

AUDIT & ADVISORY SERVICES

SUSTAINABILITY REPORTING



SUSTAINABILITY AND INTEGRATED REPORTING ... WHAT'S WHAT?

A Sustainability Report is the output of the sustainability journey. It serves as a platform to communicate the history, performance and future planned processes/objectives surrounding the 'triple bottom line' as embraced by the entity. It involves introspection of policies, procedures and business practices at the highest level and support from the top in entrenching the philosophy of sustainability. No longer is the financial report divorced from the qualitative impacts made by an entity on its surroundings, people and the planet.

The Integrated Report is a holistic and integrated representation of the company's performance in terms of both finance and sustainability. It is a culmination of a process that begins with corporate values, strategy and decision making philosophy of the company.

The Integrated Report, as expounded by The King Committee's Report on Corporate Governance (King III), is aimed at binding the principles of sustainability into the financial aspects so as to ensure that sustainability objectives determined by the reporting entity are not superficial but part of the foundation blocks of overall strategy, product development and stakeholder impacts. An Integrated Report is a 'conversational' document linking financial numbers to company philosophy, strategy, stakeholder input and qualitative performance results, with the reverse holding true too.

King III calls for independent third party assurance over the reports.

The Global Reporting Initiative Framework

The Global Reporting Initiative (GRI) is a non-governmental organisation based in Amsterdam that facilitates a global multi-stakeholder engagement process via a set of common reporting expectations. Hundreds of organisations worldwide use the GRI as a guideline for their Sustainability Reporting. This guideline enables the stakeholders to benchmark their sustainability performance against a wide array of companies, regardless of their industry sector, size or geographic location.

There are three levels of reporting – Level A, B and C and reporting criteria requirements in respect of Performance Indicators and profile disclosures increase in each level i.e. at Level C there are fewer than at Level A. Entities can either self declare their reports or request GRI to confirm their self declaration as Level: A; B or C. Where external, independent assurance is provided the reports are graded with '+' i.e. Level: A+, B+ or C+.

Does my company need a Sustainability Report?

King III advocates that all companies produce an 'Integrated Report' that reports how the company has impacted on the social and economic life of the community in which it operates. King III is recommended for all types of entities regardless of their juristic nature.

However, as King III now falls within the listing requirements of the JSE, all listed companies will have to produce a sustainability performance report in addition to the annual financial statements or explain why they are not.

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What are the advantages of producing a Sustainability Report?

- ▶ Identifies the risks and opportunities of your activities.
- ▶ Identifies improvement areas for general management.
- ▶ Increases employee engagement and attracts motivated recruits.
- ▶ Enriches reputation and achieves competitive advantage.
- ▶ Enables stakeholders to make more informed assessments of economic values apposed to book value.

Did you know?

South Africa is the world's 5th best reporting country, helping to set a benchmark for other countries to follow.

How can BDO help you?

BDO offers the following services to help guide you through the process of producing a Sustainability or Integrated Report:

- ▶ Presentations to board and audit committees on the GRI guidelines and sustainability reports.
- ▶ Provide guidance on risk management relating to sustainability issues.
- ▶ Facilitate workshops to guide companies in preparing Sustainability Reports.
- ▶ Assess availability of existing information to meet performance indicators in terms of GRI guidelines.
- ▶ Assess existing information systems and provide recommendations to collate record data for performance indicators.
- ▶ Provide independent 3rd party assurance on Sustainability Reports.