



INTEGRATED SUSTAINABILITY
REPORTING IN SOUTH AFRICA
2003



Sustainability Services



ACCA is the largest and fastest-growing international accountancy body. Over 300,000 students and members in 160 countries are served by more than 70 staffed offices and other centres. ACCA's mission is to work in the public interest to provide quality professional opportunities to people of ability and application, to promote the highest ethical and governance standards and to be a leader in the development of the accountancy profession.

ACCA has promoted greater transparency in the reporting of organisations' social and environmental impacts for over a decade. ACCA is involved in reporting awards in many countries throughout Europe, Africa, North America and the Asia Pacific region, and we are launching new schemes in 2003 and 2004. In addition, we participate in a number of influential organisations, including the Global Reporting Initiative (GRI). In recognition of our UK social and environmental issues program, we have been awarded a Queen's Award for Sustainable Development. A free web-based newsletter, Accounting & Sustainability, is issued every two months by ACCA, providing a comprehensive guide on developments in accounting and sustainable development.

ACCA welcomes the latest KPMG survey on sustainability reporting in South Africa. It provides a comprehensive overview of the status of reporting in South Africa and highlights the trends in sustainability reporting, thus raising awareness in the need for, and progress of, greater corporate accountability and transparency.

The Institute of Directors is pleased to endorse and welcomes the Integrated Sustainability Reporting in South Africa 2003 initiative by KPMG Sustainability Services.

The King Report on Corporate Governance for South Africa - 2002 (King II) was the first governance report in any jurisdiction to include a comprehensive section on Integrated Sustainability Reporting.

Compliance with the Code of Corporate Practices and Conduct (Code) became a requirement for affected companies with financial years starting on or after 1 March 2002. It is therefore very encouraging that so many of the surveyed companies have embraced the principles contained in the King II Report and Code voluntarily, and prior to the compliance requirement.

The survey is particularly meaningful in that it addresses the JSE Securities Exchange SA Top 100 Companies compliance with the recommendations on Integrated Sustainability Reporting as contained in the King II Report.

It is recognised that Integrated Sustainability Reporting is a relatively new process and that conformance will be achieved gradually. This survey is a major step forward and provides all companies with a benchmark for the future.

**Richard S Wilkinson
Executive Director
Institute of Directors in Southern Africa**





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1 Executive Summary

The 2003 Integrated Sustainability Reporting Survey is the latest in KPMG’s surveys on Sustainability Reporting in South Africa. In contrast to previous surveys, which focused on general sustainability reporting, the 2003 survey addresses the incorporation of sustainability reporting as recommended by the second King Report on Corporate Governance for South Africa – 2002 (King II). Specifically, this survey analysed the most recent reporting of the Top 100 companies listed on the JSE Securities Exchange SA (JSE) to determine the level of compliance with Section 5 of King II, Integrated Sustainability Reporting. Section 5 requires companies to report, at least annually, on their sustainability performance and to demonstrate a commitment to organisational integrity. Because compliance with King II is a listing requirement, all listed companies – in theory – should comply with Section 5.

The results of the survey demonstrate that JSE-listed companies are becoming increasingly aware of the King II Integrated Sustainability Reporting recommendations and working towards implementation. In fact, 85% of companies surveyed provided annual reporting on sustainability-related issues and 77% of the companies referenced the existence of an internal code of ethics or code of corporate conduct. However, there remain a few areas in which companies are still not reporting based on the King II recommendations.

Most Frequently Disclosed	Least Frequently Disclosed
n Health & Safety (including HIV/AIDS)	n Employee Integrity Assessment
n Employment Equity Initiatives	n Board Confirmation of Compliance to Ethical Standards
n Social Investment Prioritisation (including Black Economic Empowerment)	n Incorporation of Global Reporting Initiative Guidelines

The survey also identified that many companies were only giving superficial and general disclosures for the King II Code. For example, some companies simply stated that they worked to minimize environmental impacts from their operations, while not offering any supporting data. Similarly, some reports made a simple reference to the existence of a code of ethics, but did not provide any information on what was included in the code, what monitoring systems were in place to ensure compliance or which division had oversight of compliance to ethical standards. We believe that companies should move towards more detailed disclosure of their sustainability initiatives, as this detailed information is what is truly valuable for stakeholders.

In addition, the survey highlighted some general trends in sustainability reporting. While many JSE-listed companies are incorporating sustainability disclosures in their annual reports, 20% of the companies surveyed also produced a stand-alone non-financial report. This number has increased from 16% in 2002¹, but does not compare favourably with reports issued by 45% of the Global Fortune 250 Companies². An additional 6% of companies indicated that they intend to produce a non-financial report for the current financial year.

Based on extensive KPMG global research, we believe that companies will continue to come under pressure to produce sustainability reports. In South Africa, this trend has been further supported with the King II recommendations. It is our hope that South African companies will be able to use this survey as a benchmark to gauge their own reporting and to better understand current trends in sustainability reporting.

¹ KPMG Survey of Sustainability Reporting in South Africa: 2002.
² KPMG International Survey of Corporate Sustainability Reporting 2002.





2 Introduction

The 2003 Survey on Integrated Sustainability Reporting in South Africa represents a new direction in KPMG's annual surveys of sustainability reporting. In contrast to previous surveys, which focused primarily on general sustainability reporting, this year's survey analyses the incorporation of recommendations of the revised King Report on Corporate Governance for South Africa – 2002 (King II). Specifically, the survey focuses on the inclusion of recommendations included in Section 5, Integrated Sustainability Reporting, of the Code of Corporate Practices and Conduct of the 2002 King Report.

This survey analysed the most recent reporting, financial and non-financial, by the Top 100 companies, based on market capitalisation³, listed on the JSE Securities Exchange SA (JSE). As this report was completed more than a year after the King II release, it is believed the companies have had the opportunity to implement the recommendations in their most recent reports⁴.

Another difference from previous KPMG surveys is that this survey does not present awards for sustainability reporting. Rather, the focus of this survey is to provide an in-depth analysis of reporting on the King II recommendations. It is hoped that this change will provide more valuable information for companies as they use the survey as a benchmark to gauge their own Integrated Sustainability Reporting.

The survey reflects KPMG's continued commitment to support and promote the international trend towards greater transparency, corporate responsibility, stakeholder accountability, credible performance reporting and organisational integrity. The survey also underpins the service offerings in sustainability reporting training, benchmarking, corporate governance and assurance by KPMG Global Sustainability Services.

2.1 King Report on Corporate Governance for South Africa - 2002

The second report on corporate governance for South Africa was released in March 2002. Known as 'King II', it is built upon the original King Report on Corporate Governance of 1994, which provided a series of recommendations and a Code of Corporate Practices and Conduct (the Code). The purpose of the Code is to promote the highest standards of corporate governance in South Africa.

The King Committee was formed at the instance of the Institute of Directors in Southern Africa in 1992. It obtained support from various South African business organisations and counted amongst its members a number of reputable South African business personalities. A detailed review of the first King Report was undertaken by task teams, who in addition to extensive consultation amongst themselves, obtained public consultation both in South Africa and internationally, before releasing King II.

King II is a non-legislated code that is applicable to companies listed on the JSE Securities Exchange; corporations falling in the South African Financial Services sector; and enterprises that perform public functions (inclusive of those regulated by the Public Finance Management Act and the Municipal Finance Management Bill). Compliance with King II is a listing requirement on the JSE.

Highlights of the recommendations in Section 5 of the King II Code of Corporate Practices and Conduct are included in Appendix 7.1.

³ As of 30 June, 2003.

⁴ Based on discussion with companies, KPMG also noted that several companies had stated their intention to include further King II recommendations in their 2003 reports.

2.2 Survey Methodology

The survey analysed reporting by the Top 100⁵ companies listed on the JSE, by market capitalisation, as of 30 June 2003. A listing of all of the companies analysed and the specific reports reviewed, both financial and non-financial, is included in Appendix 6.2. The most recent available⁶ annual report was obtained for each company and reviewed to determine the extent of inclusion of King II's Integrated Sustainability Reporting Recommendations. In addition, non-financial reports issued in the last reporting year were also reviewed. The reports were obtained via direct communication with the company or via downloads available on the company website.

The analysis was performed based upon an explicit disclosure of the recommendations included in the King II report. While some companies may be internally compliant with the recommendations in the King II report, this survey only recognized companies that explicitly reported on the recommendations as being compliant.

The companies' annual financial and non-financial reports were rated using a simple scoring mechanism based upon the principal Integrated Sustainability Reporting recommendations in Section 5 of the King II Code of Corporate Practices and Conduct. In addition to the King II recommendations, the survey also reviewed the use of stand-alone non-financial reports and the frequency of independent verification of these reports.

The analysis of the financial and non-financial reports was performed by the Kenan-Flagler Business School at the University of North Carolina – Chapel Hill, through the Kenan Institute's Centre for Sustainable Enterprise. The evaluation and interpretation of the findings was completed by KPMG's Sustainability Services. See appendices 6.3 and 6.4, respectively, for additional information on each of the organisations.

2.3 Contents of the Report

The summary results and significant findings of the analysis of the 'Top 100' JSE-listed companies are included in Section 3. Section 4 references the most recent trends in sustainability reporting. Concluding remarks based upon the findings of the survey are noted in Section 5. Finally, Section 6 includes a variety of appendices that provide a listing of the companies analysed, a summary of the King II Integrated Sustainability Recommendations, the organisations involved in completing this survey and sources of additional information. Throughout the report, we have also included several illustrations of best practices and case studies on sustainability reporting. Throughout the report, we have also included several illustrations of best practices and case studies on sustainability reporting.

⁵ As of 31 July 2003, African Rainbow Minerals Gold (ARM Gold) had yet to issue its first annual report and did not expect publication until September 2003. Thus, company #101 (Johnnic Communications) was added to ensure review of 100 reports.

⁶ The most recent reports available include those that were publicly released by 31 July 2003.





3 Findings & Analysis

Overall, 85% of the companies surveyed met the baseline King II Integrated Sustainability Reporting recommendation of reporting, at least annually, on the nature and extent of its sustainability policies and practices, including social, transformation, ethical, safety, health, and environmental management practices. Each individual recommendation provided by the King II report is further analysed below.

3.1 Summary of Findings

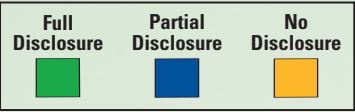
The following pages summarise the reporting findings of the 'Top 100' JSE-listed companies in terms of their disclosures of the King II recommendations regarding Integrated Sustainability Reporting. Each topic listed below was analysed to determine if the company provided a 'Full' disclosure (referencing all areas listed in recommendation); a 'Partial' disclosure (addressing some of the issues referenced in the recommendation); or 'No' disclosure (not disclosing any of the items included in the individual recommendation).

Addressing Stakeholders

An important aspect of sustainability reporting is consultation with stakeholders to determine what information is considered to be most valuable for these groups. Specifically, companies should undertake a detailed survey of all relevant stakeholders prior to creating their sustainability reporting. This consultation should also typically continue after the issuance of a report, through the inclusion of stakeholder comment cards in the sustainability report, as many companies did.

African Bank Investments Limited (ABIL) goes a step further to ensure that all stakeholders are addressed individually in its 2002 Sustainability Report. The identified stakeholders, include shareholders, clients, suppliers, government, and franchisors and joint ventures, each have a section devoted specifically to them. These sections include information relevant to the specific group, as well as a clear understanding of how ABIL views their relationship with the group.





General Sustainability Reporting

Figure 1:
Global Reporting Initiative (GRI)

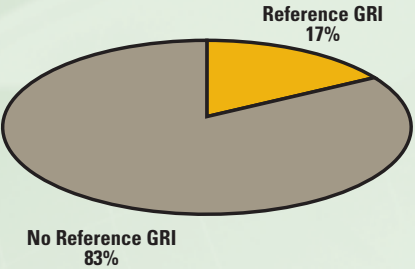


Figure 2:
Health & Safety
(including HIV/AIDS disclosures)

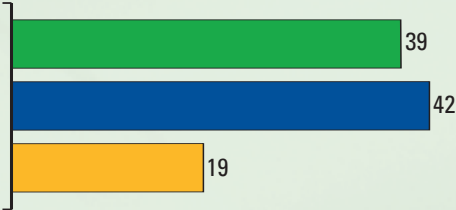


Figure 3:
Environmental Management (%)

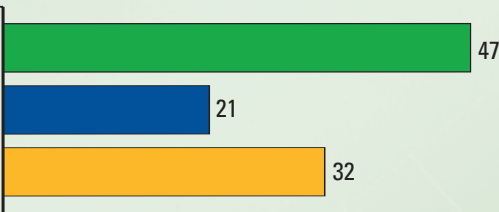


Figure 4:
Social Investment Prioritisation (%)
(including Black Economic Empowerment)

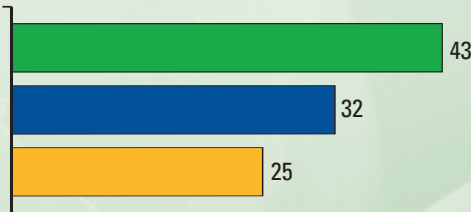


Figure 5:
Human Capital Development (%)
(includes Employment Equity)

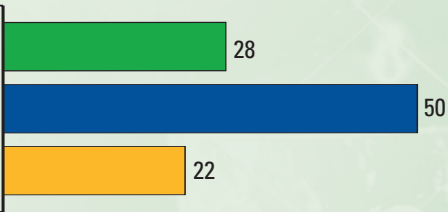
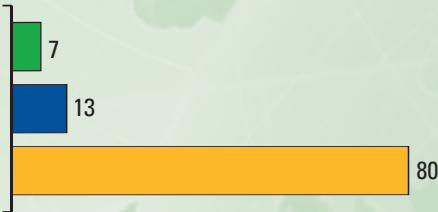


Figure 6:
Developed Guidelines (%)



Reporting on Organisational Integrity & the Code of Ethics

Figure 7:
Code of Ethics (or Code of Conduct)

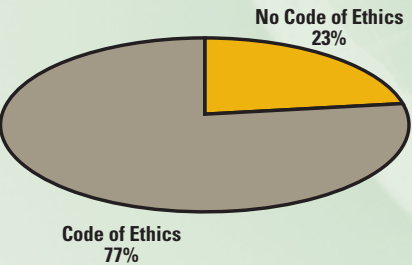


Figure 8:
Monitoring & Enforcement Systems (%)

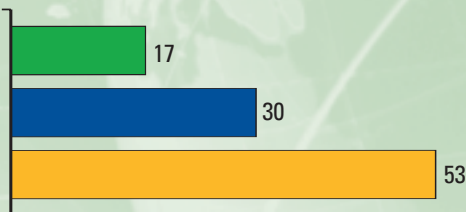




Figure 9:
High-level Oversight of Ethical Code (%)

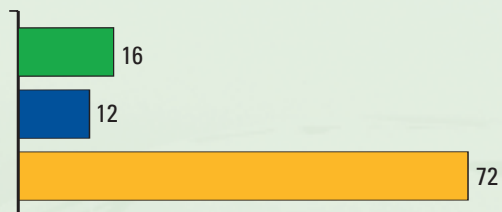


Figure 10:
Employee Integrity Assessment (%)

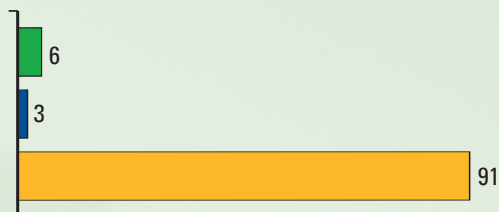


Figure 11:
Due Care in Delegation (%)

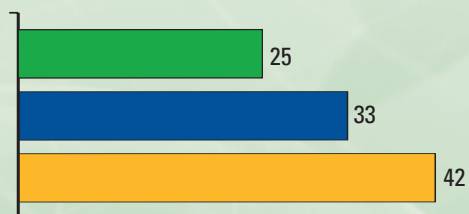


Figure 12:
Training on values and standards (%)

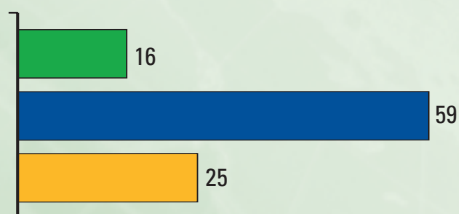


Figure 13:
Confidential Reporting (%)

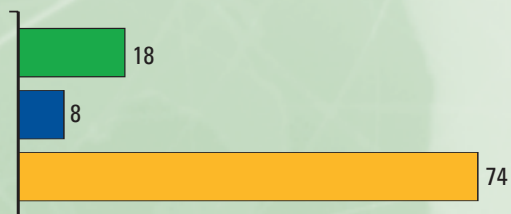


Figure 14:
Responding to Offences (%)

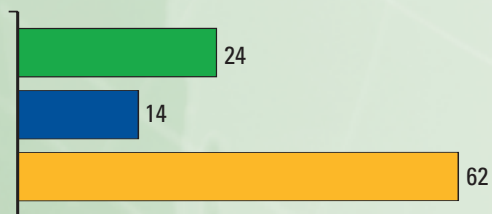


Figure 15:
Board Verification of Ethical Compliance (%)

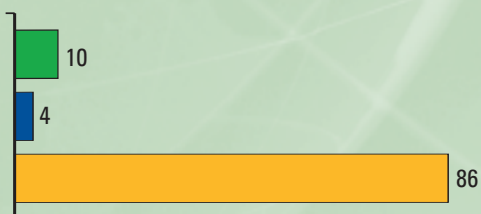
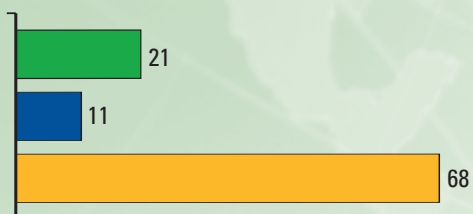


Figure 16:
Uphold ethical standards with stakeholders (%)



3.2 Significant Findings

Figure 17:
Sustainability Reporting (%)

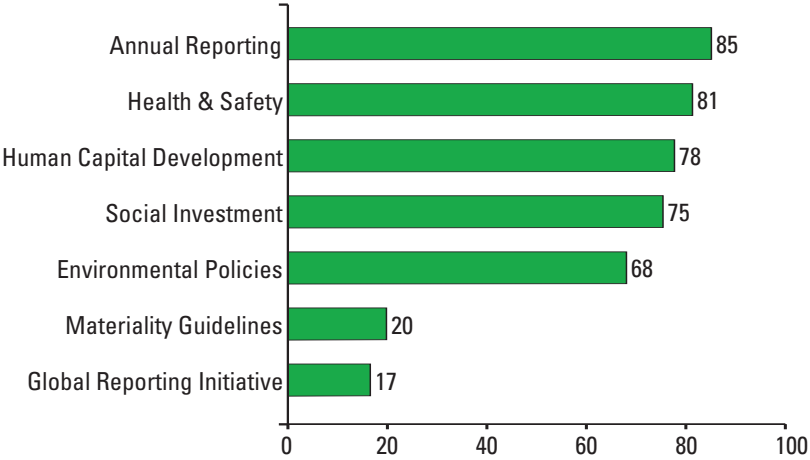


Figure 18:
Organisational Integrity (%)





3.2.1 Topics Most Frequently Disclosed

In the area of general sustainability reporting, the three most popular areas of disclosure (either full or partial) were:

Health & Safety (Figure 2)

Health and safety disclosures were frequently included in sustainability reporting with 81% of the surveyed companies providing some information in this regard. However, these disclosures differed widely in the amount of information actually provided. While mining companies generally provided detailed useful information such as lost-time injury frequency rate and work-related fatal injuries, other sectors provided more general, and much less detailed, health and safety information. See Reporting Spotlight: HIV/AIDS and AngloGold on page 10.

Human Capital Development (Figure 5)

King II's recommendation on human capital development is primarily related to employment equity. Recommended disclosures include providing employee statistics by race, age and gender and a description of specific programs designed for the development of employees, particularly women. Disclosure in this area was also high at 78%, most likely as a result of South Africa's mandatory legislation – the South African Employment Equity Act.

Social Investment Prioritisation (Figure 4)

The survey also noted that 75% of surveyed companies have reported on social investment prioritisation, specifically regarding black economic empowerment initiatives. Reporting ranged from providing descriptions of specific examples of empowerment programs to detailing affirmative procurement programs. Recent publicity and support for economic empowerment are most likely the primary reason for the high disclosure.

For Organisational Integrity, the following areas were most frequently disclosed, either fully or partially:

Values & Standards Training (Figure 12)

75% of the surveyed companies provided some information regarding their commitment to the training and development of employees. In many cases, the reporting was primarily focused on the training of company procedures and skill development, rather than company values. The most detailed disclosures included statistics regarding training, such as the amount of hours of training per employee or the total amount invested in employee training.

Due Care with Board Delegation (Figure 11)

With the recent focus on corporate governance, companies are increasingly reporting on the roles and responsibilities of the Board. This includes the methods in which the Board delegates certain responsibilities to ensure a due care process. 58% of the companies surveyed made reference to the use of due care in the Board delegation of authority.

Monitoring & Enforcement Systems (Figure 8)

47% of surveyed companies disclosed the systems they have in place to introduce, monitor, and enforce their ethical codes and standards. Some disclosures referenced the utilisation of anonymous hotlines for reporting of unethical behaviour, while other companies reported the use of internal audit to monitor areas of ethical concern.

3.2.2 Topics least frequently disclosed

In the realm of Sustainability Reporting, companies least frequently disclosed the following two areas:

Global Reporting Initiative (Figure 1)

King II includes a specific recommendation for companies to govern their disclosure of non-financial information with reference to the Global Reporting Initiative Sustainability Reporting Guidelines. While many companies may be following these guidelines, only 17% of the surveyed companies actually referenced them or included a GRI Index in their reporting. For additional information on the GRI, see page 13.

Developed Materiality Guidelines (Figure 6)

King II recommends that the Board develop guidelines for materiality of information to ensure consistency. While many reports provided some comparative statistics on reported disclosures, such as trends in emissions or safety incidents, only 20% of companies surveyed indicated that guidelines had been developed and applied.

For organisational integrity, the following two areas were least frequently disclosed:

Employee Integrity Assessment (Figure 10)

King II recommends that companies specifically assess the integrity of new appointees and promotional candidates. Although an integrity assessment for employees may be occurring at most companies, only 9% actually disclosed this practice.

Board-Level Confirmation (Figure 15)

According to the Code, the Board should also make a statement regarding compliance (or lack thereof) with the company's ethical standards for the reporting year. However, only 14% provided this type of disclosure.

The survey also identified that many companies were only giving superficial and general disclosures for the King II Code. For example, some companies simply stated that they worked to minimize environmental impacts from their operations, while not offering any supporting data. Similarly, some reports made a simple reference to the existence of a code of ethics, but did not provide any information on what was included in the code, what monitoring systems were in place to ensure compliance or which division had oversight of compliance to ethical standards. We believe that companies should move towards more detailed disclosure of their sustainability initiatives, as this detailed information is what is truly valuable for stakeholders.

Reporting on Accountability

Some of the most valuable information for stakeholders is an analysis of company achievements and failures in their sustainability goals. This includes a report on the status of previous commitments made by the company, as well as inclusion of future goals and commitments.

Sasol's Sustainable Development Report 2000 – 2002 illustrates reporting on accountability, by providing an executive summary highlighting key achievements, disappointments and future challenges. This information is supplemented by a "What we said" and "What we've done" report card which details the current status of previously made commitments by the company, indicating those which have been achieved, not achieved and are still in progress. Moreover, the report also provides several specific indicators and commitments for future company sustainability performance.





4 Trends in Sustainability Reporting

As noted in the KPMG International Survey of Corporate Sustainability Reporting 2002, sustainability reports and the independent assurance of these reports is becoming mainstream business. A similar trend can now be seen by the 'Top 100' JSE-listed companies, as 85% of these companies included some sustainability-related disclosures in their most recent financial and non-financial reporting.

The philosophy behind sustainability reporting is that companies are increasingly expected to broaden their accountability beyond simply ensuring financial performance for shareholders, to demonstrating 'triple bottom line' performance for stakeholders. The concept of the triple bottom line, or sustainability, refers to balancing and integrating corporate management and reporting across economic, social and environmental dimensions.

The following section highlights some of the most recent trends in sustainable reporting.

4.1 Benefits of Sustainability Reporting

In recent years, several companies have indicated where the monitoring and disclosure of sustainability issues has proved beneficial to the overall business operations, in improving systems to reduce such things as 'solid waste' sent for disposal, 'lost time incidents', or bio-remediation costs due to controllable spills. Others have argued that improved social performance in the communities in which they operate increases the physical security of sensitive installations through a combination of 'community goodwill' and recognition of value in the worker-company partnership.

4.2 Global Reporting Initiative

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP), working in cooperation with UN Secretary-General Kofi Annan's Global Compact.

Although recommended by King II, this survey indicated (as noted above) that only a few JSE-listed companies (17%) are disclosing their usage of GRI guidelines.

4.3 Stand-alone Reports

Consistent with findings from the KPMG International Survey of Corporate Sustainability Reporting 2002, many South African companies are now providing stand-alone non-financial reports. In fact 20% of the companies surveyed provided a non-financial report for the most recent financial year. This number has increased from 16% in 2002⁸, but still compares unfavourably to 45% of the Global Fortune 250 Companies⁹. An additional 6% of companies indicated that they intend to produce a non-financial report for the current financial year. While many of these reports are specifically related to Sustainability issues, some are geared towards reporting on Safety, Health and Environmental issues or Corporate Citizenship reports.

⁸ KPMG Survey of Sustainability Reporting in South Africa: 2002.

⁹ KPMG International Survey of Corporate Sustainability Reporting 2002.

4.4 Report Assurance

Another trend in sustainability reporting, noticed in both this survey and the KPMG International Survey on Corporate Sustainability Reporting 2002, is that the proportion of stand-alone reports assured by independent third parties is also rising. As the practice of disclosing non-financial performance continues to evolve, it is becoming more common for key stakeholders to demand that companies provide some level of third-party assurance on their social, economic and environmental performance. More often than not, especially for those companies operating in emerging markets, or where key social or environmental risks are present, third party assurance acts as a means of overcoming issues of diminished trust. The rise in reporting on environmental and social performance in separate reports, or integrated with financial reports, reflects the increasing importance of this information to management and external stakeholders. This goes hand-in-hand with the demand for reliable and credible information from management, for addressing the company's environmental and social risks, and from stakeholders who want assurance that the report truly reflects the company's efforts and achievements. This survey showed that of the 20 stand-alone non-financial reports reviewed, only 25% were independently verified.

4.5 Socially Responsible Investments

The interest in sustainability issues by the financial market has continued to rise over the past several years with the introduction of market indices focused on companies disclosing sustainability initiatives, such as the *FTSE 4 Good Index* in the UK and the *Dow Jones Group Sustainability Index* in the US. This trend has now moved into the South African financial markets, with the JSE's own Sustainability Index currently in development.





5 Conclusion

Companies operating in South Africa face the dual pressure of an increasingly globalised world with emerging standards on sustainability and growing local stakeholder awareness, activism and expectations on sustainability performance. In this 'brave new world', business is quickly realizing that it is being held more accountable for its non-financial performance.

With this emphasis on increased transparency, complemented by the King II recommendations and the general trend of increased corporate governance, integrated sustainability reporting has become a mainstream practice for most JSE-listed companies. This survey has shown that, while many companies have begun to incorporate the King II recommendations, there remains significant room for further disclosure in accordance with the Code.

It is also important to note that good sustainability reporting is only one element of good sustainability performance. It is our experience, however, that putting in place the robust internal systems necessary for producing an externally assured sustainability report can serve as a significant positive catalyst for overall improved management of non-financial issues.

HIV/AIDS Reporting

King II specifically recommends that companies give specific consideration for describing safety and health policies and practices in their integrated sustainability reporting, including "the nature and extent of the strategy, plan and policies adopted to address and manage the potential impact of HIV/AIDS on the company's activities."

Recognising the potential impact that the HIV/AIDS pandemic may have on companies and the importance of this risk for stakeholders, many JSE-listed companies are voluntarily disclosing this information. In fact, the survey found that 74% of companies included a description of the company's HIV/AIDS programs. Moreover, several of these disclosures also included statistics regarding the prevalence of HIV/AIDS among its workforce.

AngloGold set the standard on HIV/AIDS reporting by actually producing a comprehensive stand-alone HIV/AIDS report (AngloGold: Facing the challenge of HIV/AIDS 2001/2002). The report includes several case studies citing particular programs that the company is using to respond to the pandemic. In addition, the report provides detailed statistics on the potential impact on the company, including an estimate of the increased cost of production per ounce of gold as a result of HIV/AIDS.



6 Appendices

6.1 King II Recommendations

Sustainability Reporting

- n Annual sustainability disclosure on social, transformational, ethical, safety, health and environmental policies and practices.
- n Utilisation of an integrated approach to stakeholder reporting that includes a categorisation of issues into the following three levels:
 - acceptance and adoption of business principles that can be verified;
 - implementation of practices with adequate evidence to support disclosure; and
 - performance against related adopted principles.
- n Consideration for disclosure of sustainability items should include:
 - relevance to business, scope of disclosure, period of disclosure, expectations of performance (benchmark), and impact directly attributable to entity action or inaction;
 - principles of reliability, clarity, relevance, comparability, timeliness, and verifiability, with a reference to the Global Reporting Initiative Guidelines; and
 - development of guidelines for materiality for consistency, based upon international models and national definitions.
- n Specific sustainability disclosures should include:
 - occupational health and safety matters, inclusive of AIDS;
 - environmental matters
 - social investment prioritisation, including black economic empowerment initiatives; and
 - human capital development, inclusive of employment equity.





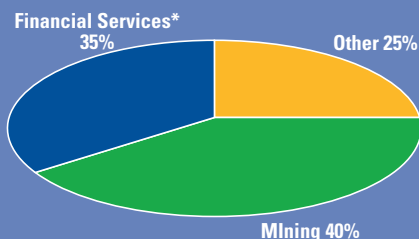
Organisational Integrity

- n Every company should have a code of ethics that is relevant to its stakeholders, supported by:
 - systems to introduce, monitor and enforce;
 - assignment of high level authority to oversee compliance;
 - assessment of integrity of new employees and promoted employees
 - the exercising of due care in delegating discretionary authority;
 - communication with and training of employees;
 - provision, monitoring and auditing of safe systems for reporting unethical or risky behaviour; and
 - evidence of response to offences and consistent enforcement of discipline.
- n Statement as to the extent the directors believe the ethical standards have been achieved and, if not at an acceptable level, then the steps that are being taken to achieve the desired level.
- n Companies should consider carefully their dealings with others that do not demonstrate a similar level of commitment to organisational integrity.

Sustainability Reporting in the Financial Services Sector

Although sustainability reporting is typically associated with environmental issues and, thus, considered more relevant for industrial companies, non-manufacturing industry sectors, such as Financial Services, are becoming increasingly aware of the benefits of sustainability reporting. The primary data included in non-financial reports by Financial Services companies includes information regarding social investment, transformation, and employment equity programs. Figure 19 summarizes the stand-alone non-financial reporting in the Top 100 companies by the primary sectors⁷.

Figure 19:
Stand-alone Non-financial Reporting by Sector



*Financial Services includes banks and life assurance sectors.

“We are committed to the sustainability process and believe in its value – both to the group as a business and to all of its stakeholders,” states Investec plc’s 2nd non-financial report, Journey to Sustainability, produced in July 2003. This comprehensive report covers several relevant areas, including economic, societal, and environmental concerns. The report also includes a section on Investec’s Sustainability Continuum, indicating where the company currently stands and what the company is striving to achieve in its sustainability initiatives.



⁷ This information can be compared to the breakdown of sectors for the surveyed companies as follows: Financial Services (19%), Mining (17%), Retail (12%), Media & Communications (8%), Food & Beverages (7%), Services (7%), Other (30%).

¹⁰ Several companies included a Sustainability Report as part of their Annual Report. This column represents only companies that produced an independent, separate report on non-financial issues.

6.2 Companies Surveyed

	Company	Date of Annual	Additional Stand-alone reports reviewed ¹⁰
1	Anglo American plc	31 December 2002	Towards Sustainable Development (2002); Report to Society (2002); Black Economic Empowerment (2002)
2	BHP Billiton plc	30 June 2002	Health, Safety, Environment, and Community Report (2002)
3	Richemont Securities	31 March 2002	
4	Sasol Ltd.	30 June 2002	Sasol Sustainable Development Report (2000 – 2002)
5	AngloGold Ltd	31 December 2002	AIDS Report (2001/2002); Social Report (2001/2002)
6	Anglo American Platinum	31 December 2002	Sustainable Development Report (2002)
7	SABMiller plc	31 March 2003	Corporate Accountability Report (2003)
8	Standard Bank Group Ltd.	31 December 2002	
9	Old Mutual plc	31 December 2002	Corporate Citizen Report (2002)
10	Gold Fields Ltd.	30 June 2002	Sustainable Development Report (2002)
11	FirstRand Ltd.	30 June 2002	Corporate Social Investment Report (2002)
12	Remgro Ltd.	31 March 2003	
13	Impala Platinum Holdings	30 June 2002	Environment, Health, Safety and Community Report (2002)
14	MTN Group Ltd.	31 March 2002	
15	Nedcor Ltd.	31 December 2002	Corporate Citizenship Report (2002)
16	Liberty International plc	31 December 2002	Corporate Social Responsibility Report (2002)
17	ABSA Group Ltd.	31 March 2002	
18	Sappi Ltd.	30 September 2002	
19	Telkom SA Ltd.	31 March 2002	
20	Sanlam Ltd.	31 December 2002	
21	Harmony Gold Ltd.	30 June 2002	
22	Liberty Group Ltd.	31 December 2002	
23	Lonmin plc	30 September 2002	Corporate Accountability Report (2002)
24	Bidvest Ltd.	30 June 2002	
25	RMB Holdings Ltd.	30 June 2002	
26	Imperial Holdings Ltd.	30 June 2002	
27	Barloworld Ltd.	30 September 2002	
28	Tiger Brands Ltd.	30 September 2002	
29	Kumba Resources Ltd.	30 June 2002	
30	Amalgamated Beverage Ind.	31 March 2003	
31	Venfin Ltd.	30 June 2002	
32	Nampak Ltd.	30 September 2002	
33	Naspers Ltd.	31 March 2002	
34	Investec plc	31 March 2003	Journey to Sustainability (2003)
35	Iscor Ltd.	30 June 2002	
36	Pik N Pay Stores Ltd.	28 February 2003	
37	African Rainbow Minerals GM	Excluded - No current annual report	
38	Steinhoff International Holdings	30 June 2002	
39	Liberty Holdings Ltd.	31 December 2002	
40	Pretoria Port Cement	30 September 2002	
41	Woolworths Holdings Ltd.	30 June 2002	
42	Network Healthcare Hldgs.	30 September 2002	
43	AVGold Ltd.	30 June 2002	
44	Energy Africa Ltd.	31 March 2003	
45	Anglovaal Industries Ord.	30 June 2002	
46	African Oxygen Ltd.	30 September 2002	
47	Anglovaal Mining Ltd.	30 June 2002	Sustainable Development Report (2002)
48	Assmang Ltd.	30 June 2002	
49	Metro Cash and Carry	30 April 2002	
50	Massmart Holdings Ltd.	30 June 2002	



	Company	Date of Annual	Additional Stand-alone reports reviewed ¹⁰
51	JD Group Ltd.	31 August 2002	
52	Santam Ltd.	31 December 2002	
53	New Africa Capital Ltd.	31 December 2002	
54	Alexander Forbes Ltd.	31 March 2003	Sustainability Report (2003)
55	Western Areas Ltd.	31 December 2002	
56	Investec Ltd.	31 March 2003	Journey to Sustainability (2003)
57	Edgars Cons Stores Ltd.	31 March 2003	
58	Murray & Roberts	30 June 2002	Corporate Citizenship Report (2002); Employee Report (2002)
59	Reunert Ord.	30 September 2002	
60	Mutual and Federal Ins.	31 December 2002	
61	Dimension Data Hldgs plc	30 September 2002	
62	Durban Roodept Deep	30 June 2002	
63	Foschini Ltd.	31 March 2002	
64	Aveng Ltd.	30 June 2002	
65	Shoprite Holdings Ltd.	30 June 2002	
66	Truworths International	30 June 2002	
67	Tongaat-Hulett Group Ord.	31 December 2002	
68	Pik 'n Pay Holdings Ltd.	28 February 2003	
69	African Bank Investments	30 September 2002	Sustainability Report (2002)
70	Discovery Holdings Ltd.	30 June 2002	
71	Medi-Clinic Corp. Ltd.	31 March 2003	
72	Aspen Pharmacare Hldgs.	30 June 2002	
73	Northam Platinum Ltd.	30 June 2002	
74	Sun International (SA)	30 June 2002	
75	Caxton CTP Publish Print	30 June 2002	
76	Allan Gray Properly Trust	30 September 2002	
77	Kersaf Investments Ltd.	30 June 2002	
78	Illovo Sugar Ltd.	31 March 2003	
79	AECI Ltd.	31 December 2002	
80	Allied Technologies	28 February 2003	
81	Distell Group Ltd.	30 June 2002	
82	Afrox Healthcare Ltd.	30 September 2002	
83	Super Group Ltd.	31 March 2002	
84	Assore Ltd.	30 June 2002	
85	New Clicks Hldgs Ltd.	31 August 2002	
86	GrowthPoint Prop. Ltd.	30 June 2002	
87	Delta Electrical Ind.	31 December 2002	
88	Capital Alliance Hldg. Ltd.	31 March 2002	
89	Comparex Holdings Ltd.	31 May 2002	Comparex Africa: Transformation & BEE Profile (2002)
90	Trans Hex Group Ltd.	31 March 2003	
91	Canadian Overseas Pack Ord.	30 June 2002	
92	Elec Media NTW and Supsp	31 March 2002	
93	Ellerine Holdings Ltd.	31 August 2002	
94	Sycom Property Fund	31 December 2001	
95	Unitrans Ltd.	30 June 2002	
96	Johnnic Holdings Ltd.	31 March 2002	
97	Chemical Services Ord.	31 December 2002	
98	Avis Southern Africa Ltd.	31 March 2002	
99	United Serv Technologies	31 January 2003	
100	African Life Assurance	31 March 2002	
101	Johnnic Communications	31 March 2002	

6.3 The Centre for Sustainable Enterprise, The University of North Carolina, Chapel Hill



The University of North Carolina's Centre for Sustainable Enterprise is housed at the Kenan-Flagler Business School's Kenan Institute of Private Enterprise. The Centre's mission is to help organizations understand how global sustainability is inevitably changing the competitive landscape and how they can benefit from that change.

Existing markets in developed countries are saturated, but a small and growing number of progressive companies are earning substantial profits in new markets around the world through sustainable enterprise strategies. The Centre provides education, research and outreach to students, executives and organizations to help companies benefit from these opportunities.

The Centre's affiliation with UNC's top-ranked Kenan-Flagler Business School has led it to international recognition as a global leader in sustainability education. Most recently, in "Beyond Grey Pinstripes: Preparing MBAs for Social and Environmental Stewardship", a joint project of The Aspen Institute and World Resources Institute, UNC Kenan-Flagler was recognized as being the first and only business school to achieve excellence in all three categories of business school innovation and commitment to:

- n Environmental stewardship
- n Social impact management
- n Management for sustainability

6.4 KPMG Global Sustainability Services

KPMG is one of the leading providers of assurance, tax and legal, and financial advisory services. With a global approach to service delivery, KPMG responds to clients' complex business challenges with services that span industry sectors and national boundaries.

In South Africa, KPMG's Sustainability Services has offices in Cape Town, Durban and Johannesburg. The group, supported by the KPMG Global Sustainability Network, provides core Assurance and Advisory Services in the following areas:

Assurance Services

KPMG provides independent assurance on sustainability management information and reporting systems and on the integrity of supply chain processes. Services cover:

- n **internal assurance processes** – review of how management is assured that the information used in the business and reported externally is complete, relevant, reliable and comparable;
- n **verification** – comprehensive auditing to provide a credible opinion on reported data, based upon rigorous auditing principles derived from those developed for financial audits;
- n **supply chain integrity** – audit of purchasing processes and supplier performance against ethical, social and environmental criteria;
- n **technical reviews** – limited scope reviews of specific parameters, their calculation or adjustment, resulting in a management report;

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- n **due diligence** – incorporating health, safety, environmental and social issues into an integrated transaction service;
- n **environmental provisions** – assisting financial auditors through reviews of legislation, environmental management systems and environmental provisions which might require disclosure in the financial accounts.

Advisory Services

KPMG helps organisations develop and implement sustainable management strategies and processes. Services cover:

- n **strategic alignment** – ensuring that an organisation’s publicly stated principles, values and policies are supported by appropriate governance, business strategies and operational processes;
- n **strategic services for government** – developing scenarios for the future, strategic planning on environmental services, development of emission sharing cost models, development of new licensing and enforcement instruments, developing systems to ensure the integrity of the public sector;
- n **environmental performance** – advising on how to identify, measure and manage critical business issues such as climate change, eco-efficiency, waste minimisation, energy and resource use;
- n **social accountability** – working with clients to embed credible stakeholder dialogue strategies and key performance indicators within management processes that will support a full social audit;
- n **economic impacts** – helping clients to understand and manage the business implications of environmental and social issues such as environmental taxation and labour standards;
- n **integrity management** – ensuring that systems to deliver compliance with laws, regulations, policies and codes of conduct are comprehensive;
- n **reporting** – developing and integrating environmental, social and economic information into wider company reporting and communications strategies and related management information systems;
- n **web based reporting** – adapting assurance processes to meet the new challenges of greater volumes and increased frequency of information arising from the accelerating trend towards web-based reporting.

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6.5 Sources of Additional Information

The following list provides sources of additional information, including standards and guidelines, on Sustainability Reporting:

South Africa

- n King Report on Corporate Governance for South Africa – 2002 (King II Report)
www.iodsa.co.za

Guidelines on good corporate governance, including integrated sustainability reporting.

- n Business Council for Sustainable Development: South Africa www.ief.co.za

Provides the latest news regarding sustainable development and business in South Africa.

International

- n Accountability www.accountability.org.uk

Guidance on how to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting systems needed to ensure its effectiveness in impacting on decisions, activities, and overall organisational performance. The site also provides information on the AA1000 assurance standard.

- n Association of Chartered Certified Accountants www.accaglobal.com

The group's report, Environmental, social, and sustainability reporting on the world wide web: A guide to best practice, provides guidance on how to report on the web, and the shortcomings of doing so.

- n Global Reporting Initiative www.globalreporting.org

A global organisation which seeks to create a common framework for voluntary reporting on economic, environmental, and social issues. The website provides access to the recently released 2002 reporting guidelines.

- n KPMG www.kpmg.com/services

Access the latest thought leadership and publications of KPMG's Global Sustainability Services Network, including the KPMG International Survey of Corporate Sustainability Reporting 2002.

- n SA 8000 (Social Accountability) www.cepaa.org

A uniform, auditable standard for social accountability with a third-party verification party. Based on the principles of 11 Conventions of the International Labour Organisation, the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child.

- n United Nations Environment Programme www.unep.org

Seeks to encourage guidelines used in environmental reporting throughout the world.

- n United Nations Global Compact www.unglobalcompact.org

An international initiative between the United Nations and business focused on incorporating the principles of human rights, labour, and the environment.







KPMG is the global

network of professional

services firms whose aim is

to turn understanding of

information, industries and

business trends into value.

With more than 100 000 people worldwide,

KPMG member firms provide audit and risk

advisory, tax and legal, and financial advisory

services from more than 750 cities in 150 countries.

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Designed and produced by KPMG's South African Creative and Fulfilment Services

September 2003

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

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