclosure is also influenced by the quality of its financial environment, comprising other macro-level factors including an accounting professional body, securities exchange, financial reporting regulatory body, corporate laws, Conceptual Frameworkaccounting standards, an independent auditing oversight body as well as existence of education and training providers. Culture and effectiveness of the judiciary system are also determinants of the quality of a country's quality of financial reporting environment. Given that the samples studied are from countries using similar accounting rules, any difference in the levels of corporate disclosure between the two samples may provoke further research into the possible causes of the difference.

Botswana's financial reporting environment is characterised by a Stock Exchange, Stock Exchange rules, a Financial Reporting Regulatory Authority, the Companies Act, the Conceptual Framework's IFRS, Botswana Institute of Chartered Accountants and the new Accountants Act. The IMF/World Bank (2006) Report on the Observance of accounting and auditing Standards and Codes (ROSC) documents that, while Botswana's efforts in aligning its financial reporting practices with internationally accepted standards and codes was considerable, there was still room for improvement.

Furthermore, the report notes that although corporate disclosure practices improved during the five year period ending May 2006, several improvements were still required including; the technical capacity of the regulatory bodies, giving legal mandate to corporate entities to follow IFRS's in the preparation of financial statements, creation of an independent oversight body for the audit profession and improving the quality of professional education and training. However, the ROSC report (IMF/World Bank, 2006) does not indicate the level of corporate disclosure of the Botswana corporate entities or the methodology that was employed in the study. It is thus not possible to replicate the study or to compare the country's quality of disclosure with that of other countries.

The South African financial reporting environment is similar to that of Botswana in two respects. Firstly, both countries use the IFRS and secondly the King Reports on Corporate Governance in South Africa are also used in Botswana.

In contrast however, South Africa has a world-class securities exchange and a high-class education system. Furthermore, South Africa has one of the strongest economies in Africa. Yet the IMF/World Bank (2003) documents that investors were of the view that the information contained in financial statements was not reliable. Further to this the same investors thought that a strong regulatory regime and an effective enforcement mechanism were required to improve the quality of corporate financial reporting.

Just like the 2006 IMF/World Bank report on Botswana, no indication was given of the level of corporate disclosure. Certainly, since the publication of the IMF/World Bank Reports, there have been improvements in both countries in line with the recommendations of the World Bank. However, the actual level of comparative disclosure corporate disclosure remains unknown. Although it is not the primary objective of this study to assess the country-level of corporate disclosure, since an assessment of comparative level of corporate disclosure depends *inter alia,* on the level of corporate disclosure in each country, the country-level of corporate disclosure is a necessary step of this study.

## 2.5 SUMMARY AND CONCLUSIONS

The chapter began by explaining mandatory corporate disclosure as disclosure in accordance with GAAP or IFRS. A brief historical development of mandatory corporate disclosure followed next, covering; primitive accounting records, the double entry system and ultimately regulated financial reporting; which is to date the main source of corporate financial information.

The two categories of theories on which modern financial reporting is based are; (a) the Conceptual Framework, which prescribes accounting practice and (b) theories that explain and predict accounting practice; which include Agency Theory, Positive Accounting Theory, Stakeholder Theory and Legitimacy Theory. The Conceptual Framework is regarded as the predominant theory of financial reporting.

The Conceptual Framework is a set of accounting principles that provide a reference framework for evaluating accounting practice as well as for developing new accounting practices. The Agency Theory on the other hand holds that accounting practices are used to fight agency problems and information asymmetry, while the Positive Accounting Theory posits that the choice of accounting practices is influenced by cost and benefits involved in the transactions they measure.

The Stakeholder Theory posits that accounting practices are selected on the basis of their ability to provide accountability to the stakeholders while the Legitimacy Theory argues that corporate entities' choice of accounting practices is influenced by the legitimacy gap they wish to narrow in order to protect their legitimacy. Although the Conceptual Framework is a predominant theory, the consensus is that there is no generally accepted theory of financial reporting, hence the need for a consolidated theory.

A brief review of the financial reporting environment in Botswana and South Africa reveals that financial reporting in both countries is based on the Conceptual Framework accounting standards. The currencies of the two countries are almost at par and the volume of cross border trade between the two countries is quite substantial. In contrast, South Africa’s economy is the biggest in Africa and its securities exchange is ranked among the best in the world. Furthermore, its regulatory bodies and education system are more advanced than those of Botswana.

Based on the comparison above, it is ‘strange’ that the IMF/World Bank reports on observance of standards and codes (ROSC) on both countries gave recommendations for improving corporate reporting without indicating what the actual level of corporate disclosure was. As this study is about the comparative quality of disclosure of South African and Botswana listed companies; the history of financial reporting, the underlying theories of Financial Reporting and the financial reporting environment of the two countries provide an important context within which to carry out the study.

The next chapter examines another type of corporate disclosure known as contextual corporate disclosure. The analysis covers *inter alia* different forms of contextual corporate disclosure, the underlying theories and its landscape in Botswana and South Africa from where the samples studied are drawn.

# CHAPTER THREE

# CONTEXTUAL CORPORATE DISCLOSURE

## 3.1 INTRODUCTION

Chapter two of this study discussed mandatory corporate disclosure (commonly known as financial reporting). It covered a brief history of mandatory corporate disclosure from primitive records to modern financial reporting, the theories underlying mandatory disclosure, and an overview of the environment of financial reporting in the countries where the study will be conducted.

Furthermore, the chapter showed that, despite several hundred years of development, financial reporting still suffers from shortcomings which make it fail to deliver some of the critical information needed by users. Even though further improvements in financial reporting are possible, there is consensus amongst writers that the improvements cannot make mandatory disclosures deliver, among others, forward looking and non-financial information. At the same time Myburg (2001) cautions that increased mandatory disclosure may lead to information overload to users and further processing costs to preparers. Contextual disclosure is thus a vital supplement to mandatory disclosure.

This chapter discusses contextual disclosure in terms of its evolution and the theories underlying it, and also presents a short review of contextual disclosure literature in Botswana and South Africa. The chapter is organised as follows: the first section covers the theories and frameworks underlying contextual disclosure, the second section discusses the concept contextual disclosure, while the third and the fourth sections presents an evolution of contextual disclosure and a brief review of the literature of contextual disclosure of Botswana and South Africa respectively.

## 3.2 CONTEXTUAL DISCLOSURE THEORIES AND FRAMEWORKS

There are a number of theories and frameworks that underlie contextual disclosure. Some of these theories try to explain and predict contextual disclosure while others prescribe how contextual disclosure should be made. On the one hand, the Agency Theory, Stakeholder Theory and the Legitimacy Theory try to explain and predict contextual disclosure. In essence these theories represent an inductive approach. On the other hand, the three frameworks namely the Management Commentary, the Enhanced Business Reporting Framework and the GRI Framework discussed under 3.4 below, prescribe how contextual disclosure should be practiced (a deductive approach).

### 3.2.1 Agency Theory

According to the Agency theory the manager of an entity is the agent of the principal (shareholders) but because of *inter alia* information asymmetry shareholders may not be aware timeously of what is happening in the firm; this situation creates an opportunity for the manager to behave opportunistically. Corporate disclosure, including contextual disclosure, may be used to reduce information asymmetry and thus to control the agent so that his actions do not conflict with the interests of the principal (Eisenhardt, 1989; Clarke, 2004). However, the agency theory does not explain all types of contextual disclosure. Disclosures made to protect company image or to promote company transparency for example, are explained by Stakeholder theory and Legitimacy theory.

### 3.2.2 The Stakeholder Theory

The stakeholder model regards a firm’s stakeholders to include: shareholders, employees, suppliers, customers, the government and the community as a whole (Freeman, 1984). According to the stakeholder view, an organisation is accountable to all its stakeholders (Clarke, 2004). The reason might be because it has a moral obligation, to be socially aware of the consequences of its activities, that arises from the organisation’s implied social contracts with society. The consequences may manifest in the form of external pressure from government, pressure groups and some institutional investors for ethical investments and organisational change.

However, the Stakeholder Theory has been labelled by its critics as a public relation tool due to its failure to take internal stakeholders on board although they also influence contextual disclosure. Adams and Larringa-Gonzalez (2007:333) suggests therefore that accountability and performance can be improved through the engagement of all stakeholders including internal ones by integrating sustainability issues into organisational processes and decision making.

Another improvement to the model is proposed by Power (1991) who observed a link between the Stakeholder Theory and the Agency Theory and suggested that the Principal – AgentTheory could be adapted to include accountability of management to the society as a whole rather than to shareholders alone.This is already a case in South Africa, particularly in the mining industry where mining companies sign the Social and Labour Plans(SLPs) as part of the mining license process.This development supports the convergence of corporate governance and sustainability reporting.

### 3.2.3 Legitimacy Theory

Legitimacy theory shows that organisations disclose contextual information with the aim of being accepted by society (Deegan &Gordon, 1996).Applications of Legitimacy Theory are common in the social and environmental areas. De Villiers and Van Staden, (2006:763) observed that legitimate objectives may be served by changing the volume of environmental disclosure. Further to this, Brookhart, Beeler, and Culpepper (2005) observed that the issue of Staff Accounting Bulletin (SAB) 92 in the USA led to an increase in environmental disclosure in the Chemical and Petroleum industry; which in terms of the Legitimacy Theory is a reactive legitimacy strategy.

However, unlike the other two theories which focus on the interests of stakeholders, this theory focuses on the interest of the entity. Nevertheless, the three theories discussed above, are related in that when an entity communicates with a view to influence its image to all its stakeholders, it may at the same time satisfy the information needs of the same stakeholders. Furthermore as Hill and Jones (1992, 29:2) document, the claim by the Stakeholder – Agency Theory that managers are agents of all stakeholders is an example of the link between the two theories.

### 3.2.4 The GRI Reporting Framework

The Global Reporting Initiative (GRI) Reporting Framework (The GRI Framework) provides the guidelines on how to report sustainability performance. The guidelines are intended to serve as a generally accepted framework for reporting an organisation's economic, environmental and social performance; and are designed for use by any organisation irrespective of size, sector or location (GRI, 2006).

The GRI Framework comprises of principles for defining report content, ensuring quality of reported information and setting the boundary of the reports (GRI, 2006). It also contains standard disclosures to be made. Organisations are thus allowed to use a reporting format of their choice so long as they cover the prescribed content and meet the set quality requirements. Lack of a generally accepted reporting format is a cause of concern to users because it renders the reports incomparable to some extent. However, since these guidelines are updated from time to time it is likely that standardisation will improve over time.

The GRI Framework is regarded as generally accepted because its principles and standard disclosures have been developed from best practice after consulting a wide range of global stakeholders regarding issues relating to sustainability measurement and reporting. The sister frameworks such as the United Nation's Global Compact Initiative and the Publish What You Pay Initiative are by and large not as popular as the GRI Framework (Buchanan, 2009).

## 3.3 THE CONCEPT CONTEXTUAL DISCLOSURE

Contextual disclosure is defined as disclosure made available at the discretion of an entity or as disclosure not based on GAAP (Gouws &Cronje, 2008:114; Myburg, 2001:13). Various terms are used to describe contextual disclosure including;social and environmental reporting, social responsibility reporting, sustainability reporting, governance reporting and non-financial reporting. But by and large, the term ‘contextual disclosure’ is becoming generally accepted.

The information that may be disclosed contextually is diverse. Contextual disclosure can be summarised as disclosure that includes economic, environmental and social aspects of the entities’ activities (Bennett &James, 1999:477).Contextual disclosure also include disclosure using frameworks such as the balanced score card (Kaplan & Norton,1992) the Enhanced Business Reporting Framework(2005) and disclosure that will contribute towards improved market efficiency, lower cost of capital, lower bid/ask spread, reduced price volatility and disclosure of human/intellectual capital (OECD, 2006:17).

According to Gouws and Cronje (2008) contextual disclosure is also information on: value creation, forward-looking orientation, business environment, and strategy. It also includes information on key performance indicators, explanation of market trends and prospects and explanation of long-term objectives. Furthermore, it includes information which helps in understanding short-term strategic priorities to deliver objectives and principal risks and uncertainties that may have an impact on long-term prospects of the business. Such information helps reassure stakeholders regarding the entity’s performance and sustainability.

The generation and disclosure of contextual information is believed to be based on the attributes of the new science model of the twenty first century model. Cronje (2007) summed up the features of the new science model as a non-linear thinking approach where connections and context influence activities and where transactions and events cannot be predicted precisely. The study also documented that the application of the attributes of the new science model generates contextual information and the methods of its disclosure.

## 3.4 THE EVOLUTION OF CONTEXTUAL DISCLOSURE

Contextual disclosure has evolved incrementally over time through three main forms, namely voluntary disclosure of financial information, disclosure of non-financial information and disclosure of strategic and forward looking information (Meek, Roberts &Gray, 1995). This evolution is regarded as incremental in the sense that each new form of contextual disclosure adds to existing contextual disclosure rather than to replace it.

### 3.4.1 Voluntary disclosure of financial information

Voluntary disclosure of financial information is regarded to be the earliest form of contextual disclosure because it is driven by the share value maximisation model. Under the shareholder value view the responsibility of management is to maximise share value (Friedman, 1962; Ortas & Moneva, 2011). Early studies of voluntary disclosure show a link of voluntary disclosure of financial information to share value maximisation (Verrecchia, 2001).

The information that is voluntarily disclosed under the shareholder value view is exclusively that which supplements mandatory disclosure. Typical disclosure under the shareholder value maximisation view include; the chairman's report, the Management and Discussion Analysis (MDA) and the Operations and Financial Review. These disclosures comprise mostly of financial information and appear in the corporate annual reports (Gouws &Cronje, 2008).

Initially most voluntary disclosure was not standardised as each corporate entity decided on what to disclose, having regard to its proprietary and information processing costs. However, due to the increasing importance of voluntary disclosure the Conceptual Framework and the American Institute of Certified Public Accountants (AICPA) developed two standardised schemes of voluntary disclosure: IFRS Practice statement

*Management Commentary* (MC) and the Enhanced Business Reporting Framework (EBRF) respectively.

The MC is a voluntary narrative report which prescribes the disclosure of non-GAAP information that the Conceptual Framework recognises as equally important in meeting the information needs of the users (Deloitte, 2010). The usefulness of the MC derives from its two principles, namely the *'supplement and compliment financial statements information principle* and the *provide management's view of the entity's performance, position and progress principle'* (IASB, 2010:8).

The '*supplement and compliment financial statement principle'* requires the inclusion of additional explanations of amounts reported in financial statements and explanations of the conditions and events that shaped the information in financial statements; as well as the inclusion of financial and non-financial information about the business and its performance that is not reported  in the financial statements(IASB, 2010).

The *'provide management's view on the entity's performance, position and progress principle'* is complied with by providing a narrative explanation of a company's financial statements that enables investors to see the company through the eyes of management (IASB, 2010). The logic being that the information that is important in managing the business is the same information that is important to investors in assessing the business's performance and future prospects (IASB, 2010).

Furthermore, the IASB (2010) states that MC is information that accompanies an entity's financial reports to explain the entity's current and future trends as well as factors underlying its development and its current and future performance and position. Since the Conceptual Framework users require both historical and forward-looking information in order to make economic decisions, compliance with '*provide management's view on the entity's performance, position and progress principle'* enables investors to see the organisation through the eyes of management, the directors' future strategies and goals as well as how and the extent to which they are oriented to the future (IASB, 2010).

Further to the above, for the MC to be useful it should possess the qualitative characteristics similar to those required for the general purpose financial statements (IASB, 2010). However, because each entity is permitted to disclose its own type of information differently, the 'comparability' attribute is used in contextual disclosure restrictively for intra-firm comparisons rather than for inter-firm comparisons (IASB, 2010).

In contrast, the Enhanced Business Reporting Framework (EBRF) is a scheme of voluntary disclosure that has been developed by the Enhanced Business Reporting Consortium (EBRC), of which the AICPA is a member (Tackett, Wolf & Kinskey, 2007). This Framework, as it is commonly known, is based on the shareholder value/agency theory and was prompted by studies that showed that 25% of company market value was attributed to its accounting book value, while the remaining 75% of its market value was explained by intangible assets, strategy, people and customer loyalty (Tackett *et al,* 2007).

The EBRF requires the disclosure of key issues for a number of prescribed items in the form of management perspectives, discussions, analysis, descriptions, statement of factors, recognition of intangible assets not reflected in the statement of financial position, and identification of factors. Furthermore, the framework is divided along four categories of business reporting information namely business landscape, strategy, and competencies and resources, and performance. The EBRC (2005) has produced taxonomy for using the framework while the AICPA has produced a package for implementing the Framework (Tackett *et al,* 2007).

### 3.4.2 Corporate governance reporting

Corporate governance can be defined in many ways. On the one hand, the OECD (Clarke, 2004:1) defines corporate governance as the system by which business corporations are directed and controlled (Cardbury's report). On the other hand, the commission on Global Governance (Grandori, 2004:2), views corporate governance as ‘A continuing process through which conflicting or diverse interests may be accommodated’, while Marshall, McManus, and Viele (2007:377) document that corporate governance includes business ethics, social responsibility, equitable treatment of stakeholders, full and fair disclosure and responsibility of the board of directors and its various committees.

Despite the lack of a generally accepted definition of corporate governance, there is agreement regarding its purpose. According to Clarke (2004:7) corporate governance emerged primarily to mitigate agency costs caused by the opportunistic behaviour of management. This view is shared by Moloi (2008) and Shlifer &Vishney (1997). Accordingly, the early corporate governance mechanisms took the form of internal monitoring mechanisms such as administrative controls, disclosure of the directors’ remuneration, audit fees, directors’ loans and related party transactions, most of which were disclosed as notes to financial statements.

The above forms of governance mechanisms prevailed for many decades until the period 2000 to 2002 when a global wave of financial scandals and corporate failures (Coffee, 2005; Kolk, 2008:3) made shareholders and regulatory agencies question the way corporations were directed and controlled (Buchanan, 2009:3). This marked the beginning of the second form of corporate governance that focused solely on ethical issues such as an effective board, compensation contracts that encourage shareholder orientation, concentrated ownership holding that led to active monitoring, risk management and internal controls, internal audit, accounting and auditing, as well as relationship with company shareholders (Moloi, 2008).

A number of national and international codes of corporate governance were as a result introduced, all of them focusing on monitoring how companies are managed; including the OECD code, the King I code (IOD, 1994) and the Sarbanes-Oxley Act. While most of the codes were voluntary a few were mandatory, thus confirming the observation by

Gouws and Cronje (2008) that some contextual disclosures may eventually transform into mandatory disclosures.

The third form of corporate governance was prompted by several factors including shareholders' level of awareness, the emergence of knowledge based companies and a growing realisation of the importance of the stakeholder-relations such as employee relations, customer relations and supplier relations, and the community, as well as the realisation that shareholders own equity rather than the assets of the business (Blair, 1995; Clarke, 2004); and a further realisation that the organisation was an open system rather than a closed one.

At this point in time, the definition of an organisation also completely changed. The organisation was thus redefined as an institutional arrangement for governing relationships between parties that contribute firm-specific assets namely, the shareholders, employees, customers, suppliers, community and the public, who are the organisation's stakeholders. The objective of the firm became maximisation of the wealth of stakeholders, making the organisation accountable to its stakeholders and at the same time changing the role of management from managing the assets to managing relationships (Grandori, 2004).

The corporate governance mechanisms that were introduced to deal with these changes took the form of external monitoring mechanisms focusing on environmental and social responsibility reporting with the high profile bodies such as the Organisation for Economic Cooperation and Development (OECD), Global Reporting Initiative (GRI) and the Institute of Directors in Southern Africa (IOD) among others, as the global role-players in the development of this type of contextual disclosure (Grandori, 2004:323-324).

### 3.4.3 Sustainability reporting

The issue of sustainable development and performance of entities became a concern hardly before the social and environmental disclosures began to become an accepted practice. This was after realising that entities were operating without caring about issues such as climate change and empowerment of disadvantaged communities and environmental degradation. At this point Sustainability reporting and several important non-financial reporting initiatives such as Global Reporting initiatives and AccountAbility emerged (Eccles, Cheung & Saltzman, 2011:1).

Sustainability reporting is not a new phenomenon; it has existed in several forms of corporate reporting such as voluntary disclosure in the corporate annual reports and other independent reports over the past four decades. However, its present form started in the 1970s and 1980s as social accounting practices designed to disclose responses to stakeholders' social concerns, and as practices disclosing how firms susceptible to environmental incidents such, as petrol and chemical companies, were responding to the concerns of the United Nations and environmental organisations (Ortas &Moneva, 2011).

The subsequent realisation by firms that through sustainability reporting they can improve not only their image but also their internal processes, engage stakeholders and persuade investors; has made sustainability reporting become a very important practice. Surprisingly though, despite several years of existence, there is no single universally accepted definition of sustainability reporting. For example KPMG (2008:8) views sustainability reporting as a broad term used to describe a company's reporting on its economic, environmental and social performance, while the Global Reporting Initiative GRI (2006) defines sustainability reporting more practically as the art of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development.

Despite a lack of a generally accepted definition, sustainability reporting continues to attract the interest of researchers in various aspects, including measurement, reporting, standardisation, assurance and conceptual issues. Kolk (2008:1) for example, found a link between corporate governance and sustainability reporting and suggested that stakeholders would be better served if the two reporting systems are integrated. However, Margolis and Walsh (2003) questioned whether integration would meet the conflicting information needs of all stakeholders. Nevertheless, integrated reporting has since been developed and is covered in chapter 4 of this study (Kolk 2008:1).

In yet another study Adams and McNicholas (2007:399) contend that there is lack of engaging research in the field of sustainability accounting and reporting and attribute it to concerns about the increasing breadth of participants in the social accounting agenda and managerial capture. Adams and McNicholas (2007:394) then argue that action research on sustainability reporting can identify how accounting and management systems can reduce their negative sustainability impacts.

Furthermore, Adams (2002) and Parker (2005:849) contend that the two elements of sustainability reporting, namely the social and environmental reporting, have been developed without engaging organisations that do sustainability reporting; despite the findings in previous studies that revealed that the reporting process, attitude of participants and corporate culture play an important part in determining the extent of accountability discharged through disclosures. However, it is argued that earlier deductive research approaches might have contributed to this situation (Parker, 2005:856; Adams &Larringa-Gonzalez, 2007).

The assurance of sustainability reporting is another area that has been the focus of studies. According to KPMG (2008), although the assurance for sustainability reporting is in its formative stage, more companies are recognising that independent assurance enhances the transparency and credibility of their sustainability reporting. Assurance of sustainability reports delivers value not only to the reporting company but also to users of published sustainability reports and broader stakeholder groups and individuals (CPA, 2007; Dando &Swift, 2003). An increase in the assurance of sustainability reporting has thus been observed (FEE, 2006:7; IFAC, 2006).This rise is a result of increased availability of auditing guidelines issued by bodies such as AccountAbility, the European

Federation of Accountants and the Global Reporting Initiative (FEE, 2006; Kolk, 2008; NIVRA, 2004; Zadek & Raynard, 2004).

However, Hassan, Maijoor, Mock, Roebuck and Simmett (2005) and IFAC (2002) note that despite these developments, academic research on these novel forms of non-financial assurance services has been scarce so far and thus the cause of a limited understanding of the nature and extent of this emergent auditing practice.

Another aspect of sustainability reporting that has been studied is the increasing integration of sustainability information into investment decisions by the institutional investment community (Solomon &Solomon,2006).The Socially Responsible Investment Initiatives (SRI), EUROSIF (2003), the Global Compact (2004) with ranking indexes like the Dow Jones's Sustainability Index and the FTSE4Good Index are typical attempts to integrate social and environmental information into the mainstream investment decision. Further to this, a private environmental, social and governance (ESG) Index, introduced by Goldman Sachs, supports investment analysts in ranking companies according to five distinct corporate responsibility (CSR) performance areas (Kolk&Perego, 2006); which are: environmental concerns, community and society, employees and supply chain, customers and governance.

Further development in sustainability reporting relates to the reporting format. KPMG (2007) documents that unlike financial statements; sustainability is reported with greater flexibility. The emphasis is more on delivery of known reporting objectives, alignment with the company's overall communication style and position, and engages with the target audience in a manner that promotes dialogue and dissemination of relevant information rather than on the reporting formats. However, three formats are emerging namely, the shorter and more concise reports often supported by detailed online sources, reports extending beyond narrow emphasis on compliance and risk management into value chain and sphere of influence issues; and formats exhibiting a combination of the hard copy sustainability report, interactive online sustainability report and downloadable PDF's. Irrespective of the format used, separate reporting elements are being directed at different stakeholder groups rather than adopting a one size fits all approach (KPMG, 2008:5).

Considering the flexibility, as well as the cultural and political issues involved in sustainability reporting, it is debatable to what extend sustainability reports from different reporting environments such as Botswana and South Africa can be comparable. However, in view of the fact that Botswana is a neighbouring country to South Africa and is developing a code of corporate governance that is similar to that of South Africa, the corporate governance checklist developed by King III can be used to assess the comparability of contextual disclosure of Botswana and South Africa. Furthermore, the comparative study of contextual disclosure of Botswana and South Africa listed companies can be informed by previous empirical studies that looked at cross-country differences in corporate sustainability reporting such as Kolk (2005), Maignan and Ralston (2002), as well as Berthelot, Cormier and Magnan (2003).

## 3.5 CONTEXTUAL DISCLOSURE IN BOTSWANA AND SOUTH AFRICA

### 3.5.1 Contextual disclosure in developing countries

Studies on contextual disclosure have mostly concentrated on developed countries such as the USA, Australia and European countries. Very few studies have been conducted in developing countries. Furthermore companies in developed countries are believed to make more contextual disclosure than companies in developing countries and one of the reasons given is that stakeholders in developing countries are less aware of environmental and social issues than their counterparts in developed countries(Doppegieter &De Villiers, 1996:77).

At the same time Adams and Larringa-Gonzalez (2007) warn that it is very dangerous to generalise the results of studies in developed countries to developing countries, because of the differences in the levels of awareness about sustainability problems. Their study thus contends that action research on sustainability performance and reporting is what developing countries need.

Sustainability studies have been conducted in South Africa and other developing countries including Brazil, Chile, Singapore, Tanzania (Abayo, Adams & Roberts, 1993), as well as in Bangladesh (Belal &Owen, 2007). However, South Africa is among a few developing countries with a code on corporate governance and where some empirical studies on contemporary contextual disclosure issues have been conducted (De Villiers &Van Staden, 2004).

### 3.5.2 Contextual disclosure in South Africa

South Africa's King III code of corporate governance is based on the "apply or explain" principle and on the Stakeholder theory, as such it ranks among the best codes of corporate governance in the world. The King III code requires company management to apply their collective mind in identifying; company stakeholders, their legitimate expectations and in developing strategies that meet stakeholder expectations while at the same time maximising the firm's value (IOD, 2009).

According to King III (IOD, 2009), governance, strategy and sustainability are inseparable, and when corporate governance principles are mindfully applied or their non-application honestly explained, the result is good corporate governance. Another requirement of the King III code is the disclosure of financial information, governance, and sustainability performance, separately as well as in an integrated manner (IOD, 2009).

Although the King III code is essentially voluntary, the South African Companies Act requirement for all listed companies to adopt the code has rendered the code mandatory (IOD, 2009). This statutory compliance requirement on listed companies is at variance with the practice in other countries where contextual disclosure is voluntary.

Apart from the existence of a code of corporate governance a number of studies have been carried out on contextual disclosure in South Africa. The extant studies on voluntary disclosure in South Africa focus on a number of issues including:informativeness of voluntary disclosure (Myburg, 2001), transformation of contextual disclosure (Gouws

&Cronje, 2008), patterns and levels of voluntary disclosure and trends in sustainability reporting (De Villiers &Van Staden, 2004). Furthermore, De Villiers and Van Staden (2004) observe that the local South African referred journals that contain information on voluntary disclosure are not searchable through international data bases, and this is one of the obstacles faced by foreign researchers.

However, according to De Villiers and Van Staden (2004) the few studies that are accessible reveal two types of studies, content analyses and questionnaire type of research. Content analyses focus on differences in disclosure (Doppegieter &De Villiers, 1996; De Villiers & Lubbe, 2001; Moloi, 2008), while the longitudinal content types of studies focus on the trend of contextual disclosure (Van Niekerk, 1996; De Villiers, 2000; De Villiers & Barnard, 2000).

The questionnaire type of studies such as the one by De Vries and De Villiers (2003), which are mostly perception-based, reveal that 89% of management were in favour of more environmental reporting on a voluntary basis while 58% were in favour of compulsory environmental reporting. Another study by Myburg (2001) revealed that voluntary disclosure was informative, while a study by Gouws and Cronje (2008) revealed that corporate accounting practices including contextual disclosure were in a state of transition.

Furthermore, a study by De Villiers and Van Staden (2004) indicates that overall the disclosure of environmental information of both mining and the top 100 companies increased from 1994 to 1999, but decreased thereafter until 2002. Furthermore, the study shows that the publication of general and specific information also increased from 1994 to 1999 but then the disclosure of specific information declined five times more than the disclosure of general information during the same period. However, to-date there is no comparative study of South African listed companies' level and trend of voluntary disclosure relative to companies in other countries, especially Botswana.

### 3.5.3 Contextual Disclosure in Botswana

In contrast to the South African reporting environment, the landscape of voluntary disclosure in Botswana is unknown due to lack of information and lack of a national corporate governance code. However, there are significant developments taking place. First the Botswana code of corporate governance modelled on King III is still in the making. Second, studies on voluntary disclosure are beginning to emerge. One such a study by Rankokwane (2008) evaluated the role of supreme audit institutions in promoting environmental accountability in Botswana and reported that there is an audit expectation gap. Another study by Mbekomizeand Wally-Dima, (2013) documents that social and environmental reporting exists in Botswana listed entities and parastatals. The study also reveals that listed companies tend to disclose more than parastatals; and size,type of industry and ownership are notgood predictors of the level of environmental disclosure in Botswana. This limited literature on contextual disclosure of Botswana listed companies is stated in chapter one of this study as one of the reasons for undertaking this study.

## 3.6 SUMMARY AND CONCLUSIONS

This chapter defines Contextual disclosure as a voluntary disclosure of financial and non-financial information to complement financial statements, in order to meet the information needs of stakeholders and to achieve the entity’s strategic objectives. The information disclosed includes non-financial information, historical information as well as forward-looking, quantitative and qualitative information.

Contextual disclosure has evolved incrementally over time through three forms: voluntary disclosure of economic information through a Management Commentary, Operations and Financial Reviews or as information disclosed through the Enhanced Business Reporting Framework; disclosure of corporate governance such as internal monitoring mechanisms, compliance with ethical codes or social and environmental performance; and sustainability reporting, the disclosure of economic, social and environmental performance.

A number of theories and frameworks that underlie contextual disclosure have been examined. The theories that explain and predict contextual disclosure are the Agency theory, the Stakeholder theory and the Legitimacy theory. The Agency Theory proposes that contextual disclosures are made to mitigate agency costs while the Stakeholder theory proposes that contextual disclosure is made to deliver accountability to stakeholders. Legitimacy theory argues that firms disclose contextual information in order to manage their operational legitimacy. The frameworks that prescribe how contextual disclosure should be include: the Management Commentary, the Enhanced Business Reporting Framework and the GRI Guidelines.

South Africa is regarded to be one of the few developing countries that have made significant advances in contextual disclosure. The King III code of corporate governance, which is one of the best codes in the world together with the new South African Companies Act (2008), provides a sound framework of contextual reporting in South Africa. Further to this, a number of empirical studies have been conducted covering contextual disclosure issues such as patterns, trends, informativeness and transformation of contextual disclosure. However, there is scant literature on comparative contextual disclosure; as such it is not easy to assess how South African listed companies' contextual disclosure compare with that of companies in other countries.

In contrast to South Africa, Botswana's code of corporate governance is still evolving and very few empirical studies have been conducted on contextual disclosure in Botswana, let alone comparative studies. This state of affairs points to the significance of this study which is stated in chapter one.

# CHAPTER FOUR

# INTEGRATED REPORTING

## 4.1 INTRODUCTION

Mandatory disclosure and contextual disclosure discussed in chapters two and three respectively constitute what is known as traditional corporate reporting. This system of reporting is also called a separate reports system, because two types of disclosure namely mandatory disclosures and contextual disclosures are presented separately in the corporate annual report. When information about the same entity is provided this way, users must have the capability to synthesise the two types of information in order to obtain information that is useful for decision making. However, there is no empirical evidence to that effect. Nevertheless, until recently, traditional disclosure was the main source of corporate information. Although traditional corporate reporting has been the main source of corporate information for many years, it has failed to meet the expectations of all stakeholders who provide the business with resources. According to the concept of stewardship capital (Eccles, Cheung&Saltzman, 2011) the resources that a business uses constitute six types of capital namely financial capital, manufactured capital, human capital, intellectual capital, social capital and natural capital (IRC, 2011; KPMG, 2011). Traditional corporate reporting has been focusing primarily on the information needs of the providers of financial capital, thus ignoring the information needs of other stakeholders. Issues such as sustainability, environmental degradation, effects of climate change, and poverty, have not been adequately addressed by traditional corporate reporting.

Traditional corporate reporting has also not been able to cope with the so called 21st century- transactions, including intangible assets, intellectual capital and financial instruments, which require new principles not provided for by traditional corporate reporting. Furthermore, traditional corporate reporting has not been able to communicate the business strategy and other drivers of business value and performance to third parties. Business strategy and key performance indicators have thus tended to remain inside information thus perpetuating the very information asymmetry that corporate reporting strives to eliminate(ICAEW, 2009).

Attempts to improve transparency through International Financial Reporting Standards (IFRSs), social, environmental and governance accounting, has made traditional corporate reporting narrow, isolated, long and complex, rule bound rather than principles based. This is believed to have led to poor decisions by stakeholders, higher cost of capital to the business and poor relation with stakeholders, as well as unsustainable business operations (Eccles, Cheung & Saltzman, 2011).Accordingly, efforts to deal with these challenges have led some innovative companies to start publishing integrated reports.

Two Danish companies, Novozymes and Novo Nordisk, and four US companies, United Technologies, American Electric Power, PepsiCo and Southwest Airlines, were among the first to adopt integrated reporting. Others are the Brazilian cosmetics and fragrance company Natura and the Dutch health care and lighting company Phillips (Eccles, Cheung & Saltzman, 2011). As a consequence of these developments, a lot of questions are being asked, such as: what is integrated reporting, what are its benefits, how can it be implemented and assured and what are the challenges faced?

This chapter discusses the concept of integrated reporting, the benefits of integrated reporting, and implementation of integrated reporting as well as its trend globally and in South Africa; and in Botswana where this study has been conducted. Furthermore, the chapter highlights the lack of literature about the comparative quality of integrated reporting between companies listed on the JSE and those listed on the BSE.

## 4.2 THE CONCEPT OF INTEGRATED REPORTING

Different views of the concept integrated reporting have been documented. In what has become known as a one report concept,Eccles*et al* (2011:34) view integrated reporting as presenting and explaining a company's financial and non-financial, environmental, social and governance information in a single report. However, KPMG (2011) observes that a single report concept assumes that all stakeholders' information needs are met by one report, which may not always be the case; and argues that a single document is not a prerequisite of integrated reporting except for companies seeking to use the integrated report to fulfil regulatory obligations.

KPMG (2011) views integrated reporting as an activity of reporting that provides capital markets with relevant information about the company's strategy and its holistic-historic performance, as well as with other relevant information that helps users to assess the business pressure including risks in attaining its performance targets, in the short, medium and long term, concisely and in a manner that shows interdependence between business strategy, performance drivers and performance. Integrated reporting is thus a kind of reporting that delivers real value. Its efficacy in delivering values lies in its philosophy that performance flows from a company strategy and targets set. Accordingly, under integrated reporting different reports and reporting media may be used depending on their effectiveness in communicating information to the target audience (KPMG, 2011; KPMG, 2008:24). Furthermore, integrated reporting is a shift from reporting financial and non-financial information in two separate reports to reporting on the impact a company has on its stakeholders. It involves reporting all types of relevant information for assessing and evaluating a company's quality, performance and value and impact comprehensively (Deloitte, 2011). Relevant performance information is reported for a set of factors including economic, social, environmental, governance and other relevant business impact factors, while at the same time taking into account the business strategy.

In contrast to the above views of integrated reporting, King III (IOD, 2009) defines integrated reporting as a holistic and integrated representation of the company's performance in terms of both finance and sustainability. Adding to the clarity of the concept, the Integrated Reporting Committee (IRC, 2011) of South Africa distinguishes between integrated reporting and an integrated report by viewing integrated reporting as a process, while an integrated report is the output from the process. However, both the King (III) code (IOD, 2009) and the Integrated Reporting Committee (IRC) (2011) regard the integrated report as the organisation’s primary report.KPMG (2011) sums up the features of integrated reporting as; greater transparency, accounting for all forms of capital, focusing on both the past and the future, is connected and strategic, covers the short, medium and long term, is concise and is technology enabled. These features make integrated reporting more able to meet stakeholders’ information needs than traditional reporting and make integrated reporting a replacement of traditional corporate reporting. However, as these features may not be attained in the early stages of integrated reporting, some elements of traditional corporate reporting may not be replaced by integrated reporting in the short run.

From the foregoing observation, it is apparent that integrated reporting is a replacement of traditional corporate reporting. This is so because as long as it meets the information needs of investors and other stakeholders, then the information reported elsewhere becomes irrelevant (KPMG, 2011).

## 4.3 THE BENEFITS OF INTEGRATED REPORTING

If the weaknesses of traditional corporate reporting as explained above have been the driving force towards integrated reporting, then the potential benefits from integrated reporting have added the momentum to its adoption. As extant literature shows, different types of benefits may accrue not only to the company adopting integrated reporting but also to its stakeholders as well as to society as a whole. The primary benefit of integrated reporting is a more holistic view of the information relevant to the company and its value proposition and strategy(David, Liv, & Mike, 2011; IRC, 2011). Eccles, Cheung and Saltzman (2011) identify three classes of secondary benefits to the company. The first comprises of internal benefits including better resource allocation decisions, greater engagement with shareholders and other stakeholders, and lower reputational risk. The second class consists of external market benefits, including meeting the information needs of the main stream investors through sustainability indices and ensuring that non-financial information from vendors is accurate. The third class is a better management of regulatory risk including complying with a wave of global regulations, responding to requests from stock exchanges and participating in integrated reporting forums.

Implementing comprehensive integrated reporting requires among others formulation of a business strategy if one does not exist, setting business goals and targets, performance indicators, standardisation of information sources, as well as reviewing and improving business processes benefits. According to KPMG (2011) standardisation of information sources yields several benefits to the business including, assisting management to more effectively access, analyse and report information that is strategically relevant to the company's long-term performance and value, and elimination of manual and similar unnecessary processes. Other benefits are that users of information are able to pull relevant information into their integrated report from across a wide range of disparate sources and that the company can easily migrate its compliance reporting process from a paper based format to the internet and use technologies such as the Extensive Business Reporting Language (KPMG, 2011).Additional benefits to the company from implementing integrated reporting include: greater clarity, consistency and reliability to corporate information, ability to attract business opportunities, mitigation of operational risks and safeguarding of company reputation. Other benefits include company demonstration of commitment to sustainable performance and enhanced company ability to educate stakeholders (IRC, 2011; Deloitte, 2011; Eccles, Cheung & Saltzman, 2011).

The company's stakeholders benefit too from improved transparency, with which they are able to make optimal decisions regarding their resources. Investors for example are able through the capital markets to understand the company's strategy and performance and make the right investment decisions, while the society as a whole benefits from sustainable economic, social and environmental information that result from integrated reporting (Eccles, Cheung & Saltzman, 2011).Since integrated reporting is at its early stage, most of the benefits of integrated reporting discussed above are potential benefits to be confirmed when integrated reporting becomes fully developed. These benefits can thus be regarded simply as the motives for integrated reporting. However, evidence from early adopters of integrated reporting show that the benefits are realisable.

## 4.4 IMPLEMENTING INTEGRATED REPORTING

The above discussion of the concept of integrated reporting and the potential benefits of integrated reporting can help management to build up the case for adopting integrated reporting. It does not in any way help management implement integrated reporting. To implement integrated reporting management must understand the implementation process, which until now has not been prescribed by the integrated reporting frameworks. Van der Helm (2011) suggests two perspectives to consider in the roadmap to integrated reporting, the management perspective and the communication perspective.

According to the management perspective the road to integrated reporting starts with anchoring sustainability in the business strategy. This involves making a fair assessment of the level of integration of sustainability in the business strategy, and then embedding it in the strategy where it is found to be lacking. The other issue to review is the availability of metrics to measure progress and quality of related information systems. However, some metrics may be developed as integrated reporting develops. The commitment to integrated reporting by top management is critical at this stage (Van der Helm, 2010; IRC, 2011).The communicative perspective considers meeting the needs of those who use the report for decision making as the most compelling argument for integrated reporting. Accordingly integrated reporting should start with a process of assessing stakeholders' needs, and setting appropriate communication channels such as panels, forums and polls that are necessary for communicating on a continuous basis (Van der Helm, 2010; KPMG, 2011).

The two perspectives however do not cover the entire process of implementing integrated reporting rather they merely discuss the initial considerations. The IRC (2011) of South Africa in its implementation guidance presents the implementation process in nine steps. These steps however, focus on the reporting aspects only and omit important organisational issues such as strategy formulation. From the two perspectives discussed above and the IRC steps the process of implementing integrated reporting can be alternatively viewed as involving four classes of issues, namely organisational issues, data collection issues, assurance issues and reporting issues.

### 4.4.1 Organisational issues

Organisational issues concern the preparation that must be put in place in order to implement integrated reporting. According to KPMG (2011) the implementation of integrated reporting should be regarded as a change management issue requiring the full support of top management and should be assigned to a multidisciplinary committee. The committee should understand the principles and elements of integrated reporting and its benefits and use the benefits to build up a business case for adopting integrated reporting.

Besides according full support to integrated reporting the executive team should know the extent to which an integrated report differs from existing financial and sustainability reports and should understand that an integrated report is not the same as a combined report. In addition, the executive structure should appreciate the expectation that it will apply its collective mind in identifying the social, environmental, economic, and financial issues that affect the organisation's ability to create and maintain value (IRC, 2011; KPMG, 2011).Furthermore, since integrated reporting is strategy driven, management should develop an overall business strategy, set performance targets and appropriate performance indicators as well as other supporting strategies. Further to the above management should determine material risks and opportunities that impact on the organisation's ability to create and sustain value. All risks and opportunities that are material to the current and anticipated activities of the organisation should be determined and the process of determining them documented for inclusion in the integrated report (IRC, 2011).

Management should also put in place internal systems to accurately capture and monitor performance in terms of relevant economic, environmental, and social and governance information, related risks and opportunities (IRC, 2011). The process of developing a data capture system should include among others a review of relevant financial, social, environmental and governance issues and trends and decisions about the form of data whether structured or unstructured, standardised or not, paper based or electronic; and the appropriate metrics and technology to process data (Van der Helm, 2010; IRC, 2011). Furthermore, since dialogue with stakeholders is critical in integrated reporting, a communication system should be put in place to ensure responsiveness with the organisation's key stakeholders. This is not only a means of obtaining valuable inputs from the key stakeholders but also a means of building trust with them and enhances the organisation's value (Van der Helm, 2010; KPMG, 2011).

Planning the reporting process and defining the scope and boundary of reporting is also a critical organisational issue. This involves management drawing up a plan to deliver an integrated report, indicating the deliverables, time frames, assigned roles and responsibilities; including provision for final approval by the governing structure (Van der Helm, 2010; IRC, 2011).

Assurance is another critical consideration in integrated reporting because it lends credibility to it. According to IRC (2011) an appropriate assurance process must be developed and implemented. Since the assurance process for financial information is well established, focus should be on assurance of the non-financial environmental, social and governance information. Auditors and other assurance providers should be engaged right from the outset to establish the aspects of integrated reporting that will be subjected to assurance (IRC, 2011).

### 4.4.2 Data collection issues

The data collection issues to deal with include capturing financial and non-financial data, the relevant governance, social and environmental data, at the right time and managing it. Van der Helm (2010) documents that this is easy as long as the information needs of stakeholders have been identified (Van der Helm, 2010). Since there is no guidance on metrics to capture such data, help may have to be obtained from standard setting organisations such as the International Standards Organisation (ISO), Global Reporting Initiative (GRI), and the Climate Disclosure Standards Board (CDSB) Reporting Framework. The organisations may also learn from their own peculiar experiences.

### 4.4.3 Reporting issues

The reporting issues to consider include compiling and structuring the integrated report, assuring the report, having the report approved and publishing the report (IRC, 2011). These issues should be dealt with in compliance with reporting strategies set up at the organisational stage as explained above (KPMG, 2011).

Furthermore, the structuring and compiling of an integrated report should be in line with the principles and guidelines provided by the IRC Discussion Paper as well as examples of leading reporting practices locally(KPMG, 2011) and internationally. Further to this, the style and content of the report should be engaging and easy to read, focusing on material issues and facilitating comparison with peers and with own performance year on year (IRC, 2011).

The IRC of South Africa(IRC, 2011:22) and the International Integrated Reporting committee (IIRC, 2011) document that as part of ensuring that the reported information is credible, the integrated report should be assured according to the assurance process in place before submitting it to the governing structure for approval. According to the IRC (2011:17) in case of listed companies the audit committee is tasked with the responsibility of oversight and thus expected to approve all material issues identified and ensure that the information reported is reliable and that there are no material conflicts when compared with financial results. Once the report has been assured it should be submitted to the governing structure for approval and then published. Each organisation should choose suitable media of communicating the integrated report, including media announcements, formal launch, or websites (IRC, 2011:22).

According to previous studies on corporate reporting, mandatory disclosure and contextual disclosure were the main focus of corporate reporting research. However, with the emergence of integrated reporting as the primary form of corporate reporting, the focus of corporate disclosure studies also changes. Accordingly, all the research questions posed in chapter one of this study will be answered by a comparative study of the quality of integrated reporting of the listed companies in question.

## 4.5 GLOBAL TRENDS IN INTEGRATED REPORTING

A documented global trend in integrated reporting has been the increasing number of bodies involved in promoting integrating reporting. Regulatory bodies, individual countries, Non-Governmental Organisations (NGO's) as well as the academia are promoting integrated reporting. The regulatory bodies that promote integrated reporting include the EU Directive on Transparency which requires companies to report on relevant CSR information (KPMG, 2010:2) and the King Code of Corporate Governance (IOD, 2009) which requires all listed companies in South Africa to publish integrated reports. Furthermore, individual countries including Denmark, France and the USA emphasise integrated reporting, but by and large the rate of regulating integrated reporting remains low though it is increasing.

The non-governmental organisations that promote integrated reporting include, The Prince of Wales Accounting for Sustainability project, The IRC of South Africa, the International (IIRC), AccountAbility and the Climate Disclosure Standards Board and the GRI. Others are the World Bank, the IASB and IFAC. Although each of these organisations has its own goals, the overall effect of the pursuit of these goals promotes integrated reporting.

The Prince of Wales Accounting for Sustainability project was established in 2004 as an initiative aimed at ensuring that sustainability is actually embedded in the organisations rather than merely talked and worried about. Since its inception the project has come up with a number of initiatives including the call for organisations to meet the 21$^{st}$century challenges with contemporary decision making and reporting systems and its advocacy for a connected reporting approach. These initiatives culminated in the development of the Connected Reporting Framework (KPMG, 2010). Further to this, the Prince of Wales Accounting for Sustainability project was one of the founding members of the International Integrating Reporting Committee (IIRC, 2011)

Another global milestone in the development of integrated reporting was the creation of the IRC of South Africa in 2011. To date the IRC has published a discussion paper on integrated reporting covering a number of issues including, the definition of integrated reporting, the objectives of integrated reporting, the principles of integrated reporting and users of integrated reports. The discussion paper also covers the assurance of integrated reports and provides a general guidance in preparing integrated reports. Although the IRC's main objective is to develop an integrated reporting framework for South African entities its activities have had a global effect on the development of integrated reporting (Eccles, Cheung & Saltzman, 2011).

Following the establishment of the IRC was the establishment of the International Integrated Reporting Committee (IIRC) in 2011 to develop a global integrated reporting framework. Since its establishment the IIRC has promoted integrated reporting through convergence, collaboration and conformance of emerging frameworks and standards. Furthermore, it has developed a discussion paper that paves the way to the establishment of a global integrated reporting framework (Deloitte, 2011). The introduction of integrated reporting related indices such as the JSE's Socially Responsible Investment (SRI) index shows that investors may rely on integrated reporting in making decisions. However, it remains to be seen how other stakeholders such as employees, suppliers and communities will rely on integrated reporting under the IIRC Framework.

Following developments in South Africa, AccountAbility for sustainability initiative was established in 2004 with an aim of developing practical guidance for organisations to link sustainability with business and financial strategies. In 2009 His Royal Majesty the Prince of Wales called for a framework that would ensure that 21$^{st}$ century challenges are not faced with 20 century decision making and reporting systems. This was followed by a release of a Connected Reporting Framework in 2010 aimed at helping organisations integrate environmental and social features into management reporting, investor communication and the corporate annual report and accounts(KPMG, 2010; Eccles, Cheung & Saltzman, 2011).

The NGO AccountAbility, which provides assurance on non-financial information using its AA1000 standards, and IFAC, which guides its members in handling integrated reporting issues, are other global promoters of integrated reporting. The IASB's IFRS Management commentary, that provides guidance on disclosure of non-financial information; the Climate Change Standards Board, which issues standards on climate change as well as the UN Global Compact, which guide members on strategic policy issues for business, all of them together represent an important global trend in integrated reporting. Both the IRC and the IIRC discussion papers appear to be very useful documents. However, the documents are based on the assumptions that companies are prepared for integrated reporting, in terms of their management systems and the information technology in place.

Before an integrated reporting approach is adopted the organisation must have an integrated management system in place as well as the relevant information technology. Unfortunately these two prerequisites for integrated reporting are not addressed by the Discussion Paper (IRC,2011).Thus lack of integrated management systems and appropriate information technology may be one of the factors that hinder the implementation of integrated reporting. Furthermore, the multiplicity of organisations involved in integrated reporting appears to be a further hindrance to integrated reporting. However, considering the different dimensions of integrated reporting, the involvement of different organisations is an imperative, and this is where the role of the IIRC as a converger, enforcer and coordinator of integrated reporting comes in handy(Deloitte, 2011). At national level the same pattern should be replicated with national integrated reporting committees coordinating different national integrated reporting initiatives.

## 4.6 INTEGRATED REPORTING IN SOUTH AFRICA AND BOTSWANA

### 4.6.1 Integrated reporting in South Africa

South Africa is among the few countries in the world which are at the fore front in integrated reporting. The King Code of Corporate Governance (King III) requires all listed companies in South Africa to publish integrated reports on an apply or explain basis; which means that companies that fail to apply the Code must disclose the reasons for not doing so. Furthermore, the IRC of South Africa has published a framework discussion paper that outlines the principles-based approach to Integrated Reporting and reports, and offers practical direction on the integrated report (IRC, 2011).

In terms of adoption of Integrated Reporting South African companies have made some significant progress. According to Deloitte (2011) the average level of adoption of Integrated Reporting is 48%. However, there is no definitive Integrated Reporting as no company excels in all aspects of Integrated Reporting, though some companies that were studied revealed some pockets of excellence.

### 4.6.2 Integrated Reporting in Botswana

In contrast to South Africa, there is no literature about the state of Integrated Reporting in Botswana listed companies. Furthermore there is no evidence of initiatives to introduce Integrated Reporting in Botswana and the reasons why there are no initiatives are not known. It remains to be seen whether the long awaited Botswana code of corporate governance will introduce Integrated Reporting and make it mandatory to listed companies like in South Africa. The true picture of the landscape of integrated reporting in Botswana will be established by this study.

### 4.6.3 Comparative Integrated Reporting

Previous studies on cross-country corporate disclosure focused on traditional disclosure and most of them were conducted in developed countries. Of the few studies that were conducted in developed countries none of them involved Botswana or South African listed companies. Yet, with globalisation, comparative disclosure cannot be ignored as it provides a means of benchmarking disclosure regimes against others with a view to improving the quality of disclosure.

Since integrated reporting has become the primary form of disclosure, a comparative study of disclosure based on traditional disclosure has become irrelevant. This study thus focuses on comparative integrated disclosure. However, as there are no previous cross-country studies of integrated disclosure to benchmark against, the study is original and limitations are inevitable.

As explained above, the starting point in integrated reporting is to develop an integrated management system and then apply integrating reporting steps to produce an integrated report. Thus the difference in the state of integrated reporting could be either due to companies that possess an integrated reporting system without having developed an integrated management system, or to companies that have an integrated reporting system but have not grasped the process of integrated reporting. This study will establish whether the difference in the state of integrated reporting between Botswana and South Africa is due to integrated management factors or to factors relating to the reporting process.

## 4.7 SUMMARY AND CONCLUSIONS

Integrated Reporting was defined as a reporting model by which financial and non-financial information is reported as a single package. Different media of communication may be used including paper, internet, forums, panels and official launches.

A more holistic view of the information relevant to the company and its value proposition and strategy is viewed as the primary benefit of integrated reporting. But there are also several secondary benefits of integrated reporting to the company, its stakeholders as well as to society as a whole. The disadvantages of the traditional reporting system and the benefits of integrated reporting form the business case for adopting integrated reporting. Many listed companies especially in the developed countries are adopting integrated reporting, however, the actual rate of adoption of integrated reporting is not known. The implementation of integrated reporting is regarded as a change management process, dealing on the one hand, with organisational issues including, developing a business strategy, setting up performance targets and performance indicators, identification of performance drivers, the resources required as well as the risks involved, setting up a multidisciplinary committee to drive it, promoting support of top management, setting up of communication channels with stakeholders, setting up a system to capture data and monitor performance, setting up quality assurances processes and planning the reporting process.

The implementation process also involves, data capturing issues such as ensuring that the right data is captured at the right time using correct metrics, and the reporting issues including ensuring that the report is compiled and structured in accordance with the provisions of the Discussion Paper and the reporting strategies. Several initiatives have evolved globally in promoting integrated reporting, including the King III Code of South Africa, the IRC of South Africa, the International Integrated Reporting Committee (IIRC), and Global Reporting Initiate (GRI) as well as the Prince of Wales Accounting for Sustainability project. Individual countries such as South Africa, Denmark and the UK have also played a regulatory role in promoting integrated reporting. The role of these initiatives have taken different forms, some are regulatory, other have developed frameworks, principles and codes, while others have focused on assurance.

In the Southern African region, South Africa has been leading the way in integrated reporting. The King III code requires listed companies to issue integrated reports. In 2011 the IRC of South Africa was formed. Immediately after its formation it issued a Discussion Paper on Integrated Reporting. The Discussion Paper provides guidance to listed companies on how to approach integrated reporting. However, the discussion paper does not address integrated management issues. Although the efforts by JSE listed companies in adopting integrated reporting is remarkably encouraging, but the assurance of integrated reports remains relatively slow. However, for the rest of the region, particularly Botswana, there is no information about the state of Integrated Reporting or of its quality relative to that in South Africa.

With globalisation, comparative corporate disclosure is a means of benchmarking disclosure regimes against others with a view to improving the quality of disclosure. Yet no comparative study of corporate disclosure involving Botswana or South African listed companies has ever been conducted. As discussed in chapter one this state of affairs warrants this study. Since integrated reporting is now the primary form of corporate disclosure this study accordingly involves a comparative integrated disclosure of Botswana and South African listed companies. In particular it explores whether the difference in the state of integrated reporting is attributable to integrated management system factors or to integrated reporting process factors or to both sets of factors.

# CHAPTER FIVE

# RESEARCH METHODOLOGY

## 5.1 INTRODUCTION

Chapter one discussed corporate disclosure and explained why it is a recurring theme. It also presented the research problem and the research questions that must be answered to solve it. Then mandatory disclosure and contextual disclosure were discussed in chapters two and three respectively. In each case the underlying theories, the developments and shortcomings of each form of disclosure were highlighted. On the other hand, chapter four examined integrated reporting, a new form of corporate disclosure which attempts to address the shortcomings of traditional reporting.

As stated in chapter one the objective of this study is to benchmark the quality of corporate disclosure of Botswana listed companies against that of South African listed companies. The corresponding research question is: is there any difference in quality of corporate disclosure between Botswana listed companies and that of South African listed companies? This chapter discusses how the research objectives were achieved.

Specifically, the chapter documents the populations and samples studied, the research instrument used and the collection and analysis of data. The remainder of this chapter is organised into six sections namely: the research instrument, research methodology, populations and samples studied, data collection, data analysis and ethical issues. A summary concludes the chapter.

## 5.2 THE RESEARCH INSTRUMENT

### 5.2.1 The corporate disclosure checklist

A checklist is defined as a list of behaviours, characteristics, skills or other items that a researcher is interested in investigating (Metler, 2012; Leedy &Ormrod, 2001:197). Benchmarking the quality of corporate disclosure of companies in one market against that of companies in another market requires measuring and comparing the quality of disclosure of Botswana and South African companies. A checklist is regarded as an appropriate instrument for achieving the research objective in this study. In this context a checklist is a list of especially set questions, the responses to which indicate the quality of disclosure.

According to Mertler (2012:141) checklists are different from rating scales in that unlike rating scales which present a continuum of responses to the question, checklists permit only a dichotomous set of responses; as such, checklists present data that is not as neatly detailed as those presented by rating scales. Despite this shortcoming, this study uses a checklist because it is quicker and cheaper to use than the rating scale method. Furthermore, a checklist conveniently matches the content analysis method used in this study.

Checklists may be constructed, adapted or adopted; and each approach has its advantages and disadvantages. Corporate disclosure checklists are developed from standards, codes, legal provisions, rules and good disclosure practices that set acceptable quality of corporate disclosure. The checklist questions for this study cover four areas of corporate disclosure, discussed in chapters two through to four: mandatory disclosure, corporate governance disclosure, sustainability reporting and integrated reporting.

### 5.2.2 Checklist questions on mandatory disclosure

As discussed in chapter two, mandatory disclosure takes the form of published financial statements and notes thereto that are prepared in compliance with International Financial Reporting Standards/International Accounting Standards, Legal codes and Stock

Exchange Regulations. Furthermore, the reliability and hence the usefulness of mandatory disclosure is verified by independent auditors. Checklist questions on mandatory disclosure in this study cover financial information, independent auditors' opinion, and going concern status – the traditional mandatory disclosure items. However, given the modern trend of classifying corporate information into financial and non-financial categories some additional financial information that is disclosed voluntarily is included in this under this section of the checklist as well. The checklist questions used in this study appear in section 1 of the Corporate Disclosure Checklist appearing in Appendix A.

### 5.2.3 Checklist questions on corporate governance disclosure

King III requires companies to disclosure specific corporate governance items or explain their non-disclosure. Checklist questions for this study covered seven key corporate governance areas: Ethical leadership, Board of directors, Internal audit, Audit Committee, Compliance with laws, Governance of IT and Governance of risks. These areas are further broken down into specific questions as shown in section 2 of the Checklist in Appendix A.

### 5.2.4 Checklist questions on sustainability reporting

The disclosure of sustainability performance is governed by standards issued by GRI and King III and covers five main areas: company profile, sustainability report format, forward-looking information, social responsibility disclosure, environmental disclosure and stakeholder relationship. These areas are further broken down into different themes including economic issues, business strategy, management approach, labour practices and environmental issues. It also covers human rights and social issues as well as the company's product responsibility. This study has adopted the King III disclosure checklist (Ernst & Young, 2009)and GRI guidelines because of their availability and comprehensiveness. Section 3 of the Corporate Disclosure checklist given in Appendix A shows the checklist questions relating to sustainability.

### 5.2.5 Checklist questions on integrated reporting

As discussed in chapter four, integrated reporting has emerged to become the primary form of corporate disclosure. Although there are no integrated reporting standards as yet, the IRC and the International Integrated Reporting Committee have developed frameworks and guidelines which have been used to construct a disclosure checklist on integrated reporting. However, as integrated reporting is not yet practiced in the BSE companies during the period covered by this study its assessment relates to the JSE companies and seeks to establish the overall level and trend of integrated reporting over the period covered by this study.

The assessment also examines the structure of integrated reporting whether it is one report or a set of separate but linked economic, governance and sustainability reports; and to establish the extent of the board's involvement in integrated reporting. Section 4 of the checklist in appendix A contains questions on integrated reporting.

### 5.2.6 Instrument reliability and validity

According to De Vos, Strydom, Fouche and Delport, (2012:171) a data collection instrument should have the quality of reliability and validity to yield credible findings. Accordingly, although the research instrument in this study has been adapted from King III disclosure checklist (Ernst & Young, 2009) and GRI guidelines, its reliability and validity has been carefully considered**.**

The reliability of a research instrument concerns the extent to which the instrument consistently yields the same results. This feature has been embedded in the instrument through piloting the instrument, and having the instrument scored by an expert in the field of corporate disclosure. On the other hand validity has been defined as the degree to which an instrument measures what it is supposed to measure (in this case the quality of corporate disclosure) (Babbie, 2007:146). De Vos *et al* (2012:173) identify three aspects of validity: content validity, construct validity and criteria validity.

Content validity indicates the extent to which the instrument adequately covers the area studied. As the questions in the instrument have been adapted from checklists developed by professional bodies and experts in the field, it can be argued that the instrument possesses content validity.

An instrument is said to have construct validity if it measures that which cannot be directly observed. In this study the construct measured is the quality of corporate disclosure and a ‘yes’ response to the questions in the instrument indicates that the quality of disclosure is good, and vice versa. Furthermore, as the questions in the instrument have been adapted from checklists developed and tested by experts in the field, it can also be argued that the questions adequately define the construct measure that is the quality of corporate disclosure**.**

Criteria validity shows the extent to which the scores of an instrument correlate with those of another external and independent instrument known or believed to measure the same concept studied. As De Vos *et al* (2012:174) document valid and reliable criteria may not exist or may be difficult to test; this has been the case in this study, no valid and reliable criteria to test the instrument against were found.

## 5.3 DATA COLLECTION

### 5.3.1 Analysis of corporate annual reports

To collect data on the quality of corporate disclosure of companies listed on the Domestic Board of the BSE the following steps were followed:

- The annual reports for the calendar years 2010 and 2011 of 23 companies listed on the exchange’s domestic board were collected from the companies.
- The content of each annual report was analysed.
- The relevant sections of each annual report were reviewed according to the key questions as per the checklist and then analysed in accordance with the criteria set out under 5.3.2 below.

- The data on the scored checklists for all the companies was summarised, and entered into the Excel spreadsheet software and analysed as explained under 5.6 below.
- The results of the analysis are discussed and presented using tables and graphs as discussed in chapter 6.

For the top 40 companies listed on the Johannesburg Stock Exchange, the following steps were followed:

- The top 40 JSE listed companies in 2010 and 2011 were identified using the FTSE rating agency.
- The 2010 and 2011 annual reports of the top 40 JSE listed companies were downloaded from their websites.
- The contents of each annual report was analysed by identifying the relevant sections in the annual report which report on the relevant issues raised in the corporate disclosure checklist.
- The relevant sections of the annual reports were assessed using the applicable questions in the corporate disclosure checklist.
- The checklist instrument was scored for each applicable disclosure in the relevant section analysed in accordance with the criteria set out under 5.3.2 below.
- The data on the checklist of each company was summarised on the disclosure data sheet, then entered into the Excel spreadsheet software and analysed as explained under 5.6 below.
- The results from the analysis are discussed and presented using graphs and tables as shown in chapter six.

### 5.3.2 Scoring the quality of disclosure on the checklist

The corporate disclosure checklist captures the quality of disclosure as assessed by the content analyst. The following quality assessment criteria have been used:

- If an item of information is either not disclosed at all or its disclosure lacks sufficiency or its nondisclosure is not justified the item is scored as No(N)

- If a piece of information is disclosed properly in the relevant sections of the annual report with sufficient details or its nondisclosure is justified the item is scored as Yes (Y).
- If the question is not applicable to the item, the item is not scored at all.

## 5.4 RESEARCH METHODS

Two research methods are used in this study, namely literature review and content analysis. Literature review is an important method of research usually applied at the early stages of the study for a number of reasons including the following stated by Mouton (2007:35):

- To ensure that one does not duplicate a previous study;
- To discover the most recent and authoritative theorising about the subject;
- To find out the most widely accepted empirical findings in the fields of study;
- To identify the available instrumentation that has proven validity and reliability;
- To ascertain the most widely accepted definitions of key concepts in the fields;
- To ensure that authoritative use is made of relevant textbooks, articles, theses and dissertations.

Literature review is in this study used for all the above reasons. Additionally, it is used as a method of reflecting on what other studies covered on the topic under study, with a view to identifying gaps which could be filled by this study. In chapter two for example, literature review reveals an unknown but improving level of corporate disclosure; while chapters two and three review the major theories underlying corporate disclosure. In this chapter literature review is used to identify research methods and instruments that worked well in previous studies and which could be applied in this study.

Content analysis on the other hand, is used in the final stages of this study to search for answers to the research questions posed in this study. Content analysis is described as a critical study of recorded human communication, undertaken to make valid inferences about some social phenomena (Cronje, 2008:140 citing Mouton, 2005:165).

Babbie (2007:330) gives the following advantages and disadvantages of content analysis:
Advantages:

- Economy in terms of money and time. This is regarded as probably the greatest advantage of content analysis.
- Allows the correction of errors. If one discovered that a mistake has been made in carrying out an experiment or a survey, the experiment can be redone. This is not possible with other methods of research.
- Permits the study of the process occurring over a long period of time.
- It has the advantage of all unobtrusive measures in that content analysis seldom has any effect on the subject being studied.
- Disadvantages
- It is limited to the examination of recorded communications.
- Validity problems are likely to arise unless what is being studied is communications *per se*.

According to Babbie (2007:320) some topics such as the study of communication are more appropriately addressed by content analysis than by any other method of enquiry. Mouton (2001:166) also contends that when research involves large volumes of text content analysis should be used. Accordingly, because this study involves analysis of company annual reports, content analysis is regarded as the best method to use.

## 5.5 POPULATION AND THE SAMPLES STUDIED

In Botswana the study focuses on a population comprising 23 companies that are listed on the BSE’s Domestic Equity Board during the calendar years 2010 and 2011. Companies listed on the exchange’s Foreign Equity Board have been deliberately excluded from the study to avoid the potential influence they might have on the overall quality of financial reporting and disclosure. It is assumed that foreign companies are better than domestic companies in terms of financial reporting and disclosure skills. The unit of analysis is the medium through which companies communicate their financial performance and governance to their stakeholders, namely the corporate annual report.

To permit an industry by industry assessment of the quality of disclosure the companies were classified by sectors as follows:

**Table 5.1 Classification of BSE companies by industry**

| **Sector** | **Company** |
|---|---|
| | |
| **Financial services** | Barclays Bank Botswana Ltd |
| | African Banking Corporation (ABC) |
| | First National Bank (FNB) |
| | Standard Chartered (STANCHART) |
| | Letshego Holdings Ltd |
| | Imara Corporation |
| | Botswana Insurance Holding Corporation |
| | RDC Ltd |
| | Turnstar Ltd |
| | Prime Time Property Holdings Ltd |
| | Letlole Ltd |
| | NAP Ltd |
| **Consumer services** | Olympia Corporation Ltd |
| | Furniture Mart Ltd |
| | Sefalana Cash & Carry Ltd |
| | Sefalana Ltd |
| | G4 Security Services |
| | RPC Data Ltd |
| | Chobe Ltd |
| | Cresta Ltd |
| | Wilderness Ltd |
| | FGS Ltd |
| **Consumer goods** | Sechaba Breweries Ltd |
| **Healthcare** | Medical Rescue Ltd |

Source: BSE

**Table 5.2: Classification of the top 40 JSE listed companies**

| Sector | Company |
|---|---|
| **Basic materials** | Anglo American Plc |
| | Anglo American Platinum Ltd |
| | Anglogold Ashanti Ltd |
| | African Rainbow Minerals Ltd |
| | BHP Billiton Plc |
| | Gold Fields Ltd |
| | Harmony GM Co Ltd |
| | Impala Platinum Hldgs Ltd |
| | Kumba Iron Ore Ltd |
| | ExxaroResourcesLtd |
| | Lonmin Plc |
| | Mondi Plc |
| | Assore Ltd |
| **Financial services** | ABSA Group Ltd |
| | Growthpoint Prop Ltd |
| | Capital Shop Cent Grp Plc |
| | African Bank Inv Ltd |
| | Nedbank Group Ltd |
| | Standard Bank Group Ltd |
| | FirstRand Ltd |
| | Old Mutual Plc |
| | Sanlam Limited |
| | RMB Holdings Ltd |
| | Investec Ltd |
| | Investec Plc |
| **Industrials** | Remgro Ltd |
| | Bidvest Ltd |
| **Telecommunication** | MTN Group Ltd |
| | Vodacom Group Ltd |
| **Healthcare** | Aspen Pharmacare Holdings Ltd |
| **Consumer goods** | Tiger Brands Ltd |
| | Steinhoff International Holdings Ltd |
| | Compagnie Fin Richemont |
| | SABMiller Plc |
| **Consumer services** | Shoprite Holdings Ltd |
| | Truworths International Ltd |
| | Naspers Ltd |
| | Massmart Holdings Ltd |
| | Woolworths Holdings Ltd |

Source: JSE

One decision which previous researchers had to make is whether to include or exclude financial companies from the study. Akhtaruddin (2005) and Ahmed (2006) excluded financial companies from their samples on the grounds that they were different from non-financial companies in terms of operations and statues governing their disclosure. On the other hand, Barako, Hancok and Izan (2006:15) did not exclude financial companies in their study. In this study financial companies have been included because the objective is to come up with an overall quality of corporate disclosure of companies listed on each stock exchange as well as of the different industries in which companies studied fall. However, the data collection instrument has been designed to take into account the special operations, statues and disclosure requirements of different companies.

## 5.6 ANALYSIS OF DATA

The captured data was made ready for analysis by transferring it from the checklist to the excel spreadsheet where it was presented in a cross tabulation format with columns representing companies and rows representing type of corporate information. Then the data was analysed in two stages, at the first stage the quality of disclosure is calculated as a proportion of properly disclosed items to the total items disclosable. This analysis is done for the entire sample and shows the quality disclosure for the sample, each category of disclosure, each area of disclosure as well as for each sector of disclosure. For ease of interpretation the results of the analysis are presented graphically and in a tabular form. This procedure is followed for each sample.

The second stage of analysis, is a comparative analysis of disclosure involving comparing each level of corporate disclosure calculated in stage one for each sample of companies with the corresponding level of corporate disclosure of the companies in the other sample, and presenting the results graphically and in tables.

At the time this study was conducted, Integrated Reporting had not yet been introduced in Botswana. Consequently, the comparative analysis does not cover Integrated Reporting. However, a comparative analysis of Integrated Reporting of South African companies over the period covered by this study has been performed to explore if there are lessons to learn from their experience.

## 5.7 ETHICAL ISSUES

The data for this study has been collected from the companies' annual reports which are published and thus freely available on the internet as well as from the companies' head offices. There were thus no ethical issues to consider during the collection of data except for the formal requests made to obtain the lists of listed companies; and the acknowledgement of all sources used in this study.

## 5.8 SUMMARY

This chapter explains the research process followed to benchmark the level of corporate disclosure of listed companies in Botswana against those of South Africa. The process involved reviewing the literature, constructing a research instrument, selecting the samples of companies to study and conducting content analysis on the companies' annual reports to assess the quality of corporate disclosure for each selected item. Furthermore, the process involved tabulating the data and then analysing it to establish the quality of corporate disclosure.

The research instrument used in this study is the developed corporate disclosure checklist. This is basically a list of questions designed to assess the level of mandatory disclosure, corporate governance, sustainability disclosure and integrated reporting. The responses to checklist questions indicate whether the level of disclosure is high or low.

Two research methods are used in this study; literature review and content analysis. Literature review is a critical study of existing literature on the topic undertaken in order to avoid duplicating previous studies, to discover the most recent and authoritative theorising about the topic, to identify available instrumentation that have proven validity and reliability; to ensure that authoritative use is made of relevant textbooks, articles and dissertations and to identify the research gaps that can be filled by the current study. According to existing literature no comparative study on the level of corporate disclosure between South Africa and Botswana exists; and this is a further justification of this study.

The data for this study was drawn from two populations of companies: (i) companies listed on the Domestic Equity Board of the BSE and (ii) companies listed on the Johannesburg Stock Exchange. All 23 companies listed on the Domestic Board of the BSE are studied while only the top 40 companies listed on the JSE are studied. The top 40 companies listed on the JSE are included in the sample studied in order to check how the disclosure quality of Botswana companies compares with the best companies on the JSE. The unit of study is the annual report of a company for the periods ending in the calendar years 2010 and 2011. The annual reports of BSE listed companies have been selected from the companies' head offices while those of the JSE listed companies were downloaded from their respective websites.

# CHAPTER SIX

# RESEARCH FINDINGS

## 6.1 INTRODUCTION

Chapter four of this dissertation discussed how content analysis, the disclosure checklist and the Excel spreadsheet program were to be used to capture, code, process and analyse data in order to assess the level of corporate disclosure in the annual reports of samples of companies listed on the BSE and JSE for the years ended 31 December 2010 and 2011. The chapter also identified three major categories of corporate disclosure to be assessed namely: Overall corporate disclosure, mandatory disclosure, disclosure of sustainability performance, corporate governance disclosure and integrated reporting. A description of how the assessment process would be carried out was also given.

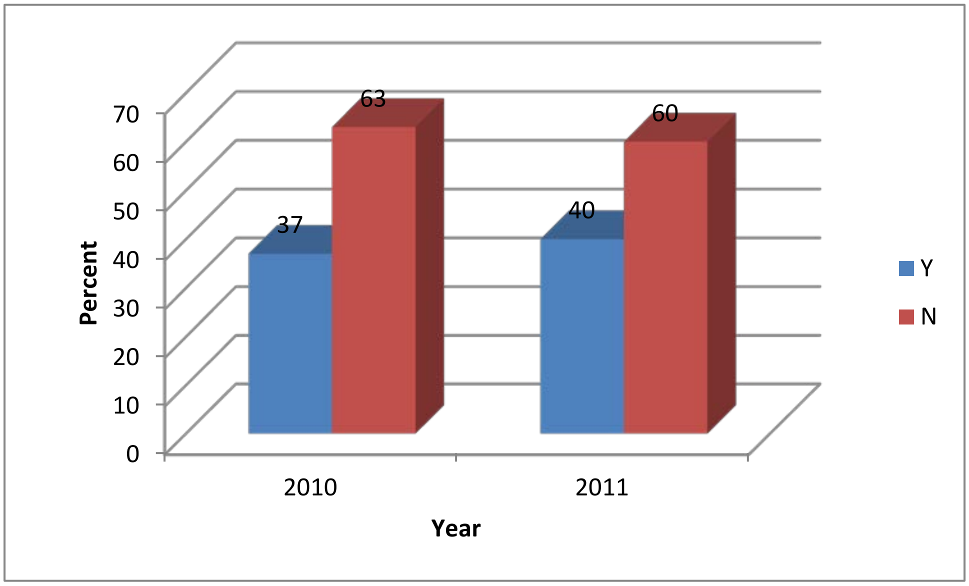
This chapter discusses the findings of the study starting with the quality of corporate disclosure of companies listed on the BSE, followed by the quality of corporate disclosure of the top 40 JSE listed companies and ending with a comparative analysis of the quality of corporate disclosure of the companies from the two exchanges. In each case the discussion of the findings is presented under five categories of disclosure: Overall corporate disclosure, mandatory disclosure, corporate governance disclosure and sustainability performance. For each of these disclosure categories a sector analysis of the level of disclosure is also shown in order to assess the trend and pattern of corporate disclosure in different sectors in which the assessed companies fall.

In presenting the findings, charts and tables are used. Charts are used to show the level of corporate disclosure while tables are used to show either the sector-wise distribution of the level of disclosure or a detailed analysis of disclosure. For each category of disclosure, the discussion of the level of disclosure follows immediately after the relevant chart and table. The level of corporate disclosure is expressed in percentages rather than the number of companies possessing a given level of disclosure in order to ensure comparability.

## 6.2 LEVELOF CORPORATE DISCLOSURE IN THE BSE SAMPLE

### 6.2.1 Level of overall corporate disclosure in the BSE sample

**Figure 6.1: Level of overall corporate disclosure in the BSE sample**




Key: Y = Disclosed; N= Not disclosed

**Table 6.1: Level of overall corporate disclosure by sector in the BSE sample**

| Sector | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | Y | % | N | % | Y | % | N | % |
| Financials | 237 | 32 | 513 | 68 | 282 | 37 | 468 | 63 |
| Consumer service | 300 | 40 | 450 | 60 | 304 | 41 | 446 | 59 |
| Consumer goods | 47 | 63 | 28 | 37 | 49 | 65 | 26 | 35 |
| Healthcare | 26 | 35 | 49 | 65 | 24 | 32 | 51 | 68 |

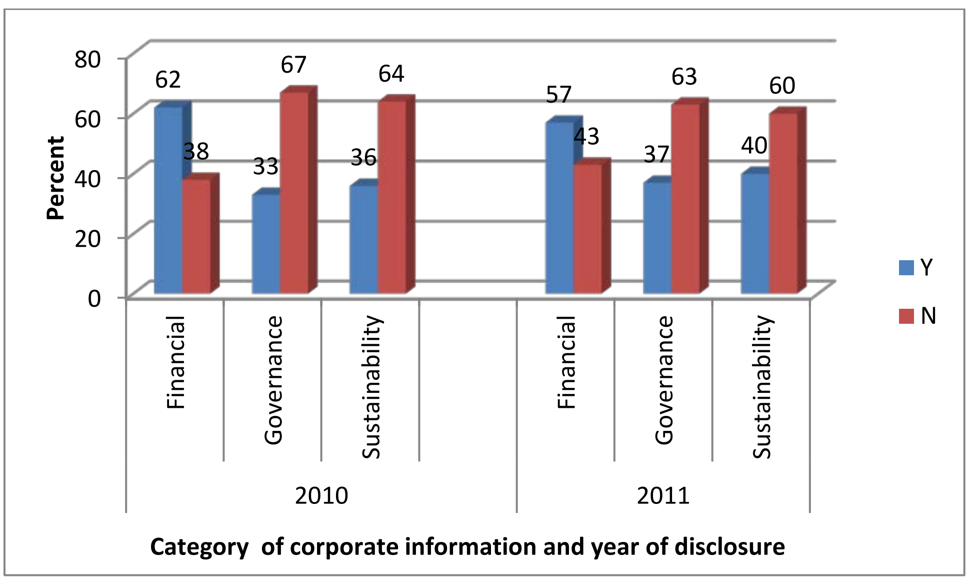
The disclosure checklist had 75 items that each company in the samples studied was expected to disclose in its corporate annual report. In the case of the 23 companies listed on the Domestic equity board of the BSE 1 725 items were supposed to be disclosed.

According to figure 6.1 above, in 2010 37% of the items were disclosed compared to 40% in 2011. This improvement in the level of overall corporate disclosure is consistent with the observation by the IMF/World Bank (2006:20) that corporate reporting practices in Botswana improved significantly over the past five years.

Table 6.1 which analyses the quality of overall corporate disclosure by sector, reveals four patterns of overall corporate disclosure: the Consumer Goods Sector had a relatively high and improving level of corporate disclosure (63% in 2010 and 65% in 2011). The Consumer services sector on the other hand had a relatively stable disclosure level of 40% in 2010 and 41% in 2011; while the Healthcare Sector had a low but improving level of disclosure.

### 6.2.2 Level of disclosure of categories of corporate information in the BSE sample

**Figure 6.2: Level of disclosure of categories of corporate information in the BSE sample**




Key: Y= disclosed; N = Not disclosed

**Table 6.2: Level of disclosure of categories of information by sector in the BSE sample**

| Categories of corporate information | Financial information | | Corporate Governance information | | Sustainability Information | |
|---|---|---|---|---|---|---|
| Sector | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| Financial services | 59% | 59% | 25% | 25% | 31% | 31% |
| Consumer services | 57% | 57% | 37% | 37% | 38% | 38% |
| Consumer goods | 71% | 71% | 68% | 68% | 52% | 52% |
| Healthcare | 29% | 29% | 40% | 40% | 30% | 30% |

According to Figure 6.2 the level of disclosure of different categories of corporate information was generally low over the period covered by the study. Figure 6.2 also shows that the information category that had the highest percentage of disclosure over the period of study was financial information with 62% of the items disclosed in 2010 and 57% of the items disclosed in 2011. The sustainability information category followed next with a disclosure level of 36% in 2010 and 40% in 2011. A further observation from Figure 6.2 is, while the percentage of disclosure of financial information declined that of corporate governance and sustainability information increased.

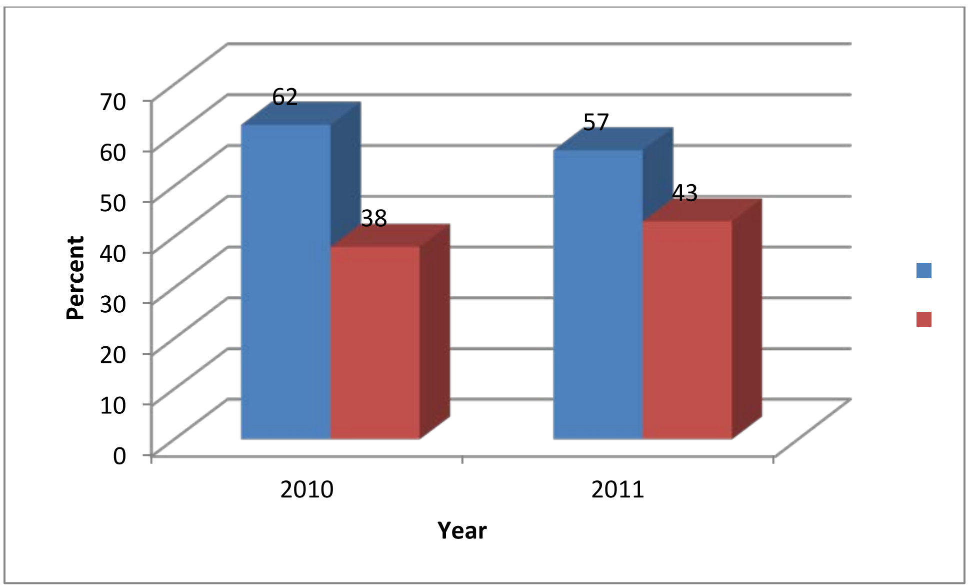
According to Table 6.2 the Consumer Goods Sector had the highest corporate disclosure quality for all the corporate information categories studied. Its percentage of disclosed financial information items was 71% over the two year period; while that for corporate governance and sustainability information stood at 68% and 52% respectively. Table 6.2 further shows the Consumer Services Sector as the next disclosing sector in ranking. Its percentage of disclosed items for each corporate information category was as follows: financial information 57% for both years; corporate governance 37% in both years and sustainability information 38% for both years.

The table also shows the Financial Services Sector as having corporate disclosure levels that falls between the levels of the other sectors. The sector disclosed 59% of financial information in both years , 25% of corporate governance information in both years and 31% of sustainability information in both years..

The table further shows the Healthcare Sector as the sector with the lowest level of corporate disclosure of all the three information categories. It disclosed 29% of financial information, 40% of corporate governance information and 30% of sustainability information.

### 6.2.3 Level of disclosure of financial information in the BSE sample

**Figure 6.3: Level of disclosure of financial information in the BSE sample**




Key: Y= disclosed, N= not disclosed

**Table 6.3: Level of disclosure of different items of financial information in the JSE sample**

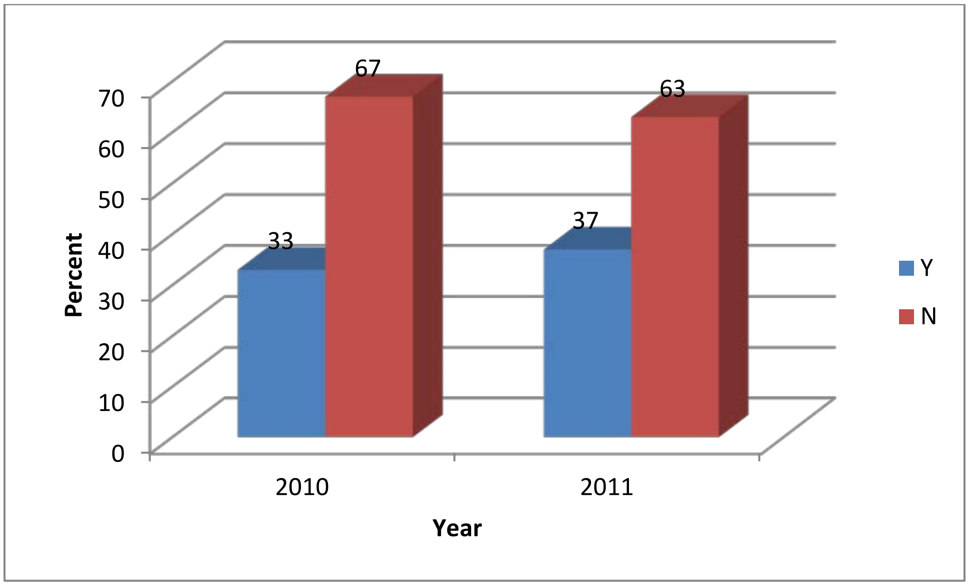
| | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Favourable auditors' opinion | 20 | 87 | 3 | 13 | 20 | 87 | 3 | 13 |
| Financial highlights | 21 | 91 | 2 | 9 | 22 | 96 | 1 | 4 |
| Going concern status | 18 | 78 | 5 | 22 | 17 | 74 | 6 | 26 |
| Value added and its distribution | 14 | 61 | 9 | 39 | 7 | 30 | 16 | 70 |
| Significant financial assistance to or from government | 2 | 9 | 21 | 91 | 2 | 9 | 21 | 91 |
| Policies, practices and proportion spent on local based supplies | 1 | 4 | 22 | 96 | 1 | 4 | 22 | 96 |

Financial information was described as corporate information that is disclosed mandatorily plus any other financial information that is disclosed voluntarily. According to Figure 6.3 the level of disclosure of financial information was 62% while in 2011 the percentage of the items disclosed fell to 57%.

Table 6.3 provides a detailed analysis of how companies disclosed the different financial information items that make up financial information. According to this table the items that were disclosed by most companies in both years were: financial highlights disclosed by 91% of the companies and favourable audit opinion, disclosed by 87% of the companies. On the other hand value added and its distribution; and policies, practices and proportion spent on local based supplies were disclosed by very few companies (9% and 4%) respectively in both years.

### 6.2.4: Level of disclosure of Corporate Governance information in the BSE sample

**Figure 6.4: Level of disclosure of corporate governance reporting in the BSE sample**




Key: Y disclosed, N not disclosed

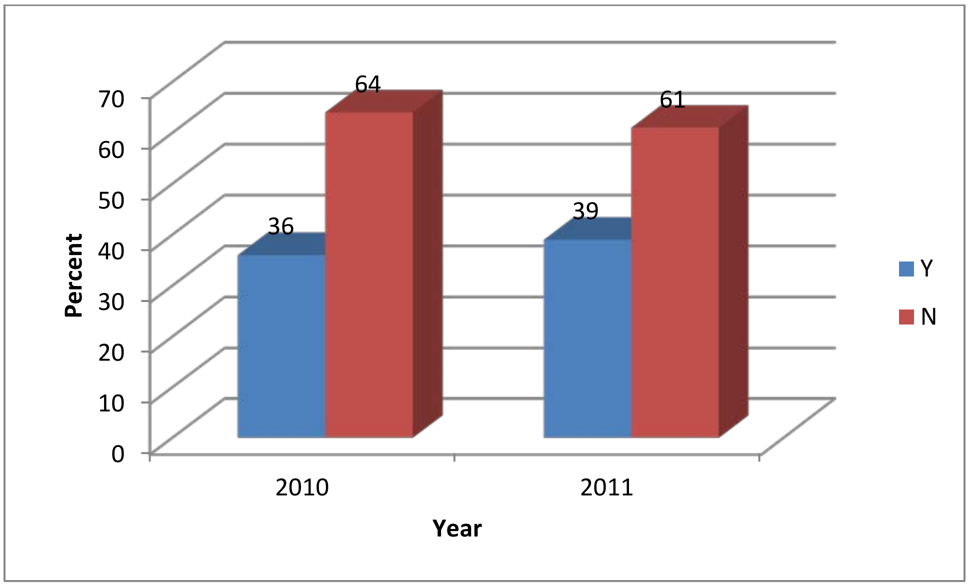
**Table 6.4: Level of disclosure of corporate governance reporting in the BSE sample**

| | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Ethical leadership | 16 | 35 | 30 | 65 | 18 | 39 | 28 | 61 |
| Board of Directors | 65 | 40 | 96 | 60 | 64 | 40 | 97 | 60 |
| Internal Audit | 18 | 39 | 28 | 61 | 21 | 46 | 25 | 54 |
| Audit Committee | 88 | 48 | 96 | 52 | 96 | 52 | 88 | 48 |
| Compliance with laws | 25 | 36 | 44 | 64 | 28 | 41 | 41 | 59 |
| Governance of IT | 0 | 0 | 115 | 100 | 0 | 0 | 115 | 100 |
| Governance of risks | 51 | 28 | 133 | 72 | 69 | 38 | 115 | 62 |

The percentage of corporate governance information disclosed in 2010 was 33% compared to 37% in 2011. In spite of a slight improvement, the level of disclosure remained relatively low. Table 6.4 shows that almost all corporate governance items had a percentage of disclosure of less than 50%. The only exception was the disclosure relating to the Audit Committee which increased from 48% in 2010 to 52% in 2011. Table 6.4 further shows two items that are poorly disclosed as governance of IT which was not disclosed at all in both years and governance of risks 72% in 2010; declining to 62% in 2011.

### 6.2.5 Level of disclosure of sustainability performance in the BSE sample

**Figure 6.5: Level of disclosure of sustainability reporting in the BSE sample**




Key: Y = disclosed, N= not disclosed

**Table 6.5: Level of disclosure of sustainability reporting in the BSE sample**

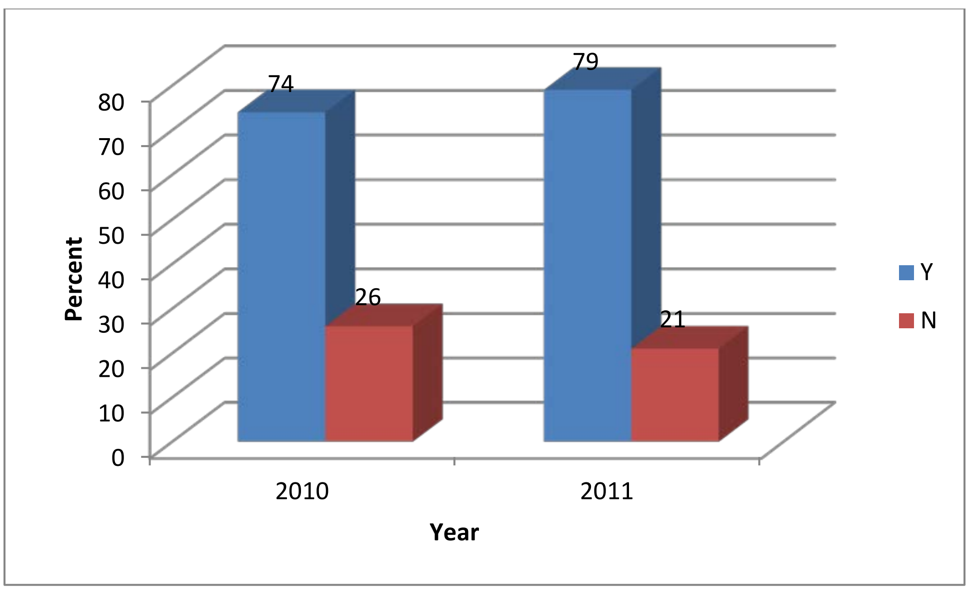
| | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Company profile | 207 | 100 | 0 | 0 | 207 | 100 | 0 | 0 |
| Report format | 7 | 15 | 39 | 85 | 10 | 22 | 36 | 78 |
| Forward-looking information | 25 | 22 | 90 | 78 | 25 | 22 | 90 | 78 |
| Social impact | 24 | 13 | 160 | 87 | 41 | 22 | 143 | 78 |
| Environmental impact | 11 | 8 | 127 | 92 | 10 | 7 | 128 | 93 |
| Stakeholders relationship | 0 | 0 | 69 | 100 | 4 | 6 | 65 | 94 |

The percentage of disclosed items was 36% in 2010 compared to 39% in 2011. In spite of a slight improvement, the level of disclosure was generally low over the two year period. According to Table 6.5 the company profile was fully disclosed by all companies over the period, but the level of disclosure of the rest of the items was generally low. Among the poorly disclosed items were; stakeholder relationships with a 0% disclosure level in 2010 which improved slightly to 6% in 2011. The other one was environmental impact disclosed by 8% of the companies in 2011 but by 7% in 2011.

## 6.3 LEVEL OF CORPORATE DISCLOSURE IN THE JSE SAMPLE

### 6.3.1 Level of overall corporate disclosure in the JSE sample

**Figure 6.6: Level of overall corporate disclosure in the JSE sample**




Key: Y = disclosed; N= not disclosed

**Table 6.6: Level of overall corporate disclosure by sector in the JSE sample**

| **Sector** | **2010** | | | | **2011** | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Basic materials | 740 | 76 | 235 | 24 | 794 | 81 | 181 | 19 |
| Financial services | 639 | 71 | 261 | 29 | 676 | 75 | 224 | 25 |
| Consumer services | 148 | 66 | 77 | 34 | 167 | 74 | 58 | 26 |
| Consumer goods | 314 | 70 | 136 | 30 | 324 | 72 | 126 | 28 |
| Healthcare | 68 | 91 | 7 | 9 | 74 | 99 | 1 | 1 |
| Industrials | 113 | 75 | 37 | 25 | 117 | 78 | 33 | 22 |
| Telecommunications | 137 | 91 | 13 | 9 | 143 | 95 | 7 | 5 |

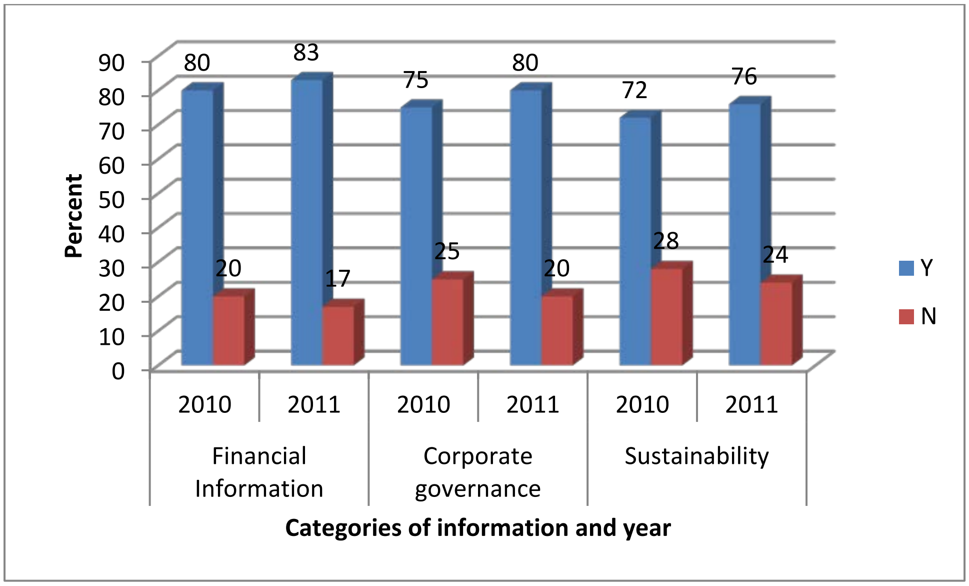
The checklist had 75 corporation information items to asses for each of the top 40 companies listed on the JSE during 2010 and 2011. In total there were 3000 corporate information items to be assessed in each of the years covered by the study. According to Figure 6.6 in 2010 74% of the corporate information items were disclosed compared to 79% in 2011. Thus, the quality of overall corporate disclosure increased by five percent.

A further analysis of the overall quality of corporate disclosure by sector in Table 6.6 reveals three best disclosing sectors: Healthcare disclosing 91% of the corporate information in 2010 and 99% of the items in 2011; and the Telecommunication Sector, disclosing 91% of the corporate information items in 2010 and 95% of the items in 2011.

Table 6.6 further shows an overall increase in the level of overall corporate disclosure across the sector. The sectors that recorded the highest increase in the level of overall corporate disclosure were healthcare and consumer services each recording an 8 percent increase. The basic materials, financial services and the Telecommunications Sectors came next with a 5% and 4% increase in the level of corporate disclosure respectively. The remaining sectors had an increase of between 0% and 3%.

### 6.3.2 Level of disclosure of categories of corporate information in the JSE sample

**Figure 6.7: Level of disclosure of categories of corporate information in the JSE sample.**




Key: Y= disclosed; N= not disclosed

**Table 6.7: Level of disclosure of categories of information by sector in the JSE sample.**

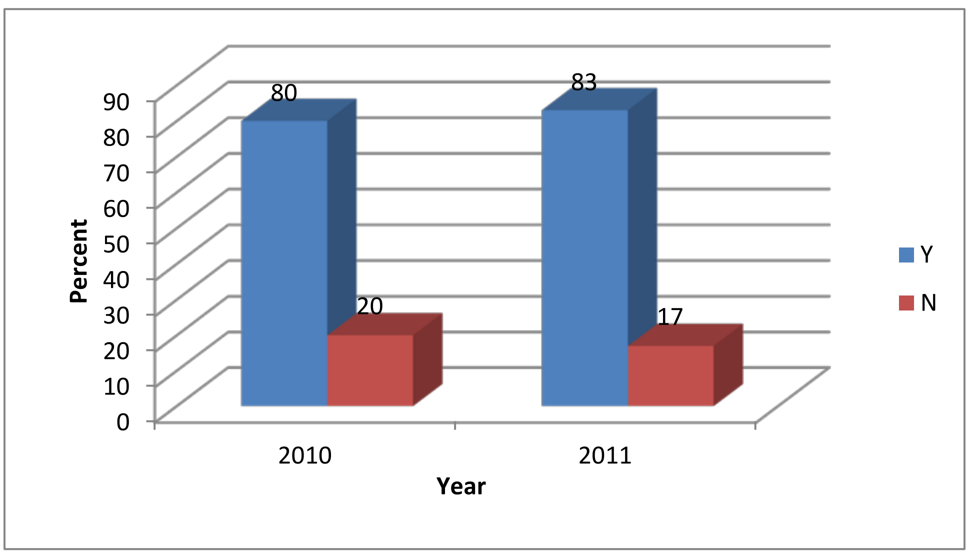
| **Categories of corporate information** | **Financial information** | | **Corporate governance information** | | **Sustainability information** | |
|---|---|---|---|---|---|---|
| **Sector** | **2010** | **2011** | **2010** | **2011** | **2010** | **2011** |
| Basic materials | 79 | 79 | 75 | 83 | 77 | 81 |
| Financial services | 75 | 82 | 77 | 79 | 63 | 79 |
| Consumer services | 76 | 76 | 49 | 58 | 82 | 91 |
| Consumer goods | 86 | 91 | 83 | 83 | 73 | 77 |
| Healthcare | 100 | 100 | 86 | 100 | 93 | 97 |
| Industrials | 86 | 93 | 86 | 93 | 62 | 59 |
| Telecommunications | 86 | 86 | 89 | 100 | 95 | 92 |

According to Figure 6.7 the percentage of disclosure of the three categories of information categories was generally high. However the financial information category had the highest percentage of disclosure followed by corporate governance and sustainability information. Furthermore each category of information experienced a slight increase in the percentage of disclosure.

Table 6.7 reveals the pattern and trend of disclosure across eight sectors. Overall all sectors had a high percentage of disclosure but some sectors performed much better than others. The Telecommunications Sector had the best disclosure of all the three information categories, in 2010 its disclosure of corporate information stood at 100%. Another sector that had the best disclosure of all the three information categories was the Healthcare Sector. Its percentage of disclosed financial information and corporate governance reached 100% over the two year period. The table also shows the Consumer Services Sector as the only one that had the lowest percentage of disclosure of corporate governance information over the two year period.

### 6.3.3 Disclosure of financial information in the JSE sample

**Figure 6.8: Level of disclosure of financial information in the JSE sample**




Key: Y= disclosed; N= not disclosed.

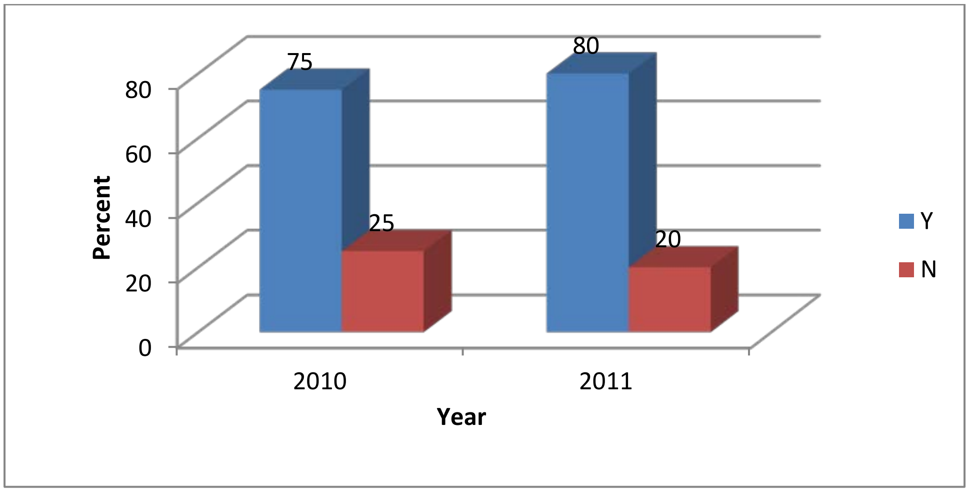
**Table 6.8: Level of disclosure of different items of financial information in the JSE sample**

| | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Favourable auditors' opinion | 40 | 100 | 0 | 0 | 40 | 100 | 0 | 0 |
| Financial highlights | 40 | 100 | 0 | 0 | 40 | 100 | 0 | 0 |
| Going concern status | 40 | 100 | 0 | 0 | 40 | 100 | 0 | 0 |
| Value added and its distribution | 31 | 77 | 9 | 23 | 29 | 73 | 11 | 27 |
| Significant financial assistance to or from government | 12 | 30 | 28 | 70 | 17 | 42 | 23 | 58 |
| Policies, practices and proportion spent on local based supplies | 20 | 50 | 20 | 50 | 27 | 68 | 13 | 32 |

According to figure 6.8 above, the level of disclosure of financial information was 70% in 2010 and 80% in 2011.There was thus a slight improvement in 2011. An analysis of disclosure of different financial information items shows three items which had a low disclosure percentage in both years. The items were significant financial assistance to or from government; policies practices and proportion spent on local based suppliers. The rest of the items were fully disclosed.

### 6.3.4 JSE Disclosure of corporate governance in the JSE sample.

**Figure 6.9: Level of disclosure of corporate governance in the JSE sample**




Key: Y= disclosed; N=not disclosed.

**Table 6.9: Level of disclosure of corporate governance in the JSE sample**

| | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Ethical leadership | 79 | 99 | 1 | 1 | 74 | 93 | 6 | 7 |
| Board of directors | 247 | 88 | 33 | 12 | 250 | 89 | 30 | 11 |
| Internal audit | 64 | 80 | 16 | 20 | 66 | 83 | 14 | 17 |
| Audit Committee | 241 | 75 | 79 | 25 | 277 | 87 | 43 | 13 |
| Compliance with laws | 106 | 88 | 14 | 12 | 109 | 91 | 11 | 9 |
| Governance of IT | 56 | 28 | 144 | 72 | 68 | 34 | 132 | 66 |
| Governance of risks | 257 | 80 | 63 | 20 | 278 | 87 | 42 | 13 |

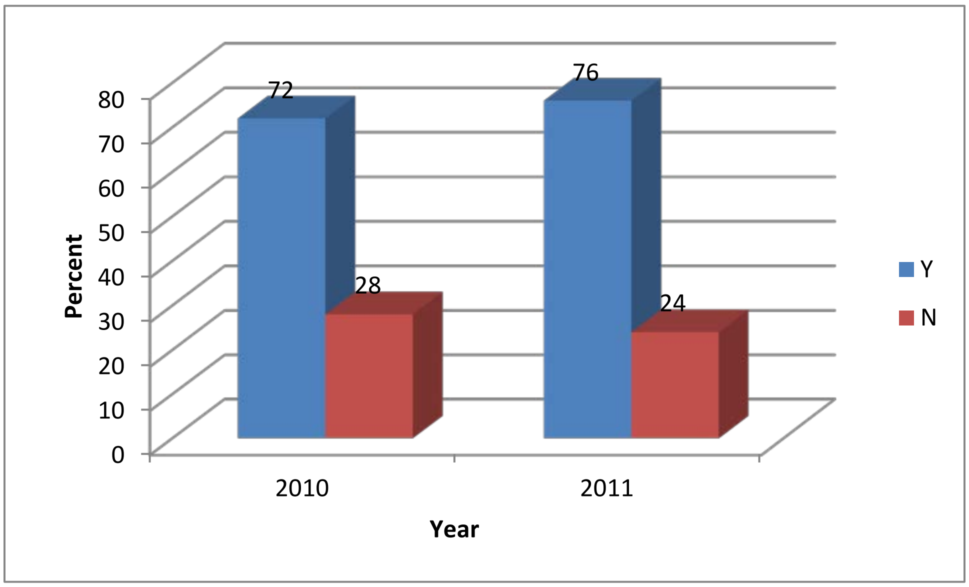
Figure 6.9 shows the disclosure of Corporate governance at 80% in 2010 and slightly higher in 2011. Although according to Table 6.9 in 2010 each corporate governance item had its own level of disclosure, the level of disclosure was high for most items. The corporate governance item that had the highest percentage of disclosure was ethical

leadership 99%, board of directors 88%, compliance with laws 88%, internal audit 80%, governance of risks 80%; while Audit Committee had 75%. The item that had the lowest percentage of disclosure was governance of IT at 28%.

Further to the above,Table 6.9 shows an increase in all corporate governance information items except ethical leadership which decreased from 99% in 2010 to 93% in 2011.

### 6.3.5 Level of disclosure of sustainability performance in the JSE sample

**Figure 6.10: Level of disclosure of sustainability performance in the JSE sample**




Key: Y= disclosed; N = not disclosed

**Table 6.10: Level of disclosure of sustainability performance in the JSE sample**

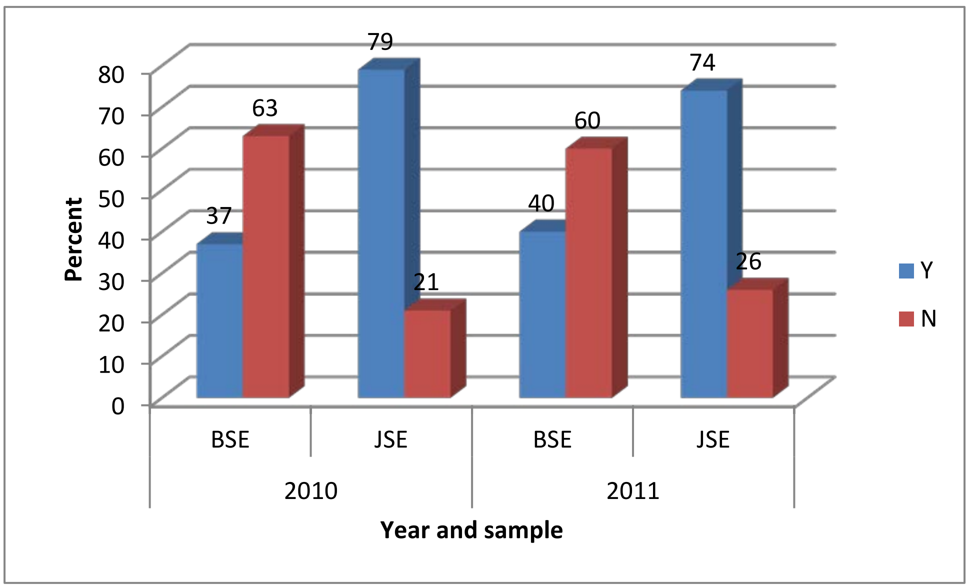
| | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|
| **Item** | **Y** | **%** | **N** | **%** | **Y** | **%** | **N** | **%** |
| Company profile | 360 | 100 | 0 | 0 | 360 | 100 | 0 | 0 |
| Report format | 39 | 49 | 41 | 51 | 32 | 40 | 48 | 60 |
| Forward-looking information | 149 | 75 | 51 | 25 | 158 | 79 | 42 | 21 |
| Social impact | 213 | 67 | 107 | 33 | 226 | 71 | 94 | 29 |
| Environmental impact | 117 | 49 | 123 | 51 | 139 | 58 | 101 | 42 |
| Stakeholders relationship | 76 | 63 | 44 | 37 | 93 | 78 | 27 | 22 |

According to Figure 6.10 the percentage of disclosure of sustainability information was 68% in 2010 and 70% in 2011. Table 6.10 reveals company profile as the fully disclosed sustainability information item in both years. This was followed by Forward-looking information with a percentage of disclosure of 75% in 2010 and 79% in 2011. Social impact had 67% in 2010 and 71% in 2011 while stakeholder relationships had 63% in 2010 and 78% in 2011. The item that had the lowest percentage of disclosure was the report format with 49% in 2010 and 40% in 2011.

## 6.4 COMPARATIVE LEVELS OF CORPORATE DISCLOSURE

### 6.4.1 Comparative levels of overall corporate disclosure

**Figure 6.11: Comparative levels of overall corporate disclosure**




Key: Y= disclosed; N= not disclosed

**Table 6.11: Comparative levels of overall corporate disclosure by sector**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Item** | **BSE** | **JSE** | **BSE** | **JSE** |
| Basic materials | - | 76 | - | 81 |
| Financial services | 32 | 71 | 37 | 75 |
| Consumer services | 40 | 66 | 41 | 74 |
| Consumer goods | 63 | 70 | 65 | 72 |
| Healthcare | 35 | 91 | 52 | 99 |
| Industrials | - | 75 | - | 78 |
| Telecommunications | - | 91 | - | 95 |

From Figure 6.11 JSE companies had a higher percentage of disclosure than the BSE companies and the difference was quite significant. Furthermore, both samples of companies experienced a slight decrease in the overall level of disclosure in 2011.

According to Table 6.11 all JSE sectors had a higher percentage of overall corporate disclosure than the BSE companies in both years and the JSE sectors experienced a higher increase in the level of overall disclosure than the BSE companies.

### 6.4.2 Comparative disclosure of different information categories

**Figure 6.12: Comparative levels of disclosure of different information categories**

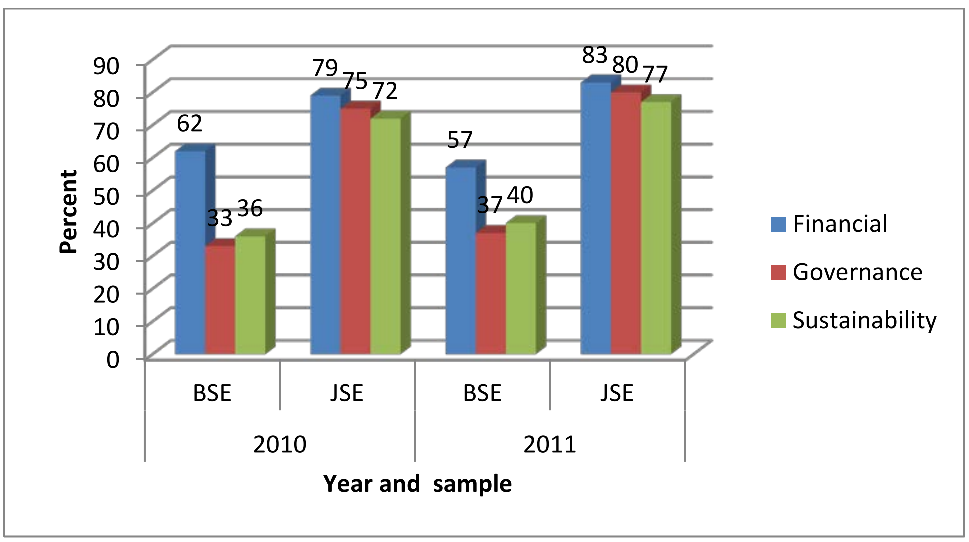


**Table 6.12: Comparative levels of disclosure of categories of information by sector**

| | 2010 | | | | | | 2011 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BSE | | | JSE | | | BSE | | | JSE | | |
| **Information of category** | **Financial** | **Governance** | **Sustainability** | **Financial** | **Governance** | **Sustainability** | **Financial** | **Governance** | **Sustainability** | **Financial** | **Governance** | **Sustainability** |
| **Sector** | | | | | | | | | | | | |
| Basic materials | - | - | - | 79 | 75 | 77 | - | - | - | 75 | 83 | 80 |
| Financial services | 57 | 25 | 33 | 75 | 77 | 63 | 59 | 35 | 36 | 82 | 79 | 71 |
| Consumer goods | 86 | 69 | 52 | 83 | 70 | 66 | 71 | 71 | 58 | 93 | 71 | 69 |
| Consumer services | 66 | 37 | 38 | 76 | 49 | 82 | 57 | 37 | 41 | 76 | 58 | 91 |
| Healthcare | 29 | 40 | 30 | 100 | 86 | 94 | 29 | 34 | 42 | 100 | 100 | 97 |
| Industrials | - | - | - | 86 | 62 | 62 | - | - | - | 93 | 86 | 59 |
| Telecommunications | - | - | - | 86 | 95 | 95 | - | - | - | 86 | 100 | 92 |

According to Figure 6.12 the companies in the JSE sample had a higher disclosure of different categories of corporate information than those in the BSE sample in both years. Furthermore although there was an increase in the level of corporate disclosure of each category of corporate information over the two year period in both samples, the increase in the level of corporate disclosure in the JSE companies was much higher than that in the BSE companies.

A sector wise comparative analysis of the disclosure of different categories of corporate information in Table 6.12 shows three sectors in the JSE sample for which there are no corresponding sectors in the BSE sample. The level of disclosure of different categories of corporate information in these sectors cannot be compared to the similar sectors in the BSE sample. Nevertheless the level of disclosure of different categories of corporate information in these sectors was quite high in both years.

As for the JSE sectors that had corresponding sectors in the BSE sample Table 6.12 shows that they had a much higher corporate disclosure of different categories of corporate information than the BSE sectors. In some cases the difference was very significant. A case in point being the Healthcare Sector, which had the lowest level of disclosure in the BSE sample in both years but the highest level of corporate disclosure in the JSE sample in both years.

### 6.4.3 Comparative levels of disclosure of financial information

**Figure 6.13: Comparative levels of disclosure of financial information**

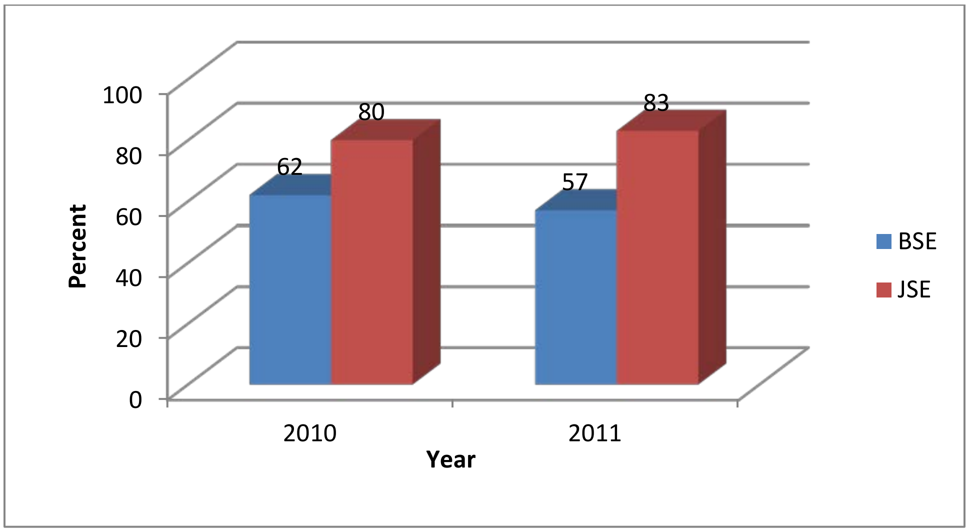



**Table 6.13 (a): Comparative levels of disclosure of financial information by sector**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Basic materials | - | 79 | - | 79 |
| Financial services | 57 | 75 | 59 | 82 |
| Industrials | - | 86 | - | 94 |
| Telecommunications | - | 86 | - | 86 |
| Healthcare | 29 | 100 | 29 | 100 |
| Consumer goods | 86 | 83 | 71 | 93 |
| Consumer services | 66 | 76 | 57 | 76 |

**Table 6.13(b): Comparative levels of disclosure of financial information by items**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Financial information items** | **BSE** | **JSE** | **BSE** | **JSE** |
| Favourable auditors' opinion | 87 | 100 | 87 | 100 |
| Financial highlights | 91 | 100 | 96 | 100 |
| Going concern status | 78 | 100 | 74 | 100 |
| Value added and its distribution | 61 | 77 | 30 | 73 |
| Significant financial assistance to or from government | 9 | 30 | 9 | 42 |
| Policies, practices and proportion spent on local based supplies | 4 | 50 | 4 | 68 |

According to Figure 6.13 companies in the JSE sample had a higher disclosure of financial information than companies in the BSE sample in both years. Furthermore Figure 6.13 shows that while the level of disclosure in the JSE sample increased slightly over the two year period that of the BSE sample decreased slightly during the same period.

A sector analysis of comparative disclosure of financial information in Table 6.13(a) shows the JSE sectors outperforming the BSE sectors in both years; the only exception being the Consumer Goods Sector showed a higher level of disclosure by the BSE sample than the JSE sample in 2010. Further to the above, Table 6.13 (a) show on one hand, the Healthcare Sector as the best disclosing sector in the JSE sample, and on the other hand as the worst disclosing sector of the BSE sample in both years.

A further analysis of disclosure of comparative financial information by items in Table 6.13(b) shows financial statements as an item that was fully disclosed by companies in both samples; and favourable auditors' report, financial highlights and going concern status as among the highly disclosed items by companies in both samples. On the other hand two items were poorly disclosed by companies in both samples in both years: Significant contribution to and from government, policies, practices and proportion spent on local based supplies. Value added and its distribution was the only item that had the same level of disclosure in both samples in both years.

### 6.4.4 Comparative levels of disclosure of corporate governance

**Figure 6.14:Comparative levels of disclosure of corporate governance**

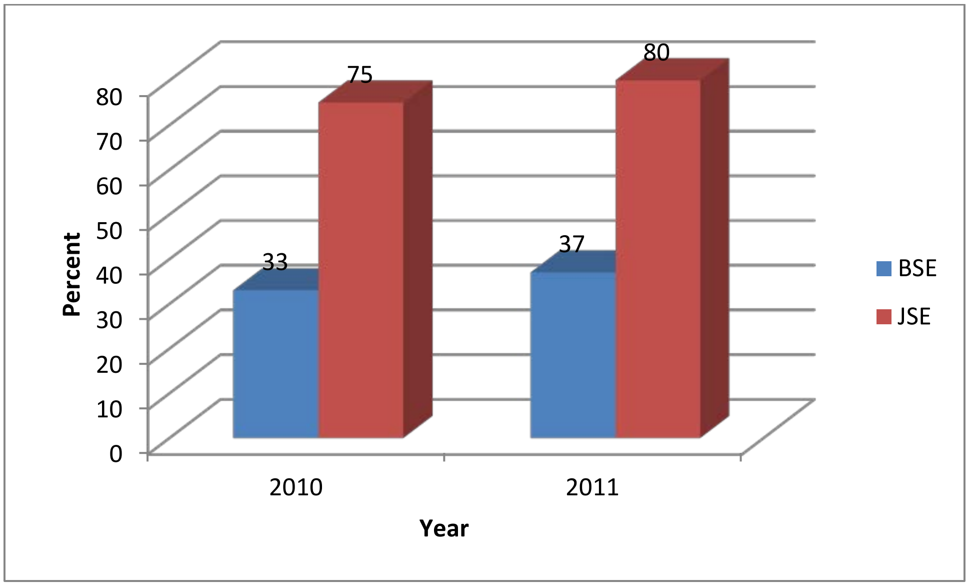



**Table 6.14 (a): Comparative levels of disclosure of corporate governance by sector**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Basic materials | - | 75 | - | 83 |
| Financial services | 25 | 77 | 35 | 79 |
| Industrials | - | 86 | - | 86 |
| Telecommunications | - | 89 | - | 100 |
| Healthcare | 40 | 86 | 34 | 100 |
| Consumer goods | 69 | 70 | 71 | 71 |
| Consumer services | 37 | 49 | 37 | 58 |

**Table 6.14 (b): Comparative levels of disclosure of corporate governance by items**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Item** | **BSE** | **JSE** | **BSE** | **JSE** |
| Ethical leadership | 35 | 99 | 39 | 93 |
| Board of directors | 40 | 88 | 40 | 89 |
| Internal audit | 39 | 80 | 46 | 83 |
| Audit committee | 48 | 75 | 52 | 87 |
| Compliance with laws | 36 | 88 | 41 | 91 |
| Governance of IT | 0 | 28 | 0 | 34 |
| Governance of risks | 28 | 80 | 38 | 87 |

As per Figure 6.14 the level of disclosure of corporate governance of the JSE companies was higher than that of the BSE companies in both years. Furthermore Figure 6.14 shows three JSE sectors which had no corresponding sectors in the BSE. These were: the Basic Material, Industrial and Telecommunications Sectors; and their levels of corporate governance disclosure were high. Otherwise, all the JSE sectors that had corresponding sectors on the BSE had higher levels of corporate governance disclosure than the BSE sectors. Another revelation from Table 6.14 is that all JSE sectors had very low levels of corporate governance disclosure. Further to the above Table 6.14 shows that while the level of corporate governance disclosure of BSE companies remained unchanged in both years that of JSE companies increased over the period.

According to Table 6.14(b), which shows a comparative disclosure by corporate governance items; the companies in both exchanges had a very low level of disclosure of governance of information technology (IT).Table 6.14(b) also shows that the BSE companies had the lowest level of disclosure for all corporate governance items; but the JSE companies showed a much higher disclosure of all the corporate governance items except the governance of IT**.**

### 6.4.5 Comparative levels of disclosure of sustainability performance

**Figure 6.15: Comparative levels of disclosure of sustainability performance**

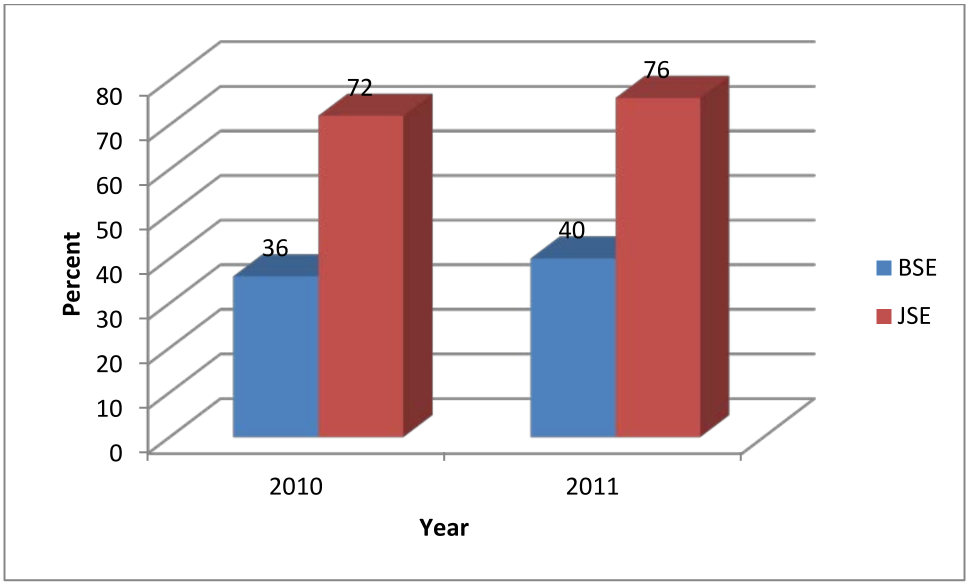



**Table 6.15 (a): Comparative levels of disclosure of sustainability performance by sector**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Basic materials | - | 77 | - | 80 |
| Financial services | 33 | 63 | 36 | 71 |
| Industrials | - | 62 | - | 59 |
| Telecommunications | - | 96 | - | 92 |
| Healthcare | 30 | 94 | 42 | 97 |
| Consumer goods | 52 | 66 | 58 | 69 |
| Consumer services | 38 | 82 | 41 | 91 |

**Table 6.15 (b): Comparative levels of disclosure of sustainability performance by items**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Item** | **BSE** | **JSE** | **BSE** | **JSE** |
| Company profile | 100 | 100 | 100 | 100 |
| Report format | 15 | 49 | 22 | 40 |
| Forward-looking information | 22 | 75 | 22 | 79 |
| Social impact | 13 | 67 | 22 | 71 |
| Environmental impact | 8 | 49 | 7 | 58 |
| Stakeholders relationship | 0 | 63 | 6 | 78 |

According to Figure 6.15 the companies in the JSE sample outperformed companies in the BSE sample in disclosing sustainability performance in both years by a wide margin. Furthermore, Figure 6.15 shows that although the companies in both samples increased their level of disclosure of sustainability performance the companies in the JSE sample had a much higher increase.

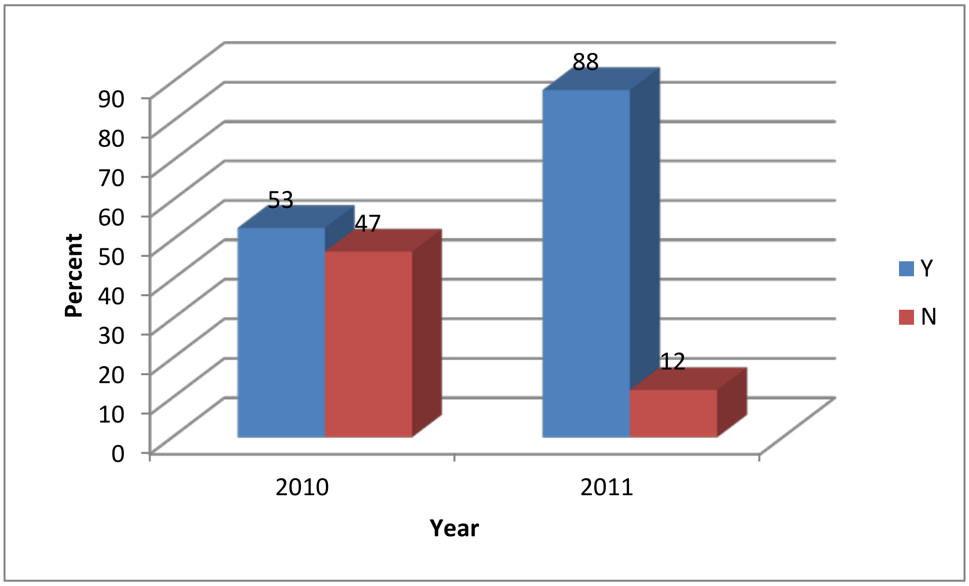
Table 6.15(a) shows a higher disclosure of sustainability performance within the JSE sectors than in the BSE sectors, with the exception of the Industrial Sector which had a disclosure of 62% in 2010 and 59% in 2011. According to Table 6.15(b) company profile was the only corporate governance item that was disclosed fully by companies in both samples in both years. The rest of the items were better disclosed by the JSE sample than the BSE sample. The BSE sample had a poor disclosure of all items except company profile; and stakeholder relationship was not disclosed at all. The only item that was poorly disclosed by the JSE sample in both years was the sustainability report format.

## 6.5 INTEGRATED REPORTING

As explained in chapter three this is a new form of corporate reporting. As such it was not yet practiced in the BSE sample companies during the period covered by this study. Accordingly the findings presented below relate to companies in the JSE sample only.

### 6.5.1: Level of integrated reporting in the JSE sample

**Figure 6.16: Levels of integrated reporting in the JSE sample**




Key: Y= disclosed; N= not disclosed

**Table 6.16 (a): Level of integrated reporting in the JSE sample by sector**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **Y%** | **N%** | **Y%** | **N%** |
| Basic materials | 77 | 23 | 92 | 8 |
| Financial services | 42 | 58 | 83 | 17 |
| Industrials | 50 | 50 | 100 | 0 |
| Telecommunications | 50 | 50 | 100 | 0 |
| Healthcare | 50 | 50 | 100 | 0 |
| Consumer goods | 25 | 75 | 75 | 25 |
| Consumer services | 67 | 33 | 100 | 0 |

**Table 6.16 (b): Level of integrated reporting in the JSE sample by specific practices**

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Aspect of integrated reporting** | **Y%** | **N%** | **Y%** | **N%** |
| Publication of integrated report | 53 | 47 | 90 | 10 |
| Linked financial, corporate governance and sustainability reports | 53 | 47 | 88 | 12 |
| Report include financial highlights | 53 | 47 | 88 | 12 |
| Board involvement in integrated reporting | 53 | 47 | 88 | 12 |

According to Figure 6.16 all companies in the JSE sample practiced integrated reporting but the level of reporting was 52% in 2010. However, by 2011 the level of Integrated Reporting was 88%, indicating a significant adoption of this new form of corporate reporting. Table 6.16(a) which shows the level of disclosure by sector shows that integrated reporting was practiced in almost all sectors in both years. Table 6.16 (a) also shows that although the level of Integrated reporting was low in 2010 with the exception of the Basic Materials and Consumer Services Sectors; it was quite high in 2011 in all sectors.

Table 6.16 (b) shows that while only 53% of the companies disclosed the specific integrated reporting aspects in 2010 the percentage of companies disclosing the aspects in question increased to around 90% in 2011. This was therefore a significant increase in the number of companies reporting corporate information in an integrated manner. Table 6.16 (b) also shows that the linked integrated report was preferred to the one report approach.

## 6.6 SUMMARY

This chapter discussed the findings of the study in terms of how the data capture was tabulated, classified, analysed and presented in percentages, charts and tables with the help of the spreadsheet software. The findings are presented for companies in the BSE sample, companies in the JSE sample, comparative analysis and integrated reporting.

In the case of the companies in the BSE sample, the level of overall corporate disclosure was found to be  generally low in both years and varies among the different sectors to which companies in the BSE sample fall, for example the ConsumerServices Sector topped the list.

Furthermore, of the three major categories of corporate information, the financial information category was  the best disclosed category, while the corporate governance and sustainability categories are the poorly disclosed. Within the financial information category, financial highlights were the most disclosed items, while significant financial assistance to and from government and policies, practices and proportion of spending on local based supplies are the least disclosed items. The governance of IT and governance of risks were the least disclosed items within the corporate governance category while within the sustainability performance category the analysis found all the items least disclosed.

In the case of companies in the JSE sample the level of overall corporate disclosure was found to be  high in both years and in all sectors to which the companies in the sample fall. The only exception being the Consumer Services Sector which had a moderate level of overall corporate disclosure. Furthermore, almost all corporate information categories were highly disclosed and the disclosure levels increased over the period as well as across the different sectors to which the information categories belong. However, some of the information items within the different information categories, experienced low level of disclosure.

Comparatively, companies in the JSE sample had a higher level of corporate disclosure, overall, across corresponding sectors as well as within the different information categories and items. It was also noted that integrated reporting was practiced by companies within the JSE sample and that the percentage of companies practicing IR was low in 2010 but significantly high in 2011, although there was still room for improvement.

# CHAPTER SEVEN

# SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

## 7.1 INTRODUCTION

This research was motivated by the IMF/World Bank which in 2006 reported that corporate reporting in Botswana has improved over the previous five year period; without indicating what the level of corporate disclosure was and how it compares with that of other countries. The primary objective of this study was to assess how the level of corporate disclosure of companies listed on the BSE compares with that of the top 40 JSE listed companies. To address this objective a corporate disclosure checklist was compiled based on the King III checklist, GRI principles IFRS, Stock Exchange Regulations and the Companies Acts of Botswana and South Africa.

Using content analysis methodology, corporate disclosure data was captured on the corporate disclosure checklist from the annual reports and websites of the companies in the two samples. Furthermore, with the help of the spreadsheet software, the captured data was analysed to find answers to the research questions.

The rest of this chapter summarises the literature review chapters and the empirical evidence collected and then based on the findings of the study, conclusions and recommendations made on how to improve the quality of corporate disclosure in areas where it was found to be lacking. At the end of the chapter follows a discussion of the implications of the study which includes potential areas for further research.

## 7.2 SUMMARY OF THE RESEARCH STUDY

The literature review in chapters two to four, the research design and research findings in chapter five and chapter six respectively are summarised below.

Chapter two started by explaining Mandatory corporate disclosure as disclosure in accordance with the GAAP or financial reporting. A brief historical development of mandatory corporate disclosure followed next, covering its different forms including; primitive accounting, the double entry system, unregulated financial reporting, and ultimately regulated financial reporting which is to date the main source of corporate financial information. The purpose of each form was discussed as well as its limitations.

The chapter went on to discuss two categories of theories on which modern financial reporting is based which are the Conceptual Framework, which prescribes accounting practice and the category comprising of the theories that explain and predict accounting practice. The theories in the latter category include Agency Theory, Positive Accounting Theory, Stakeholder Theory and Legitimacy Theory. The chapter pinpointed the Conceptual Framework as the predominant theory of financial reporting.

The Conceptual Framework was described as a set of accounting principles that provide a reference framework for evaluating accounting practice as well as for developing new accounting practices. The Agency Theory on the other hand, was described as a theory that holds that accounting practices are used to fight agency problems and information asymmetry; while Positive Accounting Theory was described as a theory that posits that the choice of accounting practices is influenced by cost and benefits involved in the transactions they measure.

Further to the above, the Stakeholder Theory was described as a theory that posits that accounting practices are selected on the basis of their ability to provide accountability to the stakeholders; while the protection of corporate entities' legitimacy was viewed as the essence of Legitimacy Theory. It was noted that the main argument of Legitimacy Theory was that corporate entities' choice of accounting practices is influenced by the legitimacy gap they wish to narrow in order to protect their legitimacy. The chapter also acknowledged that although the Conceptual Framework is a predominant theory, the consensus is that there is no generally accepted theory of financial reporting, hence the need for a consolidated theory.

A brief review of the financial reporting environment in Botswana and South Africa was also given in this chapter. It revealed that financial reporting in both countries was based on the Conceptual Framework accounting standards; the currencies of the two countries are almost at par and the volume of cross border trade between the two countries is quite substantial. Furthermore, South Africa's economy was described as the biggest in Africa, its securities exchange one of the best in the world and its regulatory bodies and education system as more advanced than those of Botswana.

Based on the IMF/World Bank reports on observance of standards and codes (ROSC) on both countries, that observed that corporate reporting was improving in both countries; without indicating the actual level of corporate disclosure and the areas that required improvement, the chapter examined various aspects of mandatory disclosure in order to gain the required insight into this type of disclosure rigor to undertaking the study. The aspects examined include: the history of financial reporting, the underlying theories of financial reporting and the financial reporting environment of the two countries.

Chapter three examined contextual disclosure. It defined it as a voluntary disclosure of financial and non-financial information to complement corporate information produced by financial reporting, in order to meet the information needs of stakeholders and to achieve the entity's strategic objectives. Then its evolution, its different forms, the theories underlying it and the state of contextual disclosure in Botswana and South Africa were discussed.

Contextual disclosure was seen as having evolved incrementally over time through three forms, being voluntary disclosure of economic information, disclosure of corporate governance such as internal monitoring mechanisms, compliance with ethical codes, social and environmental performance; and sustainability reporting – the disclosure of economic, social and environmental performance.

The theories and frameworks that underlie contextual disclosure were also examined. First the theories that explain and predict contextual disclosure were examined followed by frameworks that prescribe how contextual disclosure should be. Agency Theory, the Stakeholder Theory and the Legitimacy Theory were cited as theories that explain and predict contextual disclosure while frameworks such the management commentary, theenhanced business reporting framework and the GRI Guidelines were described as the frameworks that prescribe how contextual disclosure should be.

The Agency Theory was seen as a theory that proposes that contextual disclosures are made to mitigate agency costs. The Stakeholder Theory on the other hand, was explained to be a theory that proposes that contextual disclosure is made to deliver accountability to stakeholders, while Legitimacy Theory was seen to be a theory based on the premise that firms disclose contextual information in order to manage their operational legitimacy. A brief description of each framework was also given.

The chapter ended with a brief review of the state of contextual disclosure in South Africa and Botswana. In the review, South Africa was described as among the developing countries that have made significant advances in contextual disclosure, citing the King III code of corporate governance, as one of the best codes in the world. The King III code together with the new South African Companies Act (2008), were viewed as a sound framework of contextual reporting in South Africa.

Furthermore, the review cited a number of empirical studies on contextual disclosure that have been conducted in South Africa on issues such as patterns, trends, informativeness and transformation of contextual disclosure. However, the review noted lack of literature on comparative contextual disclosure in South Africa. The chapter observed that lack of literature made it difficult to assess how South African listed companies' contextual disclosure compare with that of companies in other countries. Further to the above, it was noted that in contrast to South Africa, Botswana's code of corporate governance was found to be still in the making; but empirical studies and comparative studies were lacking.

In chapter four integrated reporting was defined as a reporting model by which financial and non-financial information is reported as a single package. It was noted that different media of communication may be used in integrated reporting including paper, internet, forums, panels and official launches. The contention by Professor King that integrated reporting does not render the separate reporting model useless was discussed briefly.

The chapter cited the provision of a more holistic view of the information relevant to the company and its value proposition and strategy as the primary benefit of integrated reporting. But it also pointed out that there were secondary benefits of integrated reporting to the company, its stakeholders as well as to society as a whole; and argued that the business case for adopting integrated reporting were the disadvantages of the traditional reporting system and the benefits of integrated reporting. It was also pointed out that these advantages of integrated reporting were the reason why many listed companies in the developed countries were adopting integrated reporting, although, the actual rate of adoption of integrated reporting was not known.

Another aspect of integrated reporting that chapter 4 covered was its implementation process. The process was regarded as a change management process, dealing on the one hand, with organisational issues and data capturing issues such as what data to capture and which metrics to use.

Further to the above, the chapter acknowledged several initiatives that have evolved globally in promoting integrated reporting, including the King III Code of South Africa, the IRC of South Africa, the International Integrated Reporting Committee (IIRC), and Global Reporting Initiate (GRI) as well as the Prince of Wales Accounting for Sustainability project. Individual countries such as South Africa, Denmark and the UK were also cited as having played a regulatory role in promoting integrated reporting.

Chapter four also noted that in the Southern African region, South Africa was leading the way in integrated reporting. The King III code, The South African Companies Act, the IRC of South Africa and the Discussion Paper on integrated reporting were described as milestones in integrated reporting in South Africa. The Discussion Paper, for example was described as, providing guidance to listed companies on how to approach integrated reporting. However, it was pointed out that the Discussion Paper does not address integrated management issues and that the Companies Act makes integrated reporting mandatory to all listed companies.

According to KPMG (2011) and Deloitte (2011), efforts by JSE listed companies in adopting integrated reporting is remarkably encouraging, but the assurance of integrated reports remains relatively slow. However, for the rest of the region, particularly Botswana, there is no information about the state of integrated reporting or of its quality relative to that in South Africa.

Lastly chapter four underscored the importance of comparative corporate disclosure in the present globalised world, by describing it as a means of benchmarking disclosure regimes against others with a view to improving the quality of disclosure. However, the chapter noted that as comparative study of corporate disclosure involving Botswana or South African listed companies was not possible because integrated reporting was no yet practiced in Botswana; the assessment of integrated reporting was to be confined to the South African companies.

Chapter five explained the research process followed to benchmark the quality of corporate disclosure of listed companies in Botswana against those of South Africa. The process is described as involving: reviewing the literature, constructing a research instrument, selecting the samples of companies to study and conducting content analysis on the companies' annual reports to assess the quality of corporate disclosure of for each selected item. Furthermore, the process is said to involve tabulating the data on the spreadsheets and then analysing it to establish the quality of corporate disclosure for each sample studied as well as the comparative level of corporate disclosure of the two samples.

The chapter described the research instrument used in this study as the corporate disclosure checklist; which is basically a list of questions designed to assess the quality of corporate disclosure; a “Yes’ response to which indicate disclosure while a “No’ response indicate non-disclosure. The chapter further shows that the quality of corporate disclosure would be expressed the percentage of items on the checklist disclosed by a company.

Chapter five described that two research methods are used in the study being literature review and content analysis. Literature review was defined as a critical study of existing literature on the topic undertaken in order to avoid duplicating previous studies, to discover the most recent and authoritative theorising about the topic, to identify available instrumentation that have proven validity and reliability; to ensure that authoritative use is made of relevant textbooks, articles and dissertations and to identify the research gaps that can be filled by the current study. It also pointed out in this chapter that according to existing literature no comparative study on the quality of corporate disclosure between South Africa and Botswana existed; and this was a further justification of this study.

The chapter noted that data for this study was drawn from two populations of companies: (i) companies listed on the Domestic Equity Board of the BSE and (ii) companies listed on the JSE. The chapter further indicated that all 23 companies listed on the Domestic Board of the BSE were to be studied while only the top 40 companies listed on the JSE were to be studied. It also stated the reason for including the top 40 companies listed on the JSE in the sample studied as to check how the disclosure quality of Botswana companies compares with the best companies on the JSE. The unit of study was identified as the annual report and website of each company for the periods ending in the calendar years 2010 and 2011. It was further noted that the annual reports of BSE listed companies were obtained from the companies’ head offices while those of the JSE listed companies were downloaded from their respective websites.

The chapter also described the attempt that has been made to validate this study and to consider the ethical matters involved in the study. It made one observation, that lack of experts and the high cost of engaging experts to validate the research methodology made a full validation of this study impossible; and noted this to be one of the limitations of this study.

Chapter six discussed the findings of the study in terms of how the data captured was tabulated, classified, analysed and presented in percentages, charts and tables with the help of the spreadsheet software. The chapter also explained how the findings are presented for companies in the two samples as well as in terms of comparative analysis and integrated reporting.

The chapter showed that the level of overall corporate disclosure of the BSE sample was generally low in both years and varied among the different sectors to which companies in the BSE sample fell. The Consumer Services Sector was cited as topping the sectors while the Healthcare sector trailed the sectors in both years..

Furthermore, chapter six showed the level of disclosure for each of three major categories of corporate information. The financial information category was found to be the best disclosed category while the corporate governance and sustainability categories were found to be poorly disclosed. It was also found that within the financial information category, financial highlights were the most disclosed items while significant financial assistance to and from government and policies, practices and proportion of spending on local based supplies were the least disclosed items. Another finding described in chapter six is that the governance of IT and governance of risks were the least disclosed items within the corporate governance category while within the sustainability performance category the analysis found all the items poorly disclosed.

In the case of companies in the JSE sample, chapter six found the level of overall corporate disclosure high in both years and in all sectors to which the companies in the sample fell. The only exception was the Consumer Services Sector which had a moderate level of overall corporate disclosure. A further finding was that, almost all corporate information categories were highly disclosed and the disclosure levels increased over the period as well as across the different sectors to which the information categories belong.

However, it was noted that some of the information items within the different information categories, experienced low levels of disclosure.

The chapter found that comparatively, companies in the JSE sample had a higher level of corporate disclosure, overall, across corresponding sectors as well as within the different information categories and items. The chapter also noted that integrated reporting was practiced by companies within the JSE sample and that the level of disclosure was low in 2010 but was significantly high in 2011, although there was room for improvement.

## 7.3 CONCLUSION

As indicated in chapter one this research study was motivated by the observation of the IMF/World Bank(2006) that corporate reporting in Botswana was low in spite of some improvement during the previous years. As the IMF/World Bank report failed to show what the level of corporate disclosure was and the areas that required improvement, this research study was embarked on to seek answers to three research questions:

- What was the level of corporate disclosure in Botswana?
- How did it compare with that of South African companies?
- What lessons can be learnt?

Accordingly, the research was conducted by means of literature review and an empirical study involving 23 companies listed on the BSE and the top 40 companies listed on the JSE, for the calendar years 2010 and 2011. The study indicated that the overall level of corporate disclosure of the BSE companies was low during the period of the study, but increased slightly. Furthermore, the study indicated low levels of corporate disclosure across the Industrial Sectors as well as within the major categories of corporate information and for some specific pieces of corporate information; in both years. The study also indicated that although integrated reporting has been around for a couple of years it was not practised at all by the BSE companies.

Although the findings of this research study are on the whole consistent with those of the IMF/World Bank, this study indicated specifically that the level of overall corporate disclosure was 37% in 2010 and 40% in 2011 in the BSE sample. The study further indicated that the level of overall corporate disclosure was very low in the Healthcare Sector; and further indicated low levels of disclosure within the corporate governance and sustainability performance information categories. The relatively high level of disclosure of the financial information category was not unexpected given its mandatory nature. Nevertheless, the study indicated low disclosure levels within the financial information category for the following items: favourable audit opinion, financial highlights, going concern status, value added, assistance to and from government as well as policies, practices and proportion spent on local supplies.

There are possible explanations for the low levels of corporate disclosure. Corporate disclosure is supposed to be market driven, that is driven by the forces of demand and supply in a perfect market environment. Since market failure is inevitable as discussed earlier in this study , regulation remains important for enforcing corporate disclosure. But in Botswana corporate reporting regulations relate to financial reporting only. Thus the low level of disclosure of corporate information can be said to be attributable to ineffective regulatory systems. The regulatory systems referred to here are not just those directly relating to corporate reporting, rather they include regulations that impact indirectly on corporate disclosure including training regulators, professional accounting bodies as well as the companies and stock exchange regulation and related enforcement mechanisms.

Furthermore, in line with the Agency Theory regulations traditionally tend to address the information asymmetry affecting shareholders and creditors only, rather than those of all stakeholders. Accordingly existing regulations do not require companies to disclose non-financial corporate information such as corporate governance and sustainability performance which are required by stakeholders. The voluntary disclosure nature of non-financial information is thus the second reason for low level of disclosure by the BSE companies. Unfortunately, apart from the auditor’s report which assesses the quality of disclosed financial information, there is no comprehensive index of corporate disclosure to compel companies to disclose non-financial information such as corporate governance and sustainability performance.

The study indicated that comparatively companies in the JSE sample had a higher level of corporate disclosure than those in the BSE sample in both years; and that the difference in the levels of corporate disclosure was across corresponding sectors as well as within major information categories and information items. The study also indicated that whereas companies in the JSE sample had adopted integrated reporting, those in the BSE sample had not.

These findings suggest that the top 40 JSE companies publish corporate information that is more useful than that published by the BSE companies; which means that other things equal, users of corporate information published by the JSE companies make more informed decision than users of corporate information published by the BSE companies.

Ideally though, the theories discussed in this research study are supposed to explain corporate disclosure equally in both samples. Yet the findings show that they explained corporate disclosure more in the JSE sample than in the BSE sample. It follows although the corporate disclosure level of the JSE companies is benchmarkable; the starting point in the benchmarking exercise should be an examination of the reasons why the theories discussed in this research study failed to explain corporate disclosure in the BSE companies.

As far as this study is concerned, all theories apply when other things are equal – the *ceteris paribus proviso.* The fact that Botswana is near to South Africa does not make it the same as South Africa. There are economic, cultural, technological and even historical differences between the two countries. These are the causes of the differences in the level of corporate disclosure. If these differences explain the differences in the levels of corporate disclosure then Contingency Theory also explain corporate disclosure. Contingency Theory is a behavioural theory which posits that management action depends on the situation it faces.

## 7.4 RECOMMENDATIONS

### 7.5.1 Adopt a useful classification of corporate information

Traditionally researchers and corporate analysts tended to classify corporate information into mandatory and voluntary categories. Literature review in this study indicated that corporate information which used to be categorised as voluntary disclosure has become mandatory and the companies now report corporate information under three categories of financial information, corporate governance and sustainability. This recommendation applies to companies and the academia of Botswana and South Africa..

A few companies use the classification: financial information and sustainability on the ground that corporate governance is an aspect of sustainability information. The three categories classification used in this study is recommended on the grounds that it permits a more detailed analysis of corporate information than the two category classification.

### 7.5.2 Benchmark on markets with similar characteristics

The objective of this study was to compare the levels of corporate disclosure in the two stock exchanges with a view to establishing if companies with lower levels of corporate disclosure could learn from those with higher levels. This study has shown that a mere finding that companies in a particular exchange have a higher level of corporate disclosure is not a criterion in selecting companies to benchmark on. This is because the difference in the levels of corporate disclosure may be due differences in regulatory requirements as well as the maturity of the markets, in which case the best way to improve corporate disclosure would be to iron out differences in these two underlying factors.

### 7.5.3 Companies to use separate interlinked and focused reports, and websites when reporting

The study indicated that companies in the JSE sample reported through separate interlinked financial, corporate governance and sustainability information categories in an integrated manner. As this could be one of the reasons these companies had a higher level of disclosure than the BSE companies, which tended to report through one report – the annual report; it is recommended that companies experiencing low levels of disclosure adopt this approach.

### 7.5.4 Introduce a corporate disclosure index

Indices have been used for years to rank financial markets; and recently they are being used to rank how companies and even countries perform in some areas of interest. There are economic indices, corruption indices as well as social responsibility indices. This study indicated that companies in the JSE sample are legally required to comply with the social responsibility index and this is a possible explanation for their high level of disclosure of corporate governance and sustainability performance. The BSE could introduce a similar index in order to improve its sustainability disclosure and eventually introduce integrated reporting.

### 7.5.5 Improve the disclosure of governance of IT and governance of risks

This study showed that the level of corporate disclosure of governance of IT and governance of risks were very low in both samples. An investigation should be undertaken to establish the causes of such low level of disclosure.

### 7.5.6 Introduce balanced CPD programmes and accounting training curricula

The CPD programmes of national accountancy organisations and accounting curricula of tertiary institutions should be reviewed in order to ensure that corporate governance and sustainability reporting, are be included in the accounting training curricula. The current curricula are biased towards financial reporting, if they are not changed the problem of poor disclosure of non-financial information may become perpetual.

## 7.6 AREAS FOR FURTHER RESEARCH

This study raises a number of issues that require further research in order to understand why the theories of corporate reporting failed to explain corporate disclosure in some markets. The following possible areas for future research are proposed.

- Does the Contingency Theory also explain corporate disclosure? This is a behavioural theory which posits that management action depend on the situation the face. Before conclusion is reached the following hypothesis will have to be tested: '*The situation the reporter finds himself/herself in influences the level of corporate disclosure.*'

- As stated above, some information that used to be classified as voluntary is now mandatory. Future research could establish the costs and benefits of mandating voluntary disclosure.
- A study could be undertaken to establish the viability of a national corporate disclosure index. As stated above, such an index may motivate companies to improve their levels of corporate disclosure in order to protect their image.

## BIBLIOGRAPHY

Abayo, A.G., Adams, C.A. & Roberts, C.B. 1993. 'Measuring the quality of corporate disclosure in less-developed countries with particular reference to Tanzania.' *Journal of International Accounting, Auditing and Taxation*, 2(2):145-158.

Adams, C.A. 2002. 'Internal organisational factors influencing corporate social and ethical reporting: Beyond current theorising.' *Accounting, Auditing & Accountability Journal*, 15(2):233-250.

Adams, C.A. & Larringa-Gonzalez, C. 2007. 'Engaging with organisations in pursuit of improved sustainability accounting and performance.' *Auditing and Accountability Journal*, 20(3):333.

Adams, C.A. & McNicholas, P. 2007. 'Making a difference. sustainability reporting, accountability and organizational change.' *Accounting, Auditing & Accountability Journal*, 20(30):382-402.

Akhtaruddin, M. 2005. 'Corporate Mandatory disclosure Practices in Bangladesh.' *The International Journal of Accounting*, 40(2005):399-422.

Ashford, B.E. & Gibbs, B.W. 1990. 'The double-edge of organizational legitimation.' *Organization Science,* 1(2):177-194.

Babbie, E. 2007. *The Practice of Social Research*. ($11^{th}$ ed.). London: Chapman Publishers.

Barako, D.D., Hancock, P. & Izan, H.Y. 2006. *Relationship between Corporate Governance attributes and voluntary disclosure in annual reports. The Kenyan experience.* Financial Reporting, Regulations and Governance, 5(1):1-5.

Belal, A.R. & Owen, D.L. 2007. ‘The views of corporate managers on the current state of, and future prospect for, social reporting in Bangladesh: an engagement based study.’ *Accounting, Auditing & Accountability Journal*, 20(3):472-94.

Belkaoui, A. &Karpik, P.G. 1989. ‘Determinants of the corporate decision to disclose social information.’ *Accounting, Auditing & Accountability Journal*, 2(1):36-51.

Belkaoui,R.A. 2001.*Accounting Theory*.(5th ed.). London: Thomson.

Belkaoui, R.A. 2004.*Accounting Theory*.(5th ed.). London: Thomson Learning.

Bennett, M. &James, P. 1999. ‘Sustainable Measures: Evaluation and Reporting on Environmental and Social Performance.’ Sheffield. UKGreenleaf Publishing.

Benston, G.J., Carmichael, D.R., Jamal, K., Demiski, J.S., Laux, B., Rajgopal, S., Vrana, G. &Dharan, B. 2006. *The FASB’s Conceptual Framework for Financial reporting: A Critical Analysis by the American Accounting Association’s Financial Accounting Standards Committee.* Alberta: University of Alberta School of Business research. Paper No 2013-1028. Accounting horizon, 21(2): 2007. <http://11ssrn.com/abstract=2278980>. Accessed: 27 November 2013.

Berthelot, S., Cormier, D. and Magnan, M. 2003. ‘Environmental disclosure research: review and synthesis.’ *Journal of Accounting Literature*, 22:1-44.

Blair, M.M. 1995. ‘*Ownership and Control: Rethinking Corporate Governance for the Twenty-First Century.’* Washington DC: The Brookings Institution.

Brookhart, J.M., Beeler, J.D., &Culpepper, D. 2005. ‘Regulatory guidance, legitimacy theory and environmental disclosure.’*Journal of Accounting & Finance Research*, 13(2):1.

Brown, R. 2003. *A History of Accounting and Accountants*. (1st ed. Washington DC: Beard Books.

Bushman, R.M. & Smith, A.J. 2003. ‘Disclosure Practices of Foreign Companies interacting with U.S. Markets.’ *Journal of Accounting Research*, 42:475-508.

Camara, M., Chamorro, E. & Moreno, A. 2009. ‘Stakeholder reporting: the Spanish tobacco monopoly, 1887-1986.’ *European Accounting Review*, 18(4):697-717.

Clarke, T. (Ed.). 2004.*Theories of Corporate Governance: The philosophical foundations of corporate governance*. 1st ed. London: Routledge.

Coffee, J.C. 2005. ‘A theory of Corporate Scandals: Why the USA and Europe Differ.’*Oxford Review of economic Policy*, 21(2):198-211.

Coetsee, D.2010. ‘The role of accounting theory in the development of accounting principles.’*Meditari Accountancy Research*, 18(1):1-16.

Cormier, D., Aerts, W., Ledoux, M.J. &Magnan, M. 2009. ‘Attributes of social and human capital disclosure and information asymmetry between managers and investors.’ *Canadian Journal of Administrative Sciences*,26(1):71-88.

Certified Practising Accountants (CPA) Australia. 2007.*Confidence incorporate reporting 2007 survey findings, CPA Australia*. Melbourne: Australia.

Cronje, C.J. 2007.*Corporate Annual Reports (CARS):Accounting practices in transition.*Doctoral thesis. Pretoria: University of Pretoria. <http://upetd.up.ac.za/thesis/available/etd-11262007-135312/>.Accessed: 20 August 2008.

Cronje, C.J.2008.*Corporate Annual Reports (CARS): Accounting Practices in Transition*. V.D.M. Verlag Dr., Müller, Saarbrücken. Germany.

Davey. 2008. *Encouraging a better disclosure culture.* A paper presented at the RiskManagement Conference. Risk Managementmagazine.

David, P., Liv, W. &Mike,W.2011.*Benefits of Integrated Reporting New York.* <http://0-search.proquest.com.oasis.unisa.ac.za/docview/897038602?accountid=14648>.Accessed:16December 2011.

Deegan, C. 2002. 'The legitimising effect of social and environmental disclosure –a theoretical foundation.' *Accounting, Auditing & Accountability Journal*, 15(3):282-311.

Deegan, G. & Gordon, B.1996. 'A Study of The Environmental Disclosure Practices of Australian Corporations.'*Accounting and Business Research,* (26):187-199.

Deegan, C,&Rankin, M.1997. 'The materiality of environmental information to users of environmental reports'.*Accounting, Auditing &Accountability Journal*, 10(4):562-583.

Deegan, C. &Unerman, J. 2005.*Financial accounting theory*. European ed. Berkshire: McGraw-Hill Education.

Deloitte. 2010. IFRS in Focus. *IASB Issues Practice Statement on Management Commentary.*<http://www.deloitte.com/view/en.us/93fba868dde0d210VCM2000001b56f000RCD.htm>.
Accessed: 28 November 2013.

Deloitte. 2011. *Integrated Reporting by Business will bring Extensive Benefits to Organisations and to Stakeholders.*NewYork.
<http://0search.proquest.com.oasis.unisa.ac.za/docview/897038602?accountid=14648>.Accessed: 16 December 2011.

Deloitte. 2012.*Integrated Reporting. Navigating your way to a truly Integrated Report*. <http://www.deloitte.com/assets/DcomSouthAfrica/Local%20Assets/Documents/deloitte/ Integrated reporting.pdf>. Accessed: 28 November 2013.

De Villiers, C.J. 2003. 'Why do South African Companies not report more environmental information when managers are so positive about this kind of reporting?' *Meditari Accountancy Research*, 11(1):11-23.

De Villiers, C.J. & Barnard, P.2000. Environmental reporting in South Africa from 1994 to 1999: A research note. *Meditari Accountancy Research*, 8(1):15-23.

De Villiers, C.J.&Lubbe, D.S. 2001. 'Industry differences in respect of corporate environmental reporting in South Africa: A research note.' *MeditariAccountancy Research*, 9:81-91.

De Villiers, C. & Van Staden, C. 2004. *Trends in Environmental Reporting: Evidence from Africa*. *The Fourth Asian Pacific Interdisciplinary Research in Accounting Conference Singapore July 4 – 6.*

De Villiers, C. & Van Staden, C.J. 2006. 'Can less environmental disclosure have a legitimising effect? Evidence from Africa.' *Accounting Organisations and Society*, 31(8):763-781.

De Vos, A.S., Strydom, H., Fouche, C.B. & Delport C. S. L. 2012. *Research at grassroots for social sciences and human service professions*. (4thed.). Pretoria: Van Schaik Publishers.

De Vries, I. & De Villiers, C.J. 1997. 'Ethical investing by South Africans unit trust managers.' *Meditari Accountancy Research*, 5:34-37.

Doppegieter, J.J. & De Villiers, C.J. 1996. 'Environmental reporting practices in the SouthAfrican energy sector.' *Management Dynamics*, 5(1):15-42.

Dowling, J.J.&Pfeffer, J. 1975. ‘Organisational legitimacy: social values and organisational behaviour.’ *Pacific Sociological Review*, 18(3):122-136.

Drozd, F.A. 2004. ‘LOOKING beyond the balance sheet’, Accountancy *SA.*

Dye, R.2001.‘An evaluation of “essays on disclosure” and the disclosure literature in accounting.’ *Journal of Accounting and Economics,*32:(1-3).

Eccles, R.G., Cheung, B. & Saltzman, D. 2011. *The Landscape of Integrated Reporting: Reflections and Next Steps*. (1st ed.). Boston: Harvard Business School.

Eccles, R.G. &Saltzman, D.2011. ‘Achieving Sustainability through Integrated Reporting.’ *Stanford Social Innovation Review*, 9(3)56-61.

Edwards, J.R. 1996. *A History of financial accounting.* (3rded.). London: Routledge.

Eisenhardt, K.M. 1989. ‘Agency and institutionaltheory explanations: the case of retail sales Compensation.’*Academy of Management Journal*, 31:488-511.

El-Gazzar, S.M., Fornaro, J.M.&Jacob, R.A. 2006.*An examination, determinants and the contents of corporate voluntary disclosure of Management Responsibilities for Financial Reporting.* Unpublished faculty working papers.

Enhanced Business Reporting Consortium (EBRC), 2005.*The Enhanced Business Reporting Framework.*NewYork.<http://www.ebr360.org/ContentPage.aspx?ContentPageId=25>. Accessed: 22 November 2013.

Ernst & Young. 2009. *King III Integrated Report Disclosure checklist.* Ernst & Young. London.

Everingham, G.K. &Lomax, A.C. 2005.*Financial accounting.*(6th ed.). Durban: LexisNexis.

European Sustainable and Responsible Investment Forum, 2003. *Socially Responsible Investment among European Institutional Investors.* EUROSIF: Paris.

Fama, E. &Jensen, M. 1983. 'Separation of ownership and control.' *Journal of Law and Economics*, 26:301-25.

FEE (Fédération des Experts Comptables Européens). 2006. *Key Issues in Sustainability Assurance – An overview*.Brussels. FEE.

Fredes, E.O. & Moneva, J.M. 2011. *Origins and development of sustainability reporting: Analysis of the Latin American context. Revista de Globalización, Competitividad y Gobernabilidad.* Madrid: May-August.

Fredrick, R. 2000. *DISCLOSURE: A Corporate Governance tool that really works .The role of Disclosure in Strengthening Corporate Governance and Accountability*. Paper presented at The third meeting of the Russian Corporate Governance Roundtable Moscow November 15-16. <http://www.oecd.org/dataoecd/54/40/1920852.pdf>. Accessed 15 October 2010.

Freeman, R.E. 1984. *Strategic Management: A Stakeholder Approach*. Boston: Pitman.

Freeman, R.E.1994. 'The politics of Stakeholder Theory.' *Business Ethics Quart*, 4(4): 409-421.

Gibson, C.H. 2001. *Financial reporting and analysis: Using financial accounting information.*(8th ed.). Cincinnati Ohio: South-Western College Pub.

Gitman, L.J., Chad, J., Lawrence, J., 2009.*Principles of Managerial Finance.*(12th ed.).Boston Pearson International.

Glautier, M.W.E. &Underdown, B. 2001.*Accounting Theory and Practice*.(4th ed.). London: Pitman.

Global Reporting Initiative (GRI). 2006.*Sustainability Reporting Guidelines*. Global Reporting Initiative: Boston.

Gouws, D.G. &Cronje, C.J. 2008. 'Corporate annual reports: accounting practices in transition.' *South African Business Review*, 12(2):108-133.

Graham, J.R., Harvey, C.R. &Rajgopal, S. 2005. *'The economic implication of corporate financial reporting'*. *Journal of Accounting and Economics*, (40):3-73.

Grandal, R.H. 1969. Information Economics and its implication for the Development of Accounting Theory.*Accounting Review*.(457-66).

Grandori, A. 2004.*Corporate Governance and Firm Organisation: Micro foundations and Structural Reforms*.(1st ed.). NewYork: Oxford University Press.

Gray, R., Owen, D. & Adams, C. 1996. *Accounting and Accountability*: Changes and Challenges in Corporate, Social and Environmental Reporting. Prentice Hall Europe. Hemel Hempstead: Hertfordshire.

Gray, R.H. 2002. 'Of Messiness Systems and Sustainability: Towards a More Social and Environmental Finance and Accounting.'*British Accounting Review*, 34:357-386.

Guthrie, J. & Parker, L.D. 1989. 'Corporate social reporting: a rebuttal of legitimacy theory.'*Accounting and Business Research*, 19(76):242-252.

Harris, M. & Raviv, A.1979. 'Some results on incentive contracts with applications to education and employment, health, insurance and law enforcement'..*America Economic Review*, 68:20-30.

Hassan, M., Maijoor, S. Mock, J.J., Roebuck, P., Simnett, R. & Vanstraelen, A. 2005. 'The different types of assurance services and levels of assurance provided.' *International Journal of Auditing*, 9:91-102.

Healy, P.M., &Palepu, K.G. 2001. ‘Information asymmetry, corporate disclosure,and the capital markets: A review of the empirical disclosure literature.’ *Journal of Accounting and Economics,* 31:405-440.

Hearit, K.M. 1995. ’Mistakes were made’ Organizations, apologia, and crises of social legitimacy.’ *Communication Studies*, 46(1-2):1-17.

Heath, J., Norman, W.2004. ‘Stakeholder Theory. Corporate Governance and Public Management: What Can the History of State-Run Enterprises Teach us in the Post-Enron era?’*Journal of Business Ethics*, 53:247-265.

Hendriksen, E.S. 1982.*Accounting theory*.(4th ed.). Homewood Illinois: Irwin.

Hill, C.W.L.&Jones. T.M. 1992.Stakeholder-Agency Theory. *Journal of Management studies,* 29(2):131-154.

Ho, S.S.M. & Wong, K.S. 2001. ‘A study of the relationship between corporate governance structures and the extent of voluntary disclosure.’ *Journal of International Accounting, Audit and Taxation*, 10:139-156.

IFRS Foundation. 2013. *Discussion paper: ‘A Review of the Conceptual Framework for Financial Reporting’*.London. <http://kjs.mof.gov.cn/zhengwuxi/gonzuotongzhi/201308/po20130819534314525566.pdf>. Accessed: 27 November 2013.

IMF/World Bank. 2003. *Report on the Observance of Standards and Codes – South Africa*. IMF/World Bank: New York.

IMF/World Bank. 2006. *Report on the Observance of Standards and Codes – Botswana*.IMF/World Bank: New York.

Inanga, E.L.&Schneider, W.B. 2005. ‘The failure of accounting research to improve accounting practice; a problem of theory and lack of communication.’*Critical perspectives in accounting*, 16(3):227-248.

Instituteof Chartered Accountants England and Wales (ICAEW). 2009.*Developments in new Reporting Models.*. London, ICAEW..http:www.icaew.combettermarket.Accessed 10 February 2014

Institute of Directors in Southern Africa (IoDSA). 2009. *King III Report on Corporate Governance for South Africa*. Johannesburg: IOD.

Integrated Reporting Committee (IRC). 2011. *Discussion Paper*: *‘Framework for Integrated Reporting and the Integrated Report’*. South Africa: IRC.

International Accounting Standards Board (IASB) 2010. *IFRS Practice Statement: Management Commentary*. London: IASB.

International Accounting Standards Board (IASB). 2011.*The Conceptual Framework for Financial Reporting*. London: IASB.

International Federation of Accountants (IFAC).2002.*The Determination and Communication of Levels of Assurance other than High*. International Federation of Accountants: New York.

International Federation of Accountants (IFAC). 2006. ‘Sustainability Framework forProfessional Accountants as Integrators.’*International Journal of Accounting*, 37(2)183-213.

International Integrated Reporting Committee (IIRC). 2011. Framework for Integrated Reporting. IIRC.

Jensen, M.C. &Meckling, W.H. 1976.‘Theory of the firm: Managerial behaviour, agency costs and ownership structure.’ *Journal of Financial Economics, Elsevier*, (3):305-360.

Kaplan, R.S. & Norton, D.P. 1992. ‘The Balanced Scorecard Measures that Drive Performance.’ *Harvard Business Review,* 70(1):71-39.

Khanna, T.,Palepu, K.G., &Srinivasan, S. 2004. ‘Disclosure Practices of Foreign Companies Interacting with U.S. Markets.’ *Journal of Accounting Research* 42:475-508.

Khor, A.K.H. 2003.*Social Contract Theory, Legitimacy Theory and Corporate Social and Environmental Disclosure Policies: Constructing a Theoretical Framework.* Unpublished working paper. Nottingham University Business School.

Kolk, A. 2005. ‘Environmental reporting by multinationals for the triad: Convergence or divergence?’ *Management International Review*, 45(1) special issue/1:145-166.

Kolk, A.2008. ‘Sustainability,accountability and corporate governance: Exploring multinationals’ reporting practices.’ *Business Strategy and the Environment*, 17:1-15.

Kolk, A.,Perego, P. 2006.*Determinants of Sustainability Assurance Statements: An International Investigation.* University of Amsterdam Business School, The Netherlands & Rotterdam School of Management. Erasmus University Rotterdam <http://ssrn.com/abstract=1284589>.Accessed:26 November 2013.

KPMG.2007.*SustainabilityReportinginAustralia.*<http://www.kpmg.com.au/portals/o/ras_sustainability.reporting_aust200710.pdf>.Accessed:28 November 2013.

KPMG.2008.*SustainabilityReporting:AGuide*. <http://www.kpm.com/CNen/issuesAndInsights/ArticlesPublications/Documents/sustainable-guide-0811.pdf>. Accessed: 28 November 2013.

KPMG. 2010. *Integrated Reporting: Closing the loop of strategy*. <http://www.kpmg.com/gr/en/ issuesandinsights/articlespublications/sustainabilitypages/sustainable-insight-april 2010.aspx>. Accessed: 26 November 2013.

KPMG. 2011. *Integrated Reporting. Performance Insights through better Business Reporting.* <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/road-to Integrated reporting.pdf>. Accessed: 28 November 2013.

Leedy, P.D. &Ormrod, J.E. 2005. *Practical Research Planning and Design.* (7th ed.). Upper Saddle River New Jersey: Merrill Prentice Hall.

Lewis, R. &Pendrill, D. 1985.*Advanced financial accounting.* (2nded.). London: Pitman.

Litan, R.E. & Wallison, P.J. 2000. *The GAAP Gap – Corporate Disclosure in the Internet Age.* Washington, DC.

Lourenco, I.C. & Curto, J.D. 2010. 'Determinants of the accounting choice between alternative reporting methods for interests in jointly controlled entities'.*European Accounting Review,* 19 (4):739-773.

Lund-Thomsen, P. 2005. 'Corporate Accountability in South Africa: The role of community mobilizing in environmental governance.' *International Affairs,* 81(3):619-683.

Maignan, I. & Ralston, D.A. 2002. 'Corporate Social Responsibility in Europe and the U.S.:Insights from Businesses' Self-representation.' *Journal of International Business Studies*, 33(3):497-514.

Margolis, J.B. & Walsh, J.P. 2003. 'Misery loves companies: rethinking social initiatives by business'.' *Administrative Science Quarterly*, 48: 268-305.

Marshall, D.H., McManus, W.W. &Viele,D.F.2007.*Accounting: What The Numbers Mean.*(6th ed.). New York: McGraw Hill Education.

Mathews, M.R. &Perera, M.H.B. 1996.*Accounting Theory &Development.*(3rd ed.).South Melbourne: Thomas Nelson Australia.

Mbekomize, C.J. & Wally-Dima, L. 2013. ‘Social and Environmental Disclosure by Parastatals and Companies Listed on the BSE.’ *Journal of Management and Sustainability,* 3(3):66-75.

Meek,G.K., Roberts, C.B. &Gray,S.J.1995. ‘Factors Influencing Voluntary Annual Report Disclosures by U.S., U.K., and Continental European Multinational Corporations.’ *Journal of International Business Studies,* 26(3):555-572.

Mertler, C.A. 2012.*Action Research: Improving schools and empowering educators.* (3rd ed.)Thousand Oaks. CA: Sage Publishers.

Moloi, S.T.M. 2008. *Assessment of Corporate Governance reporting in the annual reports of South African listed companies.* Unpublished M.Com (Accounting) dissertation. University of South Africa.

Mouton, J. 2001. *How to succeed in your masters &doctoral studies*. A South African guide and resource book. Pretoria: Van Schaik Publishers.

Myburg, J.E. 2001.‘The informativeness of voluntary disclosure in annual reports of listed industrial companies in South Africa.’ *Meditari Accounting Research,* 9:199-216.

Ness, K.E. &Mirza, A.M. 1991. ‘Corporate Social Disclosure: a Note on a Test of Agency Theory.’*British Accounting Review,* 23(3):211-217.

NIVRA. 2004. ‘Assurance engagements relating to sustainability reports: *Standard for Assurance Engagements. 3410 – Exposure draft*. Amsterdam.

Nobes, C.W. 2005. 'Rules-based Standards and the Lack of Principles in Accounting.' *Accounting Horizons*, 19(1).

OECD (Organisation for Economic Co-operation and Development). 2006. *Intellectual Assets and Value Creation: Implications for Corporate Reporting*. Paris: OECD Corporate.

Owusu-Ansah, S. 1998. 'The impact of corporate attribites on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe.' *The International Journal of Accounting*, 33(5):605-631(27).

Panchapakesan, S. & McKinnon, J. 1992. 'Proxies for Political Visibility: a preliminary examination of the relation among some potential proxies.' *Accounting Research Journal, Spring: 71-80.*

Paredes, T.A. 2003. 'Blinded by the Light: Information overload and its consequences for Securities Regulation.' *Washington University Law Quarterly*, 81(2):417-485.

Parker, L.D. 2005. 'Social, environmental accountability research: a view from the commentary box.'*Accounting, Auditing &Accountability Journal*, 18 (6):842-60.

Power, M. 1991. 'Auditing and environmental expertise: Between protest and professionalization.' *Accounting, Auditing and Accountability Journal*, 4(3):30-42.

PricewaterhouseCoopers. 2007.*Corporate Reporting – a time for reflection. A survey of Fortune Global 500 companies' narrative reporting.*<http://www.pwc.com/en_Gx/gx/corporate-reporting-services/pdf/reflection.pdf>.Accessed:28 November 2013.

Rankokwane, B. 2008. *An Evaluation of the Role of Supreme Audit Institutions in Promoting Environmental Accountability – the case of the Office of the Auditor General, Gaborone – Botswana.* Unpublished Master of Science thesis. East Anglia: University of East Anglia.

Rees, B. 1995.*Financial Analysis.* ($2^{nd}$ ed.). Prentice Hall International.

Schroeder, R.G., Clark, M.W. & Cathey, J.M. 2001. *Financial Accounting Theory and Analysis – Text Readings and Cases.* ($8^{th}$ ed.). John Wiley& Sons. Hoboken.

Sethi, S.P. 1977.*Advocacy Advertising, and Large Corporations*. Lexington, MA: Lexington Books.

Shleifer, A. &Vishny, R.W. 1997. 'A survey of corporate Governance.' *The Journal of Finance.*52(2):737-783.

Shuttleworth, G.C. 2004.*Study guide for corporate reporting.*Pretoria:UNISA.

Singhvi, S.S. & Desai, H.B. 1971.'An empirical analysis of the quality of corporate financial disclosure.' *The Accounting Review*, 46:129-138.

Sternberg, E. 1997. 'The defects of stakeholder theory.' *Scholarly Research Theory Papers*, 5(1):3-10.

Solomon, J.F. &Solomon, A.2006. 'Private, social ethical and environmental disclosure.'*Accounting,Auditing and Accountability Journal*, 19:564-591.

South Africa, 2008.*Companies Act 2008*. Pretoria. Government Printers.

Tackett, J., Wolf, F. &Kinskey, J. 2007. 'Enhanced Business Reporting: An Auditing Perspective.' *Journal of Business & Economic Research*, 5(9):45-52.

The Global Compact. 2004. *Who cares wins: Connecting financial markets to a ChangingWorld.* United Nations Financial Sector Initiatives: New York.

Tilling, M.V. 2008. ‘*Refinements to legitimacy theory, social and environmental accounting*’.<http://www.flinders.edu.au.sabs/business-filesresearch/papers/2004/04-6pdf>. Accessed 26 June 2008.

Van der Helm, G. 2010. ‘*Dare to discuss the real dilemmas in CSR reporting*’. KPMG Advisory N.V. <http://www.kpmg.comm>. Accessed: 16 December 2011.

Verrecchia, R. 2001. ‘Essays on disclosure.’ *Journal of Accounting and Economics*, 32(1-3).

Vorster, Q., Koornhof, C., Oberholster, J.G.I. & Koppeschaar, Z.R. 2004. *Descriptive Accounting*. (9th ed.). Durban: Lexis Nexis.

Watts, R. & Zimmerman, J. 1986. *Positive accounting theory*. Englewood Cliffs, NJ: Prentice Hall.

Wolk, H.I., Dodd, J.L. & Rozycki, J.J. 2008.*Accounting theory*. Thousand Oaks, California: Sage.

Woodward, D.G. 1993. *A stakeholder approach to corporate social reporting analysis*. Sheffield University Management School Discussion Paper No 93.39. November. Sheffield University.

Zadek, S. & Raynard, P. 2004. *The future of sustainability assurance*. ACCA and AccountAbility: London.

## APPENDIX A: CORPORATE DISCLOSURE CHECKLIST

| | | | |
|---|---|---|---|
| **1.0** | **ECONOMIC AND FINANCIAL INFORMATION** | **Y/N/ n/a** | **Y/N/ n/a** |
| 1.1 | Is the corporate annual report the traditional report type? | | |
| 1.2 | Is the auditor's opinion on financial statements qualified or unqualified ? | | |
| 1.3 | Does the corporate annual report disclose financial highlights? | | |
| 1.4 | Is there disclosure whether the company is a going concern or not; and if not a going concern, the steps being taken by the company to remedy the situation? | | |
| 1.5 | Does the corporate annual report disclose the economic value generated and distributed by the company or explain why it is not disclosed? | | |
| 1.6 | Does the corporate annual report disclose significant financial assistance received from or given to the Government? | | |
| 1.7 | Does the corporate annual report disclose policies, practices and proportion of spending on local based supplies? | | |
| **2.0** | **CORPORATE GOVERNANCE** | | |
| **2.1** | **Ethical leadership and corporate citizenship** | | |
| 2.1.1 | Is there disclosure that there is effective leadership based on ethical foundation or an explanation why there is no disclosure? | | |
| 2.1.2 | Is there disclosure that there is responsible corporate citizenship or an explanation why there is no disclosure? | | |
| **2.2** | **Boards and directors** | | |
| 2.2.1 | Does the report disclose that strategy, risk and performance and sustainability are inseparable or explain why there is no disclosure? | | |
| 2.2.2 | Does the report disclose that the chairman of the Board is an independent non- executive director or explain why there is no disclosure? | | |
| 2.2.3 | Does the report disclose that the Board comprises of a balance of power with a majority of non-executive directors who are independent; or explain why there is no disclosure? | | |
| 2.2.4 | Does the report disclose that regular performance appraisals of the board, its committees and individual directors are conducted or explain why there is no disclosure? | | |
| 2.4.5 | Is there disclosure that there are well-structured committees and oversight of key functions or an explanation why there is no disclosure? | | |
| 2.4.6 | Does the report disclose the existence of an agreed governance framework between the group and its subsidiary boards or explain why there is no disclosure? | | |
| 2.4.7 | Does the report disclose that the company's remuneration policy is approved by its stakeholders or explains why there is no such disclosure? | | |
| **2.3** | **Internal audit**– does the report disclose the following or explain why they are not disclosed: | | |

| | | | |
|---|---|---|---|
| 2.3.1 | Is there disclosure of a presence of an effective risk-based internal control or an explanation why there is no such disclosure? | | |
| 2.3.2 | Does the report disclose that a written assessment of the effectiveness of the company's system of internal controls and risk management is presented to the board or an explanation of why there is no such disclosure? | | |
| **2.4** | **Audit committee** | | |
| 2.4.1 | Does the report disclose that the committee is effective and independent or explain why there is no such disclosure? | | |
| 2.4.2 | Does the report disclose that the committee is chaired by an independent non –executive director or explain why there is no such disclosure? | | |
| 2.4.3 | Does the report disclose that the committee oversees corporate reporting or explain why there is no such disclosure? | | |
| 2.4.4 | Is there disclosure that the committee evaluates the appropriateness of the combined assurance model to improve the efficiency in assurance activities or an explanation why there is no such disclosure? | | |
| 2.4.5 | Is there disclosure that he committee oversees internal audit, or an explanation why there is no such disclosure? | | |
| 2.4.6 | Does the report disclose that the committee is integral to the risk management process or explain why there is no such disclosure? | | |
| 2.4.7 | Does the report disclose that the committee oversees the external audit process? | | |
| 2.4.8 | Is there disclosure that the committee reports to the board and shareholders on how it has displayed its duties or an explanation why there is no such disclosure? | | |
| **2.5** | **Compliance with laws, codes, rules and standards** | | |
| 2.5.1 | Does the report disclose that the board ensures that the company complies with the relevant laws or explain why there is no such disclosure? | | |
| 2.5.2 | Does the report disclose that compliance risk forms part of the company's risk management process or explain why there is no such disclosure? | | |
| 2.5.3 | Is there disclosure that the Board has delegated to management the implementation of an effective compliance framework and process or an explanation why there is no such disclosure? | | |
| **2.6** | **Governance of Information Technology (IT)** | | |
| 2.6.1 | Does the report disclose that the Board is responsible for IT governance or explain why there is no such disclosure? | | |
| 2.6.2 | Is there disclosure that the IT governance framework includes relevant structures or explain why there is no such disclosure? | | |
| 2.6.3 | Does the report disclose that Management is responsible for the implementation of an IT governance framework or explain why there is no such disclosure? | | |
| 2.6.4 | Does the report disclose that the Board monitors and evaluates significant IT investment and expenditure or explain why there is no such disclosure? | | |

| | | | |
|---|---|---|---|
| 2.6.5 | Is there disclosure that the Audit Committee assists the Board in carrying out its IT oversight responsibilities or an explanation why there is no such disclosure? | | |
| **2.7** | **Governance of risk-**does the report disclose the following or explain why they are not disclosed: | | |
| 2.7.1 | The Board is responsible for governance of risk and setting levels of risk tolerance? | | |
| 2.7.2 | The Risk management Committee assists the Board in carrying out its risk responsibilities? | | |
| 2.7.3 | The Board delegates the process of risk management to management? | | |
| 2.7.4 | The Board ensures that risk assessments and monitoring is performed on a continuous basis? | | |
| 2.7.5 | Framework and methodology are in place to increase the probability of anticipating unpredictable risks? | | |
| 2.7.6 | Management implements appropriate responses to risk? | | |
| 2.7.7 | The Board receives assurance on the effectiveness of the risk management process? | | |
| 2.7.8 | Risk disclosure is made to stakeholders? | | |
| **3.0** | **SUSTAINABILITY PERFORMANCE** | | |
| **3.1** | **Company profile –** does the corporate report disclose: | | |
| 3.1.1 | Company name? | | |
| 3.1.2 | Nature of ownership and legal form? | | |
| 3.1.3 | Where it operates? | | |
| 3.1.4 | Its primary brands, products and services? | | |
| 3.1.5 | Its operational structure? | | |
| 3.1.6 | The countries where it operates? | | |
| 3.1.7 | The location of the company's headquarters? | | |
| 3.1.8 | The market it serves? | | |
| 3.1.9 | Scale of the reporting company? | | |
| **3.2** | **Sustainability report format** | | |
| 3.2.1 | Does it comprise of separate financial and sustainability sections only? | | |
| 3.2.2 | Is it independently assured? | | |
| **3.3** | **Forward-looking information** | | |
| 3.3.1 | Is there disclosure of the business model? | | |
| 3.3.2 | Is there disclosure of corporate strategy? | | |
| 3.3.3 | Are targets and KPI disclosed? | | |
| 3.3.4 | Is there disclosure of any other forward-looking information? | | |
| 3.3.5 | Is there a link between strategy, risks, KPIs and targets? | | |
| **3.4** | **Social performance –** does the report disclose the following issues or explain why they are not disclosed: | | |
| 3.4.1 | HR Policy? | | |
| 3.4.2 | HIV&AIDS and occupational health? | | |
| 3.4.3 | Safety of employees? | | |
| 3.4.4 | Employee empowerment? | | |
| 3.4.5 | Fair employment practices? | | |

| | | | |
|---|---|---|---|
| 3.4.6 | Support for employees’ unions? | | |
| 3.4.7 | Fair labour practices? | | |
| 3.4.8 | Community activities? | | |
| **3.5** | **Environmental performance –** does the reports disclose the following issues or explain why they are not disclosed: | | |
| 3.5.1 | Material wastes and spills? | | |
| 3.5.2 | Climate change? | | |
| 3.5.3 | Water? | | |
| 3.5.4 | Energy? | | |
| 3.5.5 | Emission? | | |
| 3.5.6 | Biodiversity? | | |
| **3.6** | **Governing stakeholder relationships –** does the report disclose the following or explain why they are not disclosed: | | |
| 3.6.1 | Stakeholders’ perceptions affect a company’s reputation (value)? | | |
| 3.6.2 | Stakeholders are continuously identified and engaged? | | |
| 3.6.3 | There is transparent and effective communication to stakeholders? | | |
| **4.0** | **INTEGRATED REPORTING** | | |
| 4.1 | Is the annual report integrated? | | |
| 4.2 | Does the integrated report comprise of linked separate, economic, governance and sustainability reports? | | |
| 4.3 | Is the board responsible for integration of the company’s sustainability reporting and disclosure with the company’s financial reporting? | | |
| 4.4 | Does the integrated report include commentary on the company’s financial results which enables stakeholders to assess the company’s economic value? | | |

## APPENDIX B: RESPONSES TO CHECKLIST QUESTIONS BY BSE COMPANIES

**BSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST IN 2010**

| Question number | Letshego | Engen | Barclays | RDC Property | ABCH | Imara | BIHC | FNB | Turnstar | Sefcash | Sefhoding | Sechaba | RPC Data | Wilderness | MRI | Standard chart | Prime time Property | Olympia | Furmart | Chobe | G4 S | Cresta | FGS | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. Economic/Financial** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 1.2 | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | 20 | 3 |
| 1.3 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | 21 | 2 |
| 1.4 | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | 18 | 5 |
| 1.5 | Y | Y | Y | N | Y | Y | N | N | N | Y | Y | N | N | Y | Y | N | N | Y | Y | Y | Y | N | Y | 14 | 9 |
| 1.6 | N | N | Y | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 1.7 | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | 1 | 22 |
| **2. Corporate governance** | | | | | | | | | | | | | | | | | | | | | | | | | |
| **2.1 Ethical leadership** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1.1 | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | N | N | 9 | 14 |
| 2.1.2 | N | N | Y | N | N | N | N | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | N | N | 7 | 16 |
| **2.2 Board of directors** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.2.1 | N | Y | N | N | N | N | Y | Y | N | N | N | N | N | Y | N | N | N | N | N | Y | Y | Y | N | 7 | 16 |
| 2.2.2 | N | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | N | Y | Y | 17 | 6 |
| 2.2.3 | N | Y | Y | N | N | N | Y | N | N | Y | Y | Y | Y | Y | N | N | Y | N | N | Y | N | Y | Y | 12 | 11 |
| 2.2.4 | N | N | Y | N | N | N | N | Y | N | Y | Y | N | Y | Y | N | N | N | N | N | N | N | Y | N | 7 | 16 |
| 2.2.5 | N | N | Y | N | N | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | N | N | Y | Y | 13 | 10 |
| 2.2.6 | N | N | N | N | N | N | N | Y | N | N | N | N | N | Y | N | N | N | N | N | N | N | Y | N | 3 | 20 |
| 2.2.7 | N | N | N | N | N | N | N | Y | N | Y | Y | Y | N | Y | N | N | N | N | N | N | N | Y | N | 6 | 17 |
| **2.3 Internal audit** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.3.1 | N | N | Y | N | N | N | Y | Y | N | Y | N | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 9 | 14 |
| 2.3.2 | N | N | N | N | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 9 | 14 |
| **2.4 Audit committee** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.4.1 | N | N | Y | N | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | Y | Y | Y | 12 | 11 |
| 2.4.2 | N | Y | N | N | N | N | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | N | N | N | Y | Y | Y | 13 | 10 |
| 2.4.3 | N | N | Y | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | N | Y | Y | Y | 14 | 9 |
| 2.4.4 | N | N | N | N | N | N | Y | N | N | N | Y | N | N | Y | N | N | N | N | N | N | N | Y | Y | 5 | 18 |
| 2.4.5 | N | Y | Y | N | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 11 | 12 |

| **BSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST IN 2010** | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Question number** | **Letshego** | **Engen** | **Barclays** | **RDC Property** | **ABCH** | **Imara** | **BIHC** | **FNB** | **Turnstar** | **Sefcash** | **Sefhoding** | **Sechaba** | **RPC Data** | **Wilderness** | **MRI** | **Standard chart** | **Prime time Property** | **Olympia** | **Furmart** | **Chobe** | **G4 S** | **Cresta** | **FGS** | **YES** | **NO** |
| 2.4.6 | N | N | Y | N | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | N | Y | Y | 11 | 12 |
| 2.4.7 | N | Y | Y | N | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | N | Y | Y | 12 | 11 |
| 2.4.8 | N | N | Y | N | N | N | Y | Y | N | Y | Y | Y | N | Y | N | N | Y | N | N | N | N | Y | Y | 10 | 13 |
| **2.5** | **Compliance** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.5.1 | N | Y | Y | N | Y | N | Y | Y | N | N | N | Y | N | Y | N | N | N | N | N | Y | Y | Y | Y | 11 | 12 |
| 2.5.2 | N | N | Y | N | N | N | Y | Y | N | N | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 7 | 16 |
| 2.5.3 | N | N | Y | N | N | N | Y | Y | N | N | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 7 | 16 |
| **2.6** | **Governance of IT** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.6.1 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.2 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.3 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.4 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.5 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| **2.7** | **Governance of risks** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.7.1 | N | N | Y | N | N | N | N | Y | N | N | N | Y | N | Y | Y | Y | Y | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.2 | N | N | Y | N | N | N | N | Y | N | N | N | Y | N | Y | Y | Y | Y | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.3 | N | N | Y | N | N | N | N | Y | N | N | N | Y | N | Y | N | Y | Y | N | N | N | N | Y | Y | 8 | 15 |
| 2.7.4 | N | N | Y | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | Y | Y | 4 | 19 |
| 2.7.5 | N | N | Y | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 5 | 18 |
| 2.7.6 | N | N | Y | N | N | N | N | Y | N | N | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 6 | 17 |
| 2.7.7 | N | N | Y | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | Y | Y | 4 | 19 |
| 2.7.8 | N | N | Y | N | N | N | N | Y | N | N | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 6 | 17 |
| **3.** | **Sustainability** | | | | | | | | | | | | | | | | | | | | | | | | |
| **3.1** | **Company profile** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.5 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.6 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.8 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.9 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| **3.2** | **Report format** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.2.1 | N | Y | N | N | N | N | N | Y | N | N | Y | Y | Y | Y | N | Y | N | N | N | N | N | N | N | 7 | 16 |

| **BSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST IN 2010** | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Question number** | **Letshego** | **Engen** | **Barclays** | **RDC Property** | **ABCH** | **Imara** | **BIHC** | **FNB** | **Turnstar** | **Sefcash** | **Sefhoding** | **Sechaba** | **RPC Data** | **Wilderness** | **MRI** | **Standard chart** | **Prime time Property** | **Olympia** | **Furmart** | **Chobe** | **G4 S** | **Cresta** | **FGS** | **YES** | **NO** |
| 3.2.2 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| **3.3** | **Forward-looking** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.3.1 | N | N | Y | Y | N | N | N | Y | N | N | N | N | N | Y | N | N | N | N | N | Y | Y | Y | Y | 8 | 15 |
| 3.3.2 | N | N | N | N | N | N | N | Y | Y | N | Y | N | N | N | N | N | N | N | N | Y | Y | Y | Y | 7 | 16 |
| 3.3.3 | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | Y | N | Y | Y | 5 | 18 |
| 3.3.4 | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | 3 | 20 |
| 3.3.5 | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | 2 | 21 |
| **3.4** | **Social impact** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.4.1 | N | Y | Y | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | 4 | 19 |
| 3.4.2 | N | Y | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | Y | N | N | 3 | 20 |
| 3.4.3 | N | N | N | N | N | N | N | Y | N | N | N | Y | N | N | N | N | N | N | N | N | Y | N | N | 3 | 20 |
| 3.4.4 | N | Y | Y | N | N | N | N | Y | N | N | N | N | Y | N | N | N | N | N | N | N | Y | N | N | 5 | 18 |
| 3.4.5 | N | N | Y | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | Y | N | N | 3 | 20 |
| 3.4.6 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 3.4.7 | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | 2 | 21 |
| 3.4.8 | N | Y | Y | N | N | N | N | Y | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | 4 | 19 |
| **3.5** | **Environmental impact** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.5.1 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | Y | N | N | N | N | N | N | N | N | 3 | 20 |
| 3.5.2 | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | 1 | 22 |
| 3.5.3 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.4 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.5 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.6 | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | 1 | 22 |
| **3.6** | **Stakeholder relationship** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.6.1 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 3.6.2 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 3.6.3 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |

**BSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST IN 2011**

| Question number | Letshego | Engen | Barclays | RDC Property | ABCH | Imara | BIHC | FNB | Turnstar | Sefcash | Sefhoding | Sechaba | RPC Data | Wilderness | MRI | Standard chart | Prime time Property | Olympia | Furmart | Chobe | G4 S | Cresta | FGS | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.** | **Economic/Financial** | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 1.2 | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | 20 | 3 |
| 1.3 | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 22 | 1 |
| 1.4 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | N | N | Y | Y | Y | Y | 17 | 6 |
| 1.5 | N | N | Y | N | Y | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | N | N | N | N | N | N | 7 | 16 |
| 1.6 | N | N | Y | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 1.7 | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | 1 | 22 |
| **2.** | **Corporate governance** | | | | | | | | | | | | | | | | | | | | | | | | |
| **2.1** | **Ethical leadership** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1.1 | Y | Y | Y | N | N | N | N | Y | N | Y | Y | Y | N | N | Y | N | N | N | N | N | N | Y | Y | 10 | 13 |
| 2.1.2 | Y | Y | Y | N | N | N | N | Y | N | Y | Y | Y | N | N | Y | N | N | N | N | N | N | N | N | 8 | 15 |
| **2.2** | **Board of directors** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.2.1 | Y | N | N | N | Y | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | Y | Y | Y | N | 6 | 17 |
| 2.2.2 | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | N | N | N | Y | Y | 15 | 8 |
| 2.2.3 | Y | Y | Y | N | Y | N | N | Y | N | Y | Y | N | Y | Y | N | Y | N | N | N | N | N | Y | Y | 12 | 11 |
| 2.2.4 | Y | N | Y | N | Y | N | N | N | N | Y | Y | N | Y | Y | N | N | N | N | N | N | N | Y | N | 8 | 15 |
| 2.2.5 | Y | N | Y | N | Y | N | N | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | N | N | Y | Y | 12 | 11 |
| 2.2.6 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | Y | N | 3 | 20 |
| 2.2.7 | Y | N | N | N | N | N | N | Y | Y | Y | Y | Y | N | Y | N | N | N | N | N | N | N | Y | N | 8 | 15 |
| **2.3** | **Internal audit** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.3.1 | Y | N | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 11 | 12 |
| 2.3.2 | Y | N | N | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 10 | 13 |
| **2.4** | **Audit committee** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.4.1 | Y | Y | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | Y | Y | Y | 14 | 9 |
| 2.4.2 | Y | Y | Y | N | Y | N | N | Y | N | Y | Y | Y | Y | Y | Y | N | Y | N | N | N | Y | Y | Y | 15 | 8 |
| 2.4.3 | Y | N | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | Y | Y | Y | 13 | 10 |
| 2.4.4 | N | N | N | N | Y | N | N | N | N | N | N | N | N | Y | Y | N | Y | N | N | N | N | Y | Y | 6 | 17 |
| 2.4.5 | Y | Y | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 12 | 11 |
| 2.4.6 | Y | N | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | N | N | N | N | N | Y | Y | 11 | 12 |
| 2.4.7 | Y | Y | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | N | Y | Y | 13 | 10 |
| 2.4.8 | Y | N | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | N | Y | Y | 12 | 11 |

| **BSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST IN 2011** | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Question number** | **Letshego** | **Engen** | **Barclays** | **RDC Property** | **ABCH** | **Imara** | **BIHC** | **FNB** | **Turnstar** | **Sefcash** | **Sefhoding** | **Sechaba** | **RPC Data** | **Wilderness** | **MRI** | **Standard chart** | **Prime time Property** | **Olympia** | **Furmart** | **Chobe** | **G4 S** | **Cresta** | **FGS** | **YES** | **NO** |
| **2.5** | **Compliance** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.5.1 | Y | N | Y | N | Y | N | Y | Y | N | N | N | Y | Y | Y | N | N | N | N | N | Y | Y | Y | Y | 12 | 11 |
| 2.5.2 | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 8 | 15 |
| 2.5.3 | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | N | N | Y | Y | 8 | 15 |
| **2.6** | **Governance of IT** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.6.1 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.2 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.3 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.4 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| 2.6.5 | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 0 | 23 |
| **2.7** | **Governance of risks** | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.7.1 | Y | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.2 | Y | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.3 | Y | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.4 | N | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 8 | 15 |
| 2.7.5 | N | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 8 | 15 |
| 2.7.6 | Y | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.7 | Y | N | Y | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | 9 | 14 |
| 2.7.8 | Y | N | Y | N | Y | N | N | Y | N | N | N | N | N | Y | N | Y | N | N | N | N | N | Y | Y | 8 | 15 |
| **3.** | **Sustainability** | | | | | | | | | | | | | | | | | | | | | | | | |
| **3.1** | **Company profile** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.5 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.6 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.8 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| 3.1.9 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 23 | 0 |
| **3.2** | **Report format** | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.2.1 | Y | Y | N | N | Y | N | N | Y | N | Y | Y | Y | Y | N | N | Y | N | N | N | N | N | N | N | 9 | 14 |
| 3.2.2 | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 1 | 22 |

**BSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST IN 2011**

| Question number | Letshego | Engen | Barclays | RDC Property | ABCH | Imara | BIHC | FNB | Turnstar | Sefcash | Sefhoding | Sechaba | RPC Data | Wilderness | MRI | Standard chart | Prime time Property | Olympia | Furmart | Chobe | G4 S | Cresta | FGS | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **3.3 Forward-looking** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.3.1 | Y | N | Y | Y | N | N | N | N | N | N | N | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | 9 | 14 |
| 3.3.2 | Y | N | Y | N | N | N | N | Y | N | Y | Y | N | N | N | N | N | N | N | N | Y | Y | Y | N | 8 | 15 |
| 3.3.3 | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | Y | 3 | 20 |
| 3.3.4 | Y | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | 3 | 20 |
| 3.3.5 | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | 2 | 21 |
| **3.4 Social impact** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.4.1 | N | Y | Y | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | Y | N | N | 5 | 18 |
| 3.4.2 | Y | Y | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | Y | N | N | 5 | 18 |
| 3.4.3 | Y | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | Y | Y | N | 5 | 18 |
| 3.4.4 | Y | N | Y | N | N | N | N | N | N | N | N | Y | Y | Y | N | N | N | N | N | N | Y | Y | N | 7 | 16 |
| 3.4.5 | Y | N | Y | N | N | N | N | N | N | N | N | N | Y | Y | N | N | N | N | N | N | Y | Y | N | 6 | 17 |
| 3.4.6 | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | Y | Y | N | 3 | 20 |
| 3.4.7 | Y | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | Y | N | N | 3 | 20 |
| 3.4.8 | Y | Y | Y | N | N | N | N | Y | N | N | N | Y | N | Y | N | N | N | N | N | N | Y | N | N | 7 | 16 |
| **3.5 Environmental impact** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.5.1 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.2 | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | 1 | 22 |
| 3.5.3 | N | N | N | N | N | N | N | N | N | N | N | y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.4 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.5 | N | N | N | N | N | N | N | N | N | N | N | Y | N | Y | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.5.6 | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | 1 | 22 |
| **3.6 Stakeholder relationship** | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.6.1 | Y | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 2 | 21 |
| 3.6.2 | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 1 | 22 |
| 3.6.3 | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | N | 1 | 22 |

## APPENDIX C: RESPONSE TO CHECKLIST QUESTIONS BY JSE COMPANIES

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2010**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Billiton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.** | **Economic / Financial** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.5 | Y | N | N | N | N | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | 31 | 9 |
| 1.6 | Y | N | N | Y | Y | Y | Y | N | N | Y | N | N | Y | N | N | N | N | Y | N | N | N | N | N | N | N | Y | N | N | Y | Y | N | N | N | N | N | Y | N | N | N | N | 12 | 28 |
| 1.7 | Y | N | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | N | Y | N | N | N | N | N | N | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | N | Y | N | 20 | 20 |
| **2.** | **Governance** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **2.1** | **Ethical leadership** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 2.1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 39 | 1 |
| **2.2** | **Board of directors** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.2.1 | Y | Y | Y | N | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | 32 | 8 |
| 2.2.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 38 | 2 |
| 2.2.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 39 | 1 |
| 2.2.4 | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | 32 | 8 |
| 2.2.5 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 37 | 3 |
| 2.2.6 | Y | Y | Y | Y | N | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 31 | 9 |
| 2.2.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 38 | 2 |
| **2.3** | **Internal audit** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.3.1 | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | N | Y | Y | Y | Y | 32 | 8 |
| 2.3.2 | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | N | Y | Y | Y | Y | 32 | 8 |

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2010**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Billiton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2.4** | **Audit committee** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.4.1 | N | N | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 2.4.2 | N | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 30 | 10 |
| 2.4.3 | N | N | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 2.4.4 | N | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | N | Y | Y | Y | 26 | 14 |
| 2.4.5 | N | N | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 2.4.6 | N | N | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 30 | 10 |
| 2.4.7 | N | N | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 2.4.8 | N | N | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| **2.5** | **Compliance** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.5.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 36 | 4 |
| 2.5.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| 2.5.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| **2.6** | **Governance of IT** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.6.1 | N | N | N | N | Y | N | N | Y | Y | N | N | Y | Y | N | N | Y | N | Y | N | N | Y | N | N | Y | N | N | Y | N | N | N | N | N | N | Y | N | N | N | Y | Y | N | 13 | 27 |
| 2.6.2 | N | N | N | N | Y | N | N | Y | Y | N | N | Y | Y | N | N | Y | N | Y | N | N | Y | N | N | Y | N | N | Y | N | N | N | N | N | N | Y | N | N | N | Y | Y | N | 13 | 27 |
| 2.6.3 | N | N | N | N | Y | N | N | N | Y | N | N | Y | Y | N | N | Y | N | Y | N | N | Y | N | N | Y | N | N | Y | N | N | N | N | N | N | Y | N | N | N | Y | Y | N | 12 | 28 |
| 2.6.4 | N | N | N | N | N | N | N | N | Y | N | N | Y | Y | N | N | Y | N | N | N | N | Y | N | N | Y | N | N | N | N | N | N | N | N | N | Y | N | N | N | Y | Y | N | 9 | 31 |
| 2.6.5 | N | N | N | N | N | N | N | N | Y | N | N | Y | Y | N | N | Y | N | N | N | N | Y | N | N | Y | N | N | N | N | N | N | N | N | N | Y | N | N | N | Y | Y | N | 9 | 31 |
| **2.7** | **Governance of risks** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.7.1 | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 32 | 8 |
| 2.7.2 | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 32 | 8 |
| 2.7.3 | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 33 | 7 |
| 2.7.4 | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 32 | 8 |
| 2.7.5 | Y | N | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 31 | 9 |
| 2.7.6 | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 32 | 8 |
| 2.7.7 | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 32 | 8 |
| 2.7.8 | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | N | Y | Y | Y | 33 | 7 |

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2010**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Billiton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **3.** | **Sustainability** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **3.1** | **Company profile** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.5 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.6 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.8 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.9 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| **3.2** | **Report format** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.2.1 | Y | Y | N | Y | Y | Y | N | N | N | Y | Y | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | 32 | 8 |
| 3.2.2 | Y | Y | N | N | Y | Y | Y | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | N | N | 7 | 33 |
| **3.3** | **Forward-looking** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.3.1 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 34 | 6 |
| 3.3.2 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 33 | 7 |
| 3.3.3 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | N | N | N | Y | Y | N | N | N | N | N | Y | Y | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | 26 | 14 |
| 3.3.4 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | N | Y | Y | Y | Y | N | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 30 | 10 |
| 3.3.5 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | N | N | N | Y | Y | N | N | N | N | N | Y | Y | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | 26 | 14 |
| **3.4** | **Social impact** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.4.1 | N | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | N | N | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | N | 24 | 16 |
| 3.4.2 | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | 29 | 11 |
| 3.4.3 | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | 29 | 11 |
| 3.4.4 | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | Y | N | Y | 27 | 13 |
| 3.4.5 | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | N | Y | Y | Y | Y | N | N | Y | Y | N | Y | 27 | 13 |
| 3.4.6 | N | Y | Y | Y | Y | N | N | Y | Y | Y | N | Y | Y | N | N | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | N | Y | N | N | N | N | Y | Y | N | Y | 22 | 18 |
| 3.4.7 | N | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | N | N | N | N | Y | N | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | Y | N | Y | 25 | 15 |
| 3.4.8 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | N | N | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | 30 | 10 |

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2010**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Billiton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **3.5** | **Environmental impact** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.5.1 | N | Y | N | N | Y | N | N | Y | Y | Y | N | N | Y | Y | Y | N | N | N | N | N | Y | N | N | N | Y | N | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | N | N | 19 | 21 |
| 3.5.2 | Y | Y | N | N | Y | Y | Y | N | Y | Y | N | N | Y | Y | N | N | N | Y | N | N | Y | N | N | N | Y | N | Y | N | Y | Y | N | Y | Y | N | N | N | Y | Y | N | N | 19 | 21 |
| 3.5.3 | N | Y | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | N | Y | N | N | Y | N | N | N | Y | N | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | N | N | 23 | 17 |
| 3.5.4 | N | Y | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | N | Y | N | N | Y | N | N | N | Y | N | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | N | N | 23 | 17 |
| 3.5.5 | Y | Y | N | N | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | N | N | N | N | N | Y | N | N | N | Y | N | Y | Y | Y | Y | N | Y | Y | Y | N | N | Y | Y | N | N | 22 | 18 |
| 3.5.6 | Y | Y | N | N | N | N | N | N | Y | N | N | Y | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | Y | N | N | N | N | Y | Y | Y | N | N | Y | Y | N | N | 11 | 29 |
| **3.6** | **Stakeholder relationship** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.6.1 | Y | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | N | Y | Y | Y | N | 26 | 14 |
| 3.6.2 | Y | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | Y | N | N | Y | Y | Y | N | 25 | 15 |
| 3.6.3 | Y | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | Y | N | N | Y | Y | Y | N | 25 | 15 |
| **4.** | **Integrated reporting** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.1 | Y | N | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | N | N | Y | N | N | Y | Y | Y | N | N | Y | Y | N | N | N | Y | N | N | N | N | N | Y | Y | Y | Y | 21 | 19 |
| 4.2 | Y | N | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | N | N | Y | N | N | Y | Y | Y | N | N | Y | Y | N | N | N | Y | N | N | N | N | N | Y | Y | Y | Y | 21 | 19 |
| 4.3 | Y | N | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | N | N | Y | N | N | Y | Y | Y | N | N | Y | Y | N | N | N | Y | N | N | N | N | N | Y | Y | Y | Y | 21 | 19 |
| 4.4 | Y | N | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | N | N | Y | N | N | Y | Y | Y | N | N | Y | Y | N | N | N | Y | N | N | N | N | N | Y | Y | Y | Y | 21 | 19 |

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2011**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Bilton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.** | **Economic / Financial** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 1.5 | Y | Y | N | N | Y | N | Y | Y | Y | Y | N | N | Y | Y | Y | Y | N | N | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | 29 | 11 |
| 1.6 | N | N | N | Y | Y | Y | Y | N | N | N | N | N | Y | N | N | Y | N | Y | Y | N | N | N | Y | Y | Y | N | N | Y | Y | Y | N | N | N | N | Y | Y | Y | N | N | N | 17 | 23 |
| 1.7 | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | N | N | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | 27 | 13 |
| **2.** | **Governance** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **2.1** | **Ethical leadership** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 37 | 3 |
| 2.1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 37 | 3 |
| **2.2** | **Board of directors** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.2.1 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | Y | 34 | 6 |
| 2.2.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | Y | Y | Y | Y | Y | 37 | 3 |
| 2.2.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | Y | Y | Y | Y | Y | 37 | 3 |
| 2.2.4 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| 2.2.5 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| 2.2.6 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | Y | Y | Y | Y | Y | 37 | 3 |
| 2.2.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| **2.3** | **Internal audit** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.3.1 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | N | Y | Y | Y | Y | Y | 33 | 7 |
| 2.3.2 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | N | Y | N | Y | Y | Y | Y | Y | 33 | 7 |
| **2.4** | **Audit committee** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.4.1 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| 2.4.2 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| 2.4.3 | Y | Y | Y | N | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 33 | 7 |
| 2.4.4 | Y | Y | Y | N | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 33 | 7 |

| JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2011 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Question number** | **Anglo American** | **Anglo Ashanti** | **African Rainbow** | **BHP Bilton** | **Goldfields** | **Harmony** | **Impala platinum** | **Kumba Iron Ore** | **Exxaro Ltd** | **Lomni plc** | **Mondi Ltd** | **Assure ltd** | **ABSA** | **Growth point** | **Capital shop** | **African Bank** | **Nedbank** | **Standard bank** | **First rand** | **Old Mutual** | **Sanlam Ltd** | **RMB Holdings** | **Investec Ltd** | **Investec plc** | **Remgro ltd** | **Bidvest Ltd** | **MTN Group Ltd** | **Vodacom Group Ltd** | **Aspen pharmaceutical ltd** | **Tiger brands Ltd** | **Steinhoff Hold Ltd** | **Campagnie Fin Richemont** | **SAB Miller** | **Sasol Ltd** | **Shoprite Hold Ltd** | **Truworths Ltd** | **Naspers Ltd** | **Massmart Hold ltd** | **Woolworths Hold ltd** | **ARM** | **YES** | **NO** |
| 2.4.5 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| 2.4.6 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| 2.4.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 36 | 4 |
| 2.4.8 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 35 | 5 |
| **2.5** | **Compliance** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.5.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | 37 | 3 |
| 2.5.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | 36 | 4 |
| 2.5.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | 36 | 4 |
| **2.6** | **Governance of IT** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.6.1 | N | N | N | N | Y | N | N | N | Y | N | N | Y | N | N | N | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | N | N | N | N | Y | N | N | N | Y | Y | N | 14 | 26 |
| 2.6.2 | N | N | N | N | Y | N | N | N | Y | N | N | Y | N | N | N | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | N | N | N | N | Y | N | N | N | Y | Y | N | 14 | 26 |
| 2.6.3 | N | N | N | N | Y | N | N | N | Y | N | N | Y | N | N | N | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | N | N | N | N | Y | N | N | N | Y | Y | N | 14 | 26 |
| 2.6.4 | N | N | N | N | N | N | N | N | Y | N | N | Y | N | N | N | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | N | N | N | N | Y | N | N | N | Y | Y | N | 13 | 27 |
| 2.6.5 | N | N | N | N | N | N | N | N | Y | N | N | Y | N | N | N | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | N | N | N | N | Y | N | N | N | Y | Y | N | 13 | 27 |
| **2.7** | **Governance of risks** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.7.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 34 | 6 |
| 2.7.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| 2.7.3 | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| 2.7.4 | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 34 | 6 |
| 2.7.5 | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 34 | 6 |
| 2.7.6 | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 34 | 6 |
| 2.7.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 36 | 4 |
| 2.7.8 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | Y | Y | Y | Y | 36 | 4 |
| **3.** | **Sustainability** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **3.1** | **Company profile** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.1.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2011**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Bilton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.1.5 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.6 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.7 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.8 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| 3.1.9 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | 40 | 0 |
| **3.2** | **Report format** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.2.1 | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | N | N | Y | N | Y | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | 19 | 21 |
| 3.2.2 | Y | Y | N | N | Y | Y | Y | Y | Y | Y | N | Y | N | N | Y | Y | N | Y | N | N | N | N | N | N | N | N | N | N | Y | N | N | N | N | N | N | N | N | N | N | N | 13 | 27 |
| **3.3** | **Forward-looking** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.3.1 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 34 | 6 |
| 3.3.2 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 33 | 7 |
| 3.3.3 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | N | Y | N | Y | Y | N | Y | N | N | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 30 | 10 |
| 3.3.4 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | N | Y | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | 32 | 8 |
| 3.3.5 | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | N | Y | N | Y | Y | N | Y | N | N | N | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | 29 | 11 |
| **3.4** | **Social impact** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.4.1 | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | N | N | N | N | Y | N | Y | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | N | 27 | 13 |
| 3.4.2 | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 30 | 10 |
| 3.4.3 | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 30 | 10 |
| 3.4.4 | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 3.4.5 | Y | Y | Y | Y | Y | N | Y | N | Y | Y | N | Y | Y | Y | N | Y | N | Y | N | N | N | Y | Y | N | Y | N | Y | Y | Y | N | Y | N | N | Y | N | N | Y | Y | Y | Y | 25 | 15 |
| 3.4.6 | Y | Y | Y | Y | Y | N | Y | N | Y | Y | N | Y | N | N | N | Y | N | Y | N | N | N | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 26 | 14 |
| 3.4.7 | Y | Y | Y | Y | Y | N | Y | N | Y | Y | N | Y | Y | N | N | Y | N | Y | N | N | N | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | N | 25 | 15 |
| 3.4.8 | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | N | Y | Y | N | Y | Y | N | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 32 | 8 |

**JSE COMPANIES' RESPONSE TO CORPORATE DISCLOSURE CHECKLIST QUESTIONS IN 2011**

| Question number | Anglo American | Anglo Ashanti | African Rainbow | BHP Bilton | Goldfields | Harmony | Impala platinum | Kumba Iron Ore | Exxaro Ltd | Lomni plc | Mondi Ltd | Assure ltd | ABSA | Growth point | Capital shop | African Bank | Nedbank | Standard bank | First rand | Old Mutual | Sanlam Ltd | RMB Holdings | Investec Ltd | Investec plc | Remgro ltd | Bidvest Ltd | MTN Group Ltd | Vodacom Group Ltd | Aspen pharmaceutical ltd | Tiger brands Ltd | Steinhoff Hold Ltd | Campagnie Fin Richemont | SAB Miller | Sasol Ltd | Shoprite Hold Ltd | Truworths Ltd | Naspers Ltd | Massmart Hold ltd | Woolworths Hold ltd | ARM | YES | NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **3.5** | **Environmental impact** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.5.1 | Y | N | N | N | Y | N | Y | N | Y | Y | N | N | Y | Y | Y | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | 24 | 16 |
| 3.5.2 | Y | N | N | N | Y | Y | Y | N | Y | Y | N | N | Y | Y | Y | Y | N | Y | N | N | Y | N | Y | N | N | N | Y | Y | Y | N | Y | Y | Y | N | N | N | Y | Y | N | Y | 22 | 18 |
| 3.5.3 | Y | N | N | N | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | N | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | 25 | 15 |
| 3.5.4 | Y | N | N | N | Y | Y | Y | N | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | N | Y | N | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | 26 | 14 |
| 3.5.5 | Y | N | Y | N | Y | Y | Y | N | Y | Y | N | Y | Y | Y | N | Y | N | Y | N | N | Y | N | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | N | Y | 27 | 13 |
| 3.5.6 | Y | N | N | N | Y | N | Y | N | Y | Y | N | N | N | N | N | Y | N | N | N | N | Y | N | N | N | N | N | Y | Y | Y | N | N | Y | Y | N | N | N | Y | Y | N | Y | 15 | 25 |
| **3.6** | **Stakeholder relationship** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.6.1 | Y | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 3.6.2 | Y | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| 3.6.3 | Y | N | N | N | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | N | Y | Y | Y | Y | 31 | 9 |
| **4.** | **Integrated reporting** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.1 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | Y | Y | 36 | 4 |
| 4.2 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| 4.3 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | 35 | 5 |
| 4.4 | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | Y | Y | Y | Y | Y | 35 | 5 |