An investigation into the evolution of Sustainability Reporting among the JSE Top 10 Socially-Responsible Companies

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By

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ABSTRACT

Corporate sustainability reporting is an important part of corporate reporting, and also an important part of creating a visibility about the sustainable agenda of corporates. Motivated by a lack of in-depth information about how this practise has evolved in South Africa; the objectives of this study are to shed more light into this evolution, as well as the quality of the content that is part of that evolution in the research period of 2002 – 2012.

Segmenting the decade into through anchor points for the research, the methodology of content analysis was employed in order to read and interpret sample reports and conduct scoring across own developed evaluation criteria of six reporting categories, which was made up of a total of 62 assessment items. Reporting performance was determined, coded, summarized and aggregated where required, in order for the different levels of analysis to be carried out.

The findings revealed a rising growth trend in the evolution of sustainability reporting in South Africa, with the highest growth taking place in the middle section of the research period, and significantly lower growth in the last section. This is both in terms of overall reporting as well as content coverage of the different reporting categories included in the research.

The Social Performance category is the most reported on category through the decade. The highest percentage increase is found to be in the Context & Commitment and Quality of Management reporting categories through the decade. The industrial sector is the top performer and Telecoms the bottom performer in terms of overall reporting performance for the decade.

Sustainability reporting in South Africa seems to have experienced an overall growth trend similar to the global trend. However the evolution of that growth has highlighted certain country specific nuances through the reporting period.

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GLOSSARY OF TERMS

SR – Sustainability Reporting

CSR – Corporate Sustainability Reporting

CSI – Corporate Social Investment

GRI – Global Reporting Initiative

JSE SRI Index – Johannesburg Stock Exchange Social Responsibility Investing Index

GDP – Gross Domestic Product

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1 INTRODUCTION

1.1 Research Area

The growing global focus on sustainable development has revitalised and broadened the corporate social responsibility agenda worldwide. This agenda was always dominated by corporate social investment (CSI) and similar philanthropic activities (Hamann, 2006), but has seen an evolution beyond philanthropy in recent decades, to incorporating the broader sustainable development of local communities as well as the global community at large.

Sustainable development and sustainability, the destination, is almost at the centre of corporate citizenship. It has become a critical business imperative for business to contend with, and a pertinent social license for business to operate worldwide. More and more companies are dedicating time and resources towards sustainability, evidenced by the growing prevalence of sustainability reporting in corporate annual reports, as well as standalone sustainability reports. South Africa is no exception to this trend.

It seems that sustainability reporting may become to sustainability what financial reporting became to financial performance over time, a means of demonstrating, measuring and communicating such performance to relevant stakeholders. The practice of sustainability reporting has created a much needed visibility of the corporate sector's contribution towards sustainable development, enabling the management and interrogation of sustainability activities by the businesses themselves and also the wider community at large.

As this practice developed over the past few decades, and the world becoming more sustainability-aware, corporate sustainability reporting (CSR) grew to be a subject of much interest – as a vehicle creating the necessary visibility into the sustainability agenda of companies, curiosity – about the constitution of that sustainability agenda, and often scepticism – about the quality and integrity of such reporting, or lack thereof. These and other factors have contributed to the evident growth and evolution of CSR across the world. Has South Africa experienced a similar growth in its CSR practice, and in what way has the practice evolved?

Corporate South Africa contributes about a fifth of the fiscal revenue required for the provision of public goods and services that are crucial for meeting the development needs of the country (National Treasury, 2013). While this figure looks only at corporate South Africa's direct economic contribution through company income taxes, and does not include the many other indirect ways through which they create and add value (economically-speaking), it is already a substantial contribution. This makes their role and contribution to sustainable development important, and makes the subject of their sustainability performance, the reporting thereof, and how this has evolved a relevant and useful subject for research.

1.2 Problem Statement

Corporate sustainability reporting is growing throughout the world, and an increasing number of companies are publishing different kinds of sustainability reports (Laine, 2010; KPMG, 2011). Corporate reporting before this consisted of minimal sustainability content, with most of it pertaining to corporate social investment. It has however evolved in recent times, and sustainability reporting is becoming a significant component of the reporting.

It is suggested that this evolution is partly driven by the proliferation of tools and guidelines to aid with the measurement and reporting of sustainability activities globally.
The most notable of these have been the development of the GRI guideline – which has become the de facto standard for sustainable reporting globally (KPMG, 2011).

In South Africa there have also been two other key local developments, namely the King Report [II & III] which mandated both sustainable reporting and later integrated reporting, as well as the establishment of the JSE Socially Responsible Investment Index which lists South Africa's most socially responsible public companies. These three developments together make the recent past (in this case the selected decade from 2002 till 2012) a period of significance in the evolution of sustainable reporting in South Africa.

Some studies have been conducted on what has driven and shaped the growth and evolution of CSR as a whole in South Africa (Sonnenberg & Hamann 2006, Dawkins & Ngunjiri

2008, Van der Lugt & Malan 2012), but little focus has been given to the extent of said growth and specifically the evolution of CSR in the aforementioned period of significance. The nature and type of the resultant evolution is yet to be investigated, and how quality and quantity of reporting has been affected overtime.

Globally, a number of studies have been conducted to look at the growth in sustainability reporting, often by investigating specific annual reports, for a specific company, for a specific year, or for specific economic sectors (Kolk 2004, Jenkins & Yakovleva 2006). Even then, the extent of said growth in reporting remains a research subject not explored with sufficient depth (Perez & Sanchez, 2008). There is a clear gap in terms of longitudinal time-series studies, conducted across sectors.

1.3 Purpose and Significance of the Research

The purpose of my research is to investigate the evolution of sustainability reporting in the past decade (2002 – 2012), using a sample of South Africa's best performing publicly-listed socially-responsible companies[1]. This sample consists of a cross-sector group of 10 JSE top-performing companies[2] that are also listed on the JSE SRI Index for 2012.

The significance of this investigation is the academic contribution to the local as well as global scholarship of CSR, through an in-depth, longitudinal, cross-sectional analysis of the evolution of CSR in South Africa.

1.4 Research Questions and Scope

The research questions that I hope to answer through this investigation are as follows:

[1] The sample consists of the following companies: BHP Billiton, British American Tobacco, SABMiller plc, Anglo American plc, MTN Group Ltd, Sasol, Kumba Iron Ore Ltd, Standard Bank Group Ltd, First Rand Ltd and Vodacom Group Ltd.

[2] Out of the 2012 JSE Top 100 List by market capitalisation, Bloomberg, November 2012.

a) To investigate the overall progress in sustainability reporting by these companies at key points through this decade.
b) To investigate the specific progress with content coverage of the various dimensions of sustainability reported at key points through this decade.

The scope of my research is limited to the confines of the reported content on sustainability matters and does not extend to actual sustainability activities or performance by said companies. Both the overall and specific progress will be investigated against an own developed evaluation criteria that will be explained later in my Methodology chapter.

1.5 Research Assumptions

The following assumptions are made in this research:

- The group of 10 companies in the sample is representative of top JSE listed South African companies who are also considered most socially responsible and would allow us to draw conclusions for the wider community.

- The four economic sectors represented in this sample, although incomplete, are sufficient to enable us to infer findings to the wider national corporate community of South Africa.

1.6 Organization of Thesis

The next set of chapters will tackle each area of research in detail, starting with a review of existing literature on CSR to highlight useful trends and perspectives and identify possible gaps (Chapter 2). This will be followed by a thorough description of the research methodology selected for the study and why, highlighting its advantages and limitation (Chapter 3).

Chapter 4 will then discuss the research findings and analyse the data in detail to identify trends, patterns, relationships in the evolution of CSR. The main discussion will take place in Chapter 5, where research findings will be linked to research questions and the literature

review to show academic contribution, and research conclusions made accordingly. The final chapter, Chapter 6, will make recommendations for future research and suggestions for how limitations can be addressed in future.

2 LITERATURE REVIEW

2.1 Introduction

The growth trend in corporate sustainability reporting globally (Bebbington, Larrinaga & Moneva, 2008; Faisal, 2012; Kolk, 2003; KPMG, 2005) is regardless of early traditional economics literature which suggested that firms would be reluctant to expend resources on sustainability initiatives, as such voluntary initiatives could adversely impact on the firm's bottom line (McCain, 1978). Much less expend resources in the reporting of these initiatives in any formal way! A view also based on the reasoning that profitability is reduced as a result of diverting financial resources away from productive investments (Friedman, 1970).

Despite all this, sustainability reports are increasingly being published, disseminated and read throughout the world, and there is growing recognition that sustainable reporting is an important factor contributing to corporate sustainability (Lonzano and Huisingh, 2011). It is further suggested that sustainability reports are an active forum through which the sustainability discourse is further (re)constructed or (re)structured (Laine, 2009). Corporates are seen as 'powerful social actors', whose disclosures also construct reality (Phillips & Hardy, 2002) and affect how society at large perceives sustainability (Hines, 1988).

With the purpose of contributing to the growing body of literature investigating the rhetoric used by corporates in their sustainability reports, and how it has transformed over time, this research will investigate the evolution of corporate sustainability reporting in South Africa and compare it to that seen globally.

The first section of this chapter looks at the origins of the sustainability reporting practice and how it developed overtime, in the period prior, and leading up to the research period. This is done by briefly investigating the global trends of sustainability reporting in the relevant decades.

The next section then focusses on the evolution of global sustainability reporting in the research period, by segmenting the decade into three anchor periods, the beginning, middle

and end period, and investigating trends along some key dimensions[3]. The findings for this are summarized in a table, for illustrative and comparison purposes – across the periods.

The last section takes a closer look at South Africa in the research period, highlighting the economic and socio-political context at the time, and then looks at relevant developments that might have affected the practice of CSR in this period. The chapter ends with some concluding remarks.

2.2 The Origins and Development of Sustainability Reporting (Pre-2002)

The origins of sustainability reporting can be traced back to the 1970's when the Sustainability Movement emerged, following the formalization of the term 'Sustainable Development' by the World Commission on Environment and Development, often called the Brundtland Commission, in 1987. The three dimensions of sustainability - economic development, environmental protection and social equity became part of a global agenda, creating an increased awareness about the role of corporations with regard to the environment and society (Soderstrom, 2013). More and more corporations felt the need to report on what they thought and/or were doing about these concerns.

In the 1970's, Fifka (2013) notes firstly that there was an expansion from financial to non-financial reporting - mostly on social issues, and secondly that new media, like stand-alone reports, started to be used for this communication. A survey by Ernst & Young indicates that by the mid-70's there were already about 1% of the Fortune 500 companies with separate or stand-alone Sustainability Reports (Ernst & Young, 1975; Buhr, 2007). Other researchers of this period confirm that traditional financial reporting started to be complemented by additional social reports (Hahn & Kuhnen, 2013; Kolk 2010), and a deeper change was starting to take place in the relationship between companies and their stakeholders (Lee *et al.*, 2009).

In the decade that followed, namely the 1980's, non-financial reporting grew further to incorporate issues around human resources and employee relations (Hogner, 1982). Some

[3] Own logical groupings of findings.

note that CSR Reporting by the late 80's was characterised by the so called 'Stakeholder Reports', coupled with another trend of having social audits conducted on non-financial reports (Lee *et al.*, 2009). By the end of the 1980's, environmental issues had started to dominate (KPMG, 1993; Hahn & Kuhnen, 2013), and the reporting of social issues lost momentum (Kolk, 2005).

Into the 1990's, reporting focus had clearly shifted from 'Social Reporting' to 'Environmental Reporting', as a result of increased regulatory and social pressure in the different countries for corporate responses and accountability to environmental concerns. Businesses gradually realized that the introduction of environmentally friendly products and production methods could bring significant comparative advantages (Welford & Gouldson, 1993). Environmental Reporting became the new standard, and environmentally sensitive industries tended to have higher disclosure levels (Li & McConomy, 1999). This period also saw a rise in the 3rd party certification and assurance of sustainability reports was noticed (Soderstrom, 2013).

By the end of the 1990's, another shift had taken place, from 'Environmental Reporting' to 'Sustainability Reporting', encompassing all three sustainability dimensions (KPMG, 2005). An earlier KPMG survey of the largest 100 companies in the world revealed that while only 13% of these companies were reporting on their sustainability in 1993, the figure grew to 17% in 1996, and 24% in 1999 – indicating an overall clear increase in reporting (KPMG, 2002).

This growth trend can also be attributed to the emergence of the terms Triple Bottom Line (TBL) Reporting in the mid-1990's which encouraged non-financial reporting further to encompassing social, environmental as well as the economic aspects (Elkington, 1997). In this period, environmental disasters also increased global pressure for corporates to be more accountable and transparent (Soderstrom, 2013).

By the turn of the millenium Sustainability Reporting was becoming an important corporate discipline (KPMG, 2005). 'The separation of social and environmental reporting was reversed and both dimensions were merged in non-financial reports of a broader nature' (Fifka, 2013). While most studies seem to agree on the overall growth trend in

sustainability reporting up till this period, a few argued that the integration of social and environmental issues into financial reporting will lead to a weakening rather than a strengthening of sustainability reporting (Owen et al., 2000), not much empirical evidence is available to substantiate this.

2.3 The Evolution of Sustainability Reporting in the Research Period (2002 – 2012)

Moving into the 21st century, Sustainability Reporting became popular, at least in industrialized nations (KPMG, 2005). It had grown not only in breadth and variety of issues covered, but also in its geographic scope, spreading rapidly beyond the developed world where it has begun into the emerging and developing world (Fifka, 2013). The previously mentioned study by KPMG included countries Japan and South Africa for the first time in 2002, and in 2008, coverage had widened to incorporate emerging markets like Brazil, the Czech Republic, Hungary, Mexico and Romania.

The following table (Table 2.1) summarizes the evolution of this reporting through the eyes of different research literature and empirical evidence covering the 10 year period between 2002 and 2012, segmented into the Beginning, Middle and End periods as anchor points for the research.

Evolution of Sustainable Reporting in the Research Period (2002 - 2012)

	The Beginning Period (2002 - 2005)	The Middle Period (2005 - 2008)	The End Period (2008 - 2012)
Growth in Numbers	Almost half (45%) of the Fortune Global 250 group of companies were reporting on their sustainability activities at the beginning of this period in 2002 (Kolk, 2003; KPMG, 2005). This figure increased to 64% in 2005 (KPMG, 2005), confirming the general growth trend into the research period, as the figure was only 35% in 1999 (KPMG, 2002).	80% of the G250 companies were reporting their sustainability activities by 2008 (KPMG, 2008).	Sustainability Reporting by the G250 companies rose to an incredible 94% in 2011, which makes for compelling evolution in this business practice (KPMG, 2011). Of note is South Africa who in 2001 jumped to the top 3 of the leaders (after UK and Japan). From sitting at 18% in 2005, 45% in 2008, a whopping 97% of the top 100 SA companies are reporting sustainability activities since 2011.
Verification of Reports	Only 29% of the reports had been verified by external third parties in 2002. Verification statements at this point varied widely in terms of content, scope and objectivity (Kolk, 2003; KPMG 2005). This figure had only grown to 30% in 2005 (KPMG, 2005).	The number of verified reports increased to 40% by 2008. The consistency and quality seen in the adoption and utilisation of assurance and audit standards. E.g. Assurance standard ISAE3000 was used by 62% of the companies in 2008.	By 2011 the slow uptake of assurance services in the reporting is abundantly evident. With the exception of the Mining and Utilities sectors where figures increased slightly, there has been no change.
Format / Presentation	By 2005 the majority of these reports were referred to as 'Sustainability Reports' a shift in trend from 'Environmental Reports' that were still prevalent in 2002 (Kolk, 2003; KPMG 2005). Standalone reports became the majority only in 2005, although the trend started earlier. No evidence of integration of sustainable reports into annual reports in this period.	The total number of G250 companies with stand-alone reports grew to 79% in 2008. The PDF format is most used for the reports, and websites are used by the majority of the reporters. Integration of sustainability information into annual reports started. South Africa is leading with nearly 20% of the top 100 South African companies integrating their reporting.	Multiple forms of media are being used for reporting, mainly print and websites (company website or special purpose SD websites) and not usually the one or the other. Wider audience reach for their specific needs. 27% of the G250 companies include some form of sustainability in their annual / corporate financial reports. The approach seems more of 'combined' reporting than 'integrated' at this stage as the majority of information sits in a separate sections of the annual reports.

	The Beginning Period (2002 - 2005)	The Middle Period (2005 - 2008)	The End Period (2008 - 2012)
Framework Used	About 30% of the companies claimed to be 'inspired' by the GRI Guideline in 2002. This figure increased to 40% by 2005 (KPMG, 2005).	More than three quarters (77%) of the G250 companies use the GRI framework.	80% of the G250 companies use the GRI framework. A testament to it being a de facto standard for sustainability reporting globally (KPMG, 2011).
Majority of Topics Covered	Most reporting in 2002 still on traditional reporting topics of health and safety, employee relationships, and philanthropy (Kolk, 2004). In 2005 this changed and reporting was dominated by environmental issues, and 85% of which related to climate change (KPMG, 2005).	Corporate governance is included in 92% of the reports. However, only 59% of the reports include reporting on non-compliance of any nature.The scope of reporting on environmental issues widens beyond climate change to include the disclosure of carbon footprints – for the majority of the companies.	No change in trends noticed in this period.

	The Beginning Period (2002 - 2005)	The Middle Period (2005 - 2008)	The End Period (2008 - 2012)
New / Emerging Topics	Kolk (2004) notes that a few companies had also started to include the following: - Societal and economic value add and how this is distributed across various stakeholders; - Business drivers for sustainability; - Mentioning of stakeholder importance; - Minimal performance measurements, as well as; - Benchmarking with similar sectors. In addition, KPMG (2005) noted the following: - Two thirds of the G250 companies started including corporate governance issues; - The majority of them indicated that economic and ethical considerations were the main motivators for their reporting; - Mentioning of stakeholder consultation, with particular focus on Suppliers; - Two thirds of the companies pledged their commitment to social issues, although without clear social indicators; - Economic issues and associated impacts only discussed by a minority of the companies; and lastly; - 85% of the reports started to extend the responsibility to their supply chain partners.	The majority of reporting includes a Sustainability Strategy with clear objectives, a trend noticed in about three quarters of the G250 companies. - 65% of the reports had performance indicator linked to those objectives. And 60% provided data for the performance indicators accordingly. - Ethical considerations grow to be the highest motivation for reporting in this period. Understandably due to the various scandals in accounting, environment, governance and human rights in the preceding few years. - Customers and Employees become the most important stakeholders to be engaged instead of suppliers. - Established systems for management and performance measurement in 64% of the companies. - More and more companies are starting to quantify the financial value of sustainability (54% in 2008). - Significant use of management standards and guidelines – e.g. ISO14001 used by 51% companies in 2008. - Majority of reporting coming from dedicated Sustainability Units as opposed to CSR Committee or PR Department.	Reputation overtakes ethical considerations as the most important driver and motivation for reporting by the G250 companies in 2011. - Restatements becoming a significant issue – indicating a growing issue with data quality. In 2011 a third of G250 companies issued restatements of their CR reports, 42% in order to update scope of their reporting, 44% to improve their estimation and calculation methodology, and 28% to update their sustainability definitions. - Almost half of the G250 companies do not disclose or do not have board member responsibility in their CR reporting. This is an interesting observation, as this could be an indication of intention to be transparent, accountable and commitment to sustainability (Kent and Monem, 2008; Hahn and Kuhnen, 2013).

Table 2.1: Evolution of Sustainable Reporting in the Research Period (2002 – 2012)

As can be seen through the findings in Table 2.1, the beginning period was characterised by 'an 'increasing sophistication in the development of social and environmental disclosure' as well as a 'considerable variation in the maturity of reporting content and styles.' as well summed up by Jenkins and Yakovleva (2006).

By the middle of the research period, sustainability reporting had truly become mainstream, with an evident higher level of maturity. Perez and Sanchez (2009) agree with this by noticing the general trend in improvement of content as well as adherence to best practices and reporting guidelines.

At the end of the research period, sustainability reporting was seen globally as a business imperative, and one with financial benefits and not just merely a moral obligation by multinationals. Integrated reporting had become the new trend, although still at its infancy, and most companies use the term merely as a 'buzzword' (Hahn and Kuhnen, 2013; Lozano and Huisingh, 2011).

2.4 A closer look at South Africa in the Research Period (2002 – 2012)

While the previous section looks at the evolution of sustainable reporting globally, existing sustainability reporting literature, however abundant, is still dominated by empirical studies in the industrialized countries of Western Europe, the USA and Australia (Tsang, 1998). However, the stage of economic development of a country is likely to be an important factor affecting CSR practices, which may bring a different reality for less developed countries compared to the developed. Moreover, cultural and national differences are likely to affect accounting practives in general as well as CSR practices in particular (Perera and Mathews, 1990). Therefore country specific factors cannot be ignored, as different countries can evidently have different determinants and drivers shaping their sustainability reporting agenda.

2.4.1 The South African Context

South Africa, while fortunate to have fallen within the scope of a lot of the current studies of the global trends in sustainability reporting, it has some peculiar economic and socio-political factors (KPMG, 2005) that can provide a

necessary context when studying an evolution such as this one. The research period in question starts only 8 years after the hugely significant transition of the country from an apartheid to a democratic state. The post-democracy period came with different implications for business, society, and both together.

Chief amongst these was the need to deal with the historical and spatial legacy of apartheid – and correct the previous wrongs of environmental injustices, spatial segregation and inferior social standards for Black communities – whilst on the other hand, putting in place a neo-liberal economic policy to encourage globalization, market liberalization and economic growth (Lund-Thomsen, 2005). Business could not continue with a single-minded objective of profit-making, limited only to a select shareholder interest. Environmental and social issues could not be ignored as corporate sustainability took on a growing importance in society. There was a further need to reconcile potentially conflicting interests of a now wider and diverse set of stakeholders, each with different needs. Looking at corporate sustainability reporting without taking this context into perspective would result in an inadequate and incomplete assessment.

This South African context highlights the two dominant theoretical underpinnings of sustainability reporting – the Stakeholder as well as the Legitimacy theory. The former suggesting that businesses have to take into account the different perspectives and expectations of a wider group of stakeholders who have an interest in their corporate activities (Hahn and Kuhnen, 2013). The latter suggesting that companies must earn their 'social license to operate' by operating in an acceptable way (Deegan, 2002).

South Africa, like the rest of the world experienced its highest growth in terms of companies engaging in sustainable reporting in this research period between 2002 and 2012. As indicated previously, sustainability reporting by the top 100 South African companies increased from 18% in 2005, to 45% in 2008, and an unbelievable 97% in 2011 (KPMG, 2011). There should be interesting insights in investigating this kind of evolution, which has landed South Africa, a

developing country, with the socio-political context described above, at the top 3 leadership position (after UK and Japan) in terms of reporting.

2.4.2 Potential Factors influencing Sustainable Reporting in South Africa

Three main developments have been identified by some as important factors for sustainability reporting in South Africa, the GRI Reporting Initiative, the King Reports (II and III), and the JSE's Socially Responsible Investment (SRI) Index (Unterlerchner and Malan, 2008; Sonnenberg & Hamann, 2006; KPMG, 2008; IRAS, 2012).

This research aims to take a longitudinal approach at investigating the evolution of sustainable reporting in South Africa over the period of a decade, around which the three developments might have had an impact as suggested. An understanding of these developments should be useful in the process of analysing the research findings and drawing insights accordingly.

a) The GRI Reporting Initiative (GRI)

The GRI has been one the most-prolific of the voluntary initiatives on sustainability disclosure, and has become the de-facto standard for reporting globally (KPMG, 2008). Adherence to this standard is a seemingly consistent trend in South Africa as well. For instance where only 28 of South African companies were reported to use the framework in 2006 (Hamann, 2006), this figure seems to have grown to an estimated 128 companies in 2011 (IRAS, 2012). Because of its wide-spread adoption, the GRI guideline becomes a suitable benchmark to use to investigate and assess the progress and growth of sustainability reporting in South Africa as well. Many studies have taken a similar approach across the world (IRAS, 2012; KPMG, 2011; Utopies, 2012, WBCSD, 2013).

The start of the research period, 2002, is pre-GRI version G2, only the first generation of indicators had been introduced (G1). The end of the research period, 2012, is 6 years after GRI G3 – which became the most comprehensive

and widely used version to date. Understanding the extent to which this GRI guideline has been used by South African companies so far can tell us more about the evolution and growth of sustainable reporting in the country.

b) The King Report

King Reports II and III were released in 2002 and 2009 respectively, the former introducing sustainability reporting as an explicit requirement for all publicly listed companies, and the latter bringing about greater focus to integrated sustainable economic, social and environmental performance, as well as integrated reporting. Being one of the first and key regulatory drivers[4], as well as specific to the South African environment, makes it vital to understand how it might have impacted and shaped sustainability reporting in the past decade. Some have noted that as a result, there has been an emphasis on reporting the specific mandatory and recommended matters from the King Report in sustainability reporting in South Africa (Sonnenberg & Hamann, 2006). This is an interesting observation given the global debate about the importance of creating a regulatory environment for sustainability reporting, and whether voluntary initiatives alone can be effective.

A distinction is also made between sustainability reporting and integrated reporting, and where and how the two are related (Druckman, 2013). For some the emergence of integrated reporting aims to phase out separate sustainability reports in favour of one integrated report (van der Lugt & Malan, 2012). The period of analysis between 2002 and 2012 gives us an opportunity to investigate these possibilities and draw conclusions where possible.

c) The JSE SRI Index

The JSE SRI Index was established in 2004 with the objective of highlighting companies with good sustainability practices, and to assist with the measuring of sustainability performance objectively. By the end of the 8 years falling within the research period (2004 to 2012), a total of 77 companies were already

[4] This refers specifically to King Code's 'Apply or Explain' obligation for listed companies in South Africa.

listed in the index, a figure almost half the full JSE All Share Index constituents (JSE, 2013). This index has created more awareness of corporate citizenship among all listed companies, some of which would have had limited exposure to sustainability issues. It has also played the important role of 'grounding' the international citizenship movement in SA (Sonnenberg & Hamann, 2006).

Similar stock exchange initiatives have shown that stock exchanges are in a pivotal position in the financial eco-system, their ability to influence listed companies worldwide makes them well-placed to drive sustainability through reporting like they did with financial performance through financial reporting (EIRIS, 2013). In investigating the evolution of sustainable reporting in SA, it makes sense to look at the experience of those considered most socially responsible by this index.

2.5 Literature Review Conclusion

Looking at the evolution of sustainability reporting in South Africa, through investigating the trends in the sustainability reporting of SA's socially responsible companies, should enable a better understanding of the nature and type of evolution that has taken place over time, allow us to make some comparisons with the rest of the world, and give us an opportunity to highlight some country level insights which has not been done yet in current literature (Kolk, 2010).

'Corporate posturing', 'green washing' and 'blue washing' (washing through the reputation of the United Nations) are some of the terms that have been used to brand some examples at sustainability reporting globally (Laufer, 2003). 'Glossy sustainability reports and emerging accounting systems abound, but clearly defined and measurable targets still a minority' (Sonnenberg & Hamann, 2006). These two statements clearly echo the need to take a deeper look into this evolution for insights on exactly what aspects of it have evolved, and the how and why of this evolution?

3 RESEARCH METHODOLOGY

3.1 Research Approach and Strategy

This research utilised a qualitative research design methodology using a content analysis approach. Content analysis is defined as "a research technique for making replicable and valid inferences of texts to the contexts of their use" (Krippendorff, 2004). Content analysis is often used in qualitative studies to evaluate certain content criteria, and to some extent to assess the descriptive aspects and volume of content. Guided by the research questions the content analysis will focus on the evidence of sustainability reporting or sustainability content in the reports of the selected companies over the research period in order to investigate the evolution accordingly.

While content analysis as a technique is often criticised as being prone to issues pertaining to reliability and validity of research, it has remained the most commonly used methodology for corporate sustainability reporting studies (Milne and Adler, 1998; Hackston and Milne, 1996). This is not surprising as written content is often the primary subject of such studies. Content analysis lends itself well as a mechanism for the analysis and interpretation of such written content systematically.

Content analysis also has the advantage of being unobtrusive and non-reactive in comparison to other more experimental methods like interviews and surveys where the interaction between the researcher and their subjects can introduce certain bias into the results (GAO, 2008). This is quite apart from the potential reluctance by individuals or companies to participate in a research exercise on a subject like CSR, as it is often a matter of great public scrutiny.

It is for these reasons that content analysis was selected for this study, whilst remaining acutely aware of its known limitations, and finding ways to overcome these in my approach, as will be discussed in the Reliability and Validity section of this chapter.

Secondary data in the form of corporate annual reports and standalone sustainability reports will be collected for a selected sample of companies over the period 2002 to 2012. This data

is already in the public domain, and will be used as it is, its integrity and correctness will be assumed.

This research will take the approach of looking at a time series of reports by South African companies across different sectors of the economy over the 10 year period, instead of looking at reports for a specific year, or for a particular sector or economic activity. Both trend and longitudinal panel data will be analysed to enable an investigation of the overall corporate sustainability reporting tendencies across the group of companies in the sample, as well as across the sectors they cover.

For the objectives of this longitudinal research, content analysis is the most suitable tool to use in order to gain the kind of insight and understanding sought of CSR Reporting, especially over the 10 year period in question. The research will investigate the question of how content has evolved in sustainability reporting by investigating the quality of content, without necessarily attempting to quantifiably measure the content or confirm its validity. This would be a valuable addition to the current CSR scholarship as most previous studies have taken the approach of measuring quantity as opposed to quality.

In order to effectively investigate the evolution of sustainability reporting it is necessary to look at a sample of reports spanning over a reasonable time period. The time period between 2002 and 2012 is of particular significance as the highest growth in sustainability reporting was experienced in South Africa (KPMG, 2011), making it quite appropriate for such an investigation.

This period was preceded by a number of key events that ushered and raised the profile of the wider Sustainable Development Agenda globally. Starting with the Brundtland Commission (1987), Rio Summit (1992), Kyoto Protocol (1997), and lastly the World Summit on Sustainable Development in 2002, which co-incidentally took place in Johannesburg South Africa. All of these key events undoubtedly play an indirect role in the development of sustainability reporting as a corporate discipline, which by the start of the millennium, was already practised by South African companies. The corporate reporting practices of companies had potentially already been further shaped by other more direct developments like Triple Bottom Line Reporting (mid-1990's), King Code I (1994), and GRI G1 (2000) already going into the start of the research period.

For the purposes of this research, the decade will be segmented into 4 anchor points, 2002, which will be used as a benchmark year, 2005, 2008, and lastly 2012. This will result in 3 distinct anchor periods (2002 – 2005, 2005 – 2008, and 2008 – 2012) that can be used for the analysis over time as opposed to merely at a point in time. These anchor points and periods were carefully chosen in order to enable reasonable coverage of the 10 year period, and also to show the differentiation between the timing of the different developments that would take place – as indicated in the diagram below:

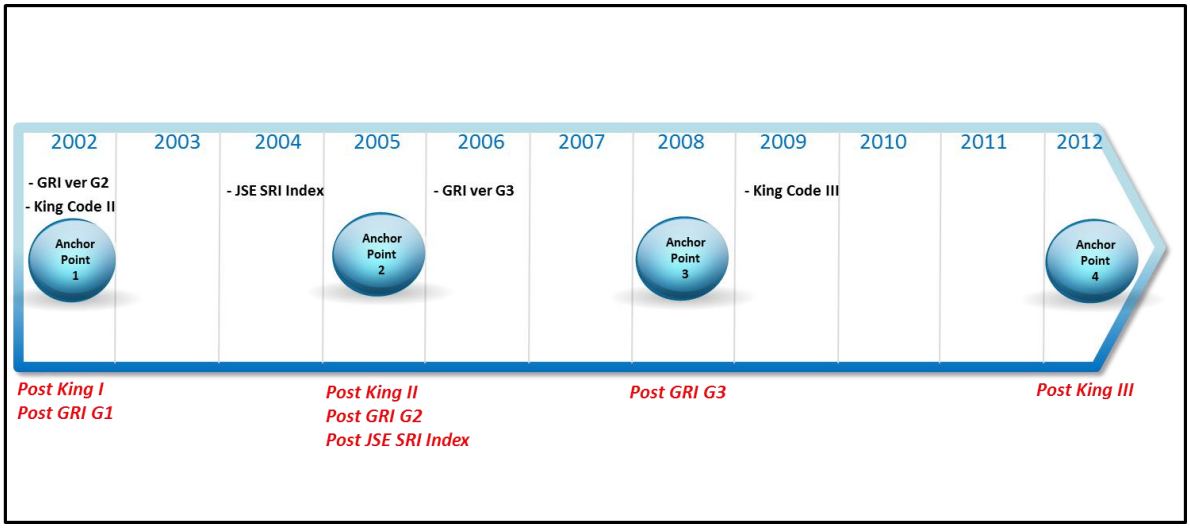


Figure 3.2: Research Timeline

3.2 Sampling

My sampling frame is a population of high-performing JSE listed companies in South Africa, that are also listed on the JSE SRI Index, from which a sample of 10 representative companies will be drawn. The technique of 'purposive sampling' is used in selecting the target sample of companies. Purposive sampling, unlike accidental sampling, allows us to execute the selection with a 'purpose' in mind, through the use of some criteria or control variable(s).

Business performance and social responsibility have been used as the primary and secondary control variables in the purposive sampling, in order to end up with a group of 10 companies, selected for the dual purpose of representing business leaders of different industry sectors both in terms of business as well as social responsibility in the research period.

Business performance is relevant because companies that are doing well financially are more likely to have sufficient capacity and resources to mobilize for and finance their sustainability reporting initiatives and have probably also been doing it for some time. Earlier research confirms that top companies achieve better reporting and have more sophisticated reports as a result (Perez & Sanchez, 2009). Much earlier research has also argued that environmental management and corporate social responsibility are related to financial performance (Klassen and McLaughlin, 1996). This research will use the JSE Top 12 as the starting point to represent top business performers in South Africa, based on market share.

Social responsibility, as seen through membership on the JSE SRI Index, is the next important factor as it extends the target criteria further to specifically look at only those companies that have also passed the social responsibility test and qualified to be in this index. The assumption is that these companies therefore care about sustainability and, in a way, represent the best-case scenario for the country.

2012 JSE Top 12 out of the Top 100			2012 JSE SRI Index	Final Sample
Rank	Company	Sector		
1	BHP Billiton plc	Industrials	Yes	Yes
2	British American Tobacco plc	Tobacco	Yes	Yes
3	SABMiller plc	Drinks	Yes	Yes
4	Anglo American plc	Industrials	Yes	Yes
5	Compagnie Fin Richemont	Luxury Goods	No	No
6	MTN Group Ltd	Telecommunications	Yes	Yes
7	Sasol Ltd	Energy and Chemicals	Yes	Yes
8	Naspers Ltd	Media	No	No
9	Kumba Iron Ore Ltd	Industrials	Yes	Yes
10	Standard Bank Group Ltd	Banking	Yes	Yes
11	Firstrand Ltd	Banking	Yes	Yes
12	Vodacom Group Ltd	Telecommunications	Yes	Yes

Table 3.2(a): Original Sample of Companies

The table above represents the original list of companies as well as an indication of whether or not they will be part of the final sample after both control variables have been taken into account. The result is the below final list of ten companies, grouped into the different sectors of the economy:

No.	Company	Sector Groupings
1	BHP Billiton plc	Industrials
2	Anglo American plc	
3	Kumba Iron Ore Ltd	
4	Sasol Ltd	Energy and Chemicals
5	British American Tobacco plc	Consumer Goods
6	SABMiller plc	
7	MTN Group	Telecommunications
8	Vodacom Group Ltd	
9	Standard Bank Group Ltd	Financial Services
10	FirstRand Ltd	

Table 3.2(b): Final Sample with Sector Groupings

The first two sectors groupings, Industrials and Energy & Chemicals are representative of the largely extractive sectors of the economy, which are generally a subject of public scrutiny where sustainability is concerned due to the often direct environmental impacts of their operations. These two sectors are also of much significance to the economy of the country and often make a substantial contribution to the country's GDP.

The Mining sector especially is often referred to as the cornerstone of the South African economy, from whence the rest of the economy developed, and for being responsible for providing sustainable employment opportunities to the vast majority of skilled and unskilled labour through history. The energy sector is equally important in an industrialising economy like South Africa, which also has a high dependency on non-renewable and soon depleting resources like coal and must now look for more sustainable alternatives.

The Consumer Goods sector touches customers directly and provides basic commodities for the more immediate day-to-day needs of the general public. The Telecoms sector is one of the fastest growing sectors in the economy, with the highest record of mobile telephony penetration. This sector has become increasingly important in meeting the communication needs of the 21st century. Lastly, the Financial Services sector is critical for any kind of economic growth and development to take place.

Across all these sectors, the resultant sample has a good mix of companies not only in terms of sector representation, but also country of origin, as well as geographic presence. Some of the companies are foreign to South Africa, yet have a significance presence in the country. Some are originally South African but have grown to global multinationals. Some remain distinctly South African. The total sample list of reports analysed is included in Appendix A.

3.3 Data Collection, Frequency and Choice of Data

Company annual reports and sustainability reports will be the main dataset used. Data will be accessed and collected through relevant company websites, as well as other useful sustainability report databases like the Global Reporting website which has a database of member company reports. Most of this data is available annually in the form of a PDF that can be downloaded and collected easily.

Based on the research approach and strategy outlined in the beginning of this chapter, data frequency will be four times in order to cover the selected anchor points in the research period. Data for years 2002, 2005, 2008 and 2012 will be used.

Company annual reports and sustainability reports are the primary formal sources of information aimed at company's various stakeholders, with the kind of information we are looking for in terms of sustainability reporting. Compared to other more adhoc, less-formal sources of company communications, they are considered more credible due to their similarity or association with audited financial statements (Dawkins & Ngunjiri, 2008).

3.4 Data Analysis Methods

The unit of analysis will be sentences, phrases, graphics and tables containing relevant sustainability information. These will be analysed and rated using an evaluation criteria and scores will be collected and analysed accordingly.

The evaluation criteria developed will be based on that used in a previous study (Perez and Sanchez, 2009) informed by international best practices SustainAbility (2006), GRI G3

Guidelines, and UNEP (2006). A total of 6 evaluation categories will be used to frame the investigation as follows:

1. *Context and Commitment* – general and strategic information on the company and its policies, as they relate to sustainability. This category looks at the level of the company's commitment to sustainability, as well as the alignment of that commitment to the wider sustainability agenda of the country and the world at large.

2. *Quality of Management* – the company's relationships with stakeholders, corporate governance and the management of information. This category looks at the value attached to, and the company's responsiveness to, stakeholder views and inputs. It also looks at the general level of managerial processes used and values adopted in the running of the business and reporting on sustainability.

3. *Environmental Performance* – quantitative or qualitative information on the company's environmental impacts. The company's commitment in measuring their environmental performance, and setting goals and targets accordingly. It also looks at the level of detail included in the relevant indicators.

4. *Social Performance* – quantitative or qualitative information on the company's social impacts. The company's commitment to social issues, including human rights, fair and ethical labour practices, issues of equity and empowerment, approach to the HIV/Aids challenge, skills development as well as the safety and health of employees.

5. *Economic Performance* – quantitative or qualitative information on the company's economic impacts. This category looks at the company's reporting beyond the traditional financial reporting mandated by legal and accounting practices. It specifically looks at the economic value add to the different stakeholders of the company, other than to shareholders which is normally included in financial statement. It also looks at the company's commitment to economic development and poverty alleviation.

6. *Accessibility and Assurance* – information around the accessibility as well as credibility of the report, including data collection and aggregation methods. The overall approach to reporting, how the indicators are decided upon, and how the information is measured, collected and aggregated across the different units of the company. Steps taken to increase the credibility and reliability of information reported on through third party assurance.

The full evaluation criteria will have a total of 61 assessment items – all falling within the above 6 categories. The original assessment categories developed by Perez and Sanchez (2009) were used as a basis, and the assessment items updated to suit the specific objectives of the study as well as the South African environment accordingly.

Categories and Assessment Items	
1. Context and Commitment	1.1 Company's profile (structure and operations)
	1.2 Description of the sustainability vision and strategy
	1.3 Statement by CEO / Top leadership
	1.4 Identification of sustainability risks
	1.5 Description of sustainability governance structure(s)
	1.6 Company's contribution to SA's sustainability challenges
	1.7 Company's contribution to wider regional / global context of sustainability
2. Quality of Management	2.1 List of main stakeholders
	2.2 Stakeholder engagement process
	2.3 Response to stakeholders' expectations
	2.4 Adherence to corporate governance code(s)
	2.5 Adherence to sound ethical practices / code(s)
	2.6 Sustainability within the supply chain
	2.7 Negative events (accidents, spills, fines, penalties etc.)
	2.8 Business or management processes enabling sustainability performance
	2.9 IT systems utilized to manage and report on performance
3. Economic Performance	3.1 Economic performance indicators
	3.2 Economic performance goals / targets
	3.3 Economic value add to employees
	3.4 Economic value add to the community
	3.5 Economic value add to suppliers / value chain
	3.6 Economic value add to government / country
	3.7 Initiatives toward poverty alleviation / economic development
	3.8 Standards / Benchmarks guiding the measurement of economic performance
4. Social Performance	4.1 Social performance indicators
	4.2 Social performance goals / targets
	4.3 Compliance with Human rights policy
	4.4 Compliance with ILO conventions (Right to Organize and Child Labour)

	4.5 Involvement in community projects or foundations
	4.6 Social impacts affecting community (direct and indirect)
	4.7 Transformation / BBBEE (policy and targets)
	4.8 HIV / Aids policy (strategy and initiatives)
	4.9 Human capital training and development
	4.10 Health and Safety policy
5. Environmental Performance	5.1 Environmental performance indicators
	5.2 Environmental goals / targets
	5.3 Prevention of environmental accidents (tailings dams etc.)
	5.4 Waste management
	5.5 Policies and actions for improving products' eco-efficiency
	5.6 Carbon, Greenhouse and ozone depleting gas emissions
	5.7 Non-renewable resources consumption (coal, petroleum, gas)
	5.8 Land used/disturbed (impact to biodiversity?)
	5.9 Energy consumption
	5.10 Water consumption
	5.11 Indirect impacts (e.g. Transportation impacts)
6. Access and Assurance	6.1 Description of processes or methods to assess materiality
	6.2 Description of data measurement techniques
	6.3 Comparison of indicators over time
	6.4 Comparison of indicators for units or regions
	6.5 Contact information for questions
	6.6 Separate sustainability report / integrated report
	6.7 Third party assurance (full / limited)
	6.8 Standards used for assurance
	6.9 Feedback mechanisms or results
	6.10 Online inter-active reporting used

Analytical reading will be performed to assess the contents of the sample reports, and a basic rating scale of '0', '1', '2' will be used to where information is not provided, provided but brief and vague and information. Ratings will be collected and tallied for each content category, and a total percentage score calculated for each sampling unit (i.e. report). This basic scoring system has been purposely selected over a multi-step alternative like, for instance, the 4-step scoring system of 0-3 used by Hamann *et al.* (2009) in their content analysis study of similar reports.

The main reason for this approach is that this study has the specific objective of dealing with the availability and coverage of information over time, and not to assess the detail, which would be beyond the scope of the research. Such assessment methods have been employed by the GRI guideline (GRI, 2011) for instance, to rate the content and measure the guideline

application levels in order to differentiate between the beginners, intermediate or advanced reporters. The purpose of this study is not to repeat this exercise in anyway and would not add more value to the stated objectives.

A similar scoring system was used before by Bansal in a longitudinal study of the evolution of corporate sustainable development among a select sample of Canadian firms (Bansal, 2005). An identical system was employed successfully more recently by, Vos and Reddy in their cross-sectional study of Environmental Sustainability Reporting amongst 10 South African companies (Vos and Reddy, 2014). The coding system will be as per below:

Coding System	
Score	Criteria
0	Information is not provided in the report, and exclusion not justified.
1	Information is provided in the report, but is brief and vague.
2	Information is provided in the report, and is clear.

Each electronic version of a company report will be read and the content analysed in order to be evaluated for each assessment item accordingly, and coding recorded in writing on a paper scoring sheet. An example of the Scoring Sheet is included in Appendix B.

3.5 Data Analysis

The data in the scoring sheets was then re-coded into Microsoft Excel, which was the data analysis tool used to help with the identification of relationships and trends accordingly. A four page Microsoft Excel worksheet was created as a Results Matrix tabulating and summarising results for all 10 companies in one page for the four years.

While the Scoring Sheet contained the list of all three possible scores (0,1,2) and a 'X' on the applicable rating allocated for that category item – for a specific company and year, the results matrix contained a summary of a single actual score for an item – for all the 10 companies, in same year. This re-organization of data allowed for the sums and averages to be created to help with the data analysis process. An example of a Results Matrix is included in Appendix C.

The last step of the data analysis process was then to create the different types of graphs to illustrate the relationships and trends between the values over the time period. Mostly line charts and column charts were created, in order to display trends over time and compare values across categories. Such visual depiction of the data will allow for visual interpretation of the type and extent of relationship that exists between the variables involved. Inferences will then be drawn and the meaning extrapolated accordingly.

3.6 Research Reliability and Validity

Stability, reproducibility and accuracy are some of the important aspects of reliability that must exist in content analysis outlined by Krippendorff, 2004.

In terms of stability and reproducibility, the primary sampling criteria used for business performance (i.e. market capitalization), it could be argued that there are other more reliable indicators that could have been used - like turnover, asset value and profit before tax, that are not as volatile as market capitalization which is merely based on share prices and subject to the volatile nature of the stock market. Reproducibility may not always be possible to achieve as market valuation is variable by its nature and is driven by market conditions accordingly.

However, stock exchange listings continue to be useful and widely used as indicators for business performance. It is important to remember that this is an indicator 'at a point in time', in this case that is specifically the JSE Top 100 List of Year 2012, an important consideration for research validity. This, as an indicator at a point in time, is fixed and will not change.

In the same vain, it could be argued that the JSE SRI Index may not the most reliable indicator of social responsibility amongst corporates in the JSE. Qualification and membership to this index is also subject to fluctuations based on the sustainability performance of a company against the index's admission criteria. The 2012 JSE SRI Index List of Constituents was used for this research. This list subsequently changed in 2013, and in 2014, as certain companies were disqualified and new ones admitted into the index. Fortunately the current sample has not been affected by this so far.

Milne and Adler advise on the important choices to be made to improve the reliability and validity of content analysis by carefully considering a) what documents to read and b) how to measure disclosures (Milne and Adler, 1999). Both considerations were factored as described in data collection as well as data analysis method sections.

Reliability and validity of this research is principally dependant on the data analysis method used, the evaluation criteria used, as well as the time-dependant performance indicators used to select the sample. Validity of this research extends only as it pertains to the specific evaluation criteria used (i.e. the evaluation categories and assessment items outlined in the previous section) and cannot be assumed to apply to sustainability reporting in general.

The biggest risk to reliability remains the subjective nature of the data analysis in content analysis, especially when coding is conducted by the researcher alone, as is the case here. Krippendorf suggests an inter-coder reliability test to mitigate this risk, by calculating an Alpha score in order to measure the degree of agreement between more than one set of scores (Krippendorf, 1980). Other alternatives include Cohen's Kappa and Scott's Pi.

The reliability in this research has been addressed by engaging the services of an additional research assistant in order to do the second round of coding of about 30% of the sample. This is indeed the minimum that could be done, but doing more than this would have not been possible given the limited resources at my disposal, both in terms of time and cost.

3.7 Limitations

The lack of quantitative assessment is one of the major limitations with the research methodology of content analysis, although it has such wide and easy applicability to a variety of scenarios. The methodology tends to focus on the quantity rather than quality of content being investigated. Regardless of an abundance of studies employing this methodology, there is a conspicuous gap in literature for more exploratory and confirmatory approaches (Kolk, 2010).

The subjective nature of the data analysis process is also a limitation as it is conducted by a human(s), and even where it is computerised, the rules are still programmed by a human(s). Objectivity may be compromised by the utilization of just one single researcher to do both the coding and rating – as there are limited resources available to involve another person to do the validation.

The use of company annual and sustainability reports have been criticised before as reflecting impression management rather than accurate disclosure (McGuire, Sundgren, and Scheneeweis, 1988). However, these company reports still prove the most reliable and accessible data source for such studies, without the risk of research-specific posturing normally present in interview or survey types of research (Bansal, 2005). The biggest advantage with using these company reports is that they provide an opportunity to collect historical, time-sensitive data that would otherwise be collected through employee recall, a potentially worse alternative. Miller and Friesen (1980), concluded that the only way to perform longitudinal research on many organisations is through detailed, published reports containing continuous history.

Lastly, the sampling frame only focussed on 10 companies, and only a few sectors of the economy, thereby limiting any generalizations beyond this sample. Research results will have to be used cautiously, especially when dealing with the sectors not included in this research. Future research should aim at a broader list of sectors to have a sample more representative of the entire economy.

4 RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction to Research Findings & Analysis

In the research decade, using the selected anchor points of 2002, 2005, 2008 and 2012, this study has sought to investigate the evolution of corporate sustainability reporting among South Africa's top 10 sustainable companies.

It has done so, firstly, by tracking the overall progress of sustainability reporting for the companies individually and then for the group as a whole. And then secondly, by tracking the specific progress with content coverage of the various dimensions of sustainability for the same individual companies and for the group as a whole.

This dual approach ensures that we acquire both high-level as well as in-depth insights into the evolution of sustainability reporting amongst the most sustainable group of companies is acquired and this should provide great insights for the evolution of sustainability reporting in South Africa as a whole.

This chapter attempts to respond to some of the following questions: Is there evidence of growth in sustainability reporting as a whole in this group of companies? How has this growth taken place through the beginning, middle and end of the research decade? Who are the leaders in terms of sector groupings and companies? Do we see an improvement in the coverage of the different dimensions of sustainability by this group of companies? Are there useful insights to be found at sector as well as company level? How has this changed and evolved, if at all, along the research period?

4.2 Overall Sustainability Reporting Performance

a) National Level among sustainability leaders

This first diagram shows us the overall sustainability reporting performance through the research period among the leading sustainability companies which have been sampled. Illustrated on a percentage basis (X-axis), group average performance for the 10 companies was calculated, across all 62 assessment items, at each anchor points (Y-axis).

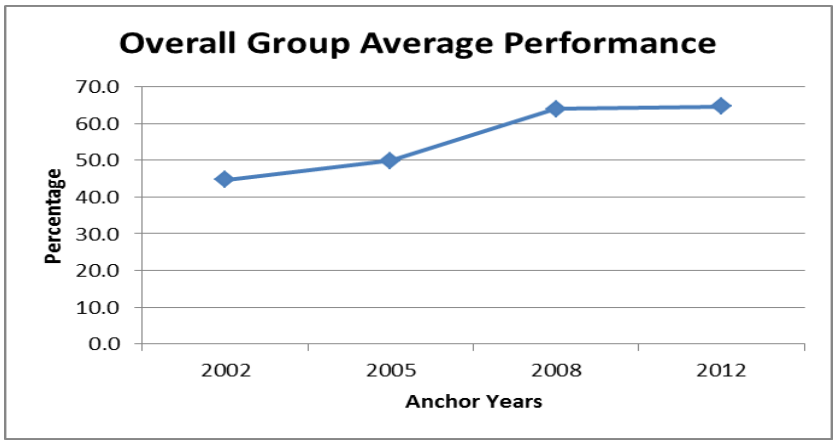


Figure 4.1(a): Overall Group Average Performance

As illustrated in Figure 4.1(a), there is an increasing trend in sustainability reporting as a whole for the group of companies. The positive slope of the graph shows a clear consistent increasing trend at each anchor point studied. Group average performance is sitting at 44.6% in 2002; it has grown to 49.9% in 2005, 64% in 2008 and finally 64.6% in 2012. This means that in 2002 this group's sustainability reporting accounted for only 44,6% of sustainability reporting criteria set by this study, by 2012, this figure had grown to 64.6%.

This is an overall 20% growth in the research period, with the highest growth taking place in the period between 2005 and 2008 (14,1%), and growth seemingly slowing down in the final period between 2008 and 2012 (0,6%).

b) Company Level

In Figure 4.1(b) the performance of the individual companies is tracked, using the same approach as in a) above, reflecting each company actual performance on a percentage basis (X-axis), at each anchor point (Y-axis). Group average performance is also included for analysis purposes.

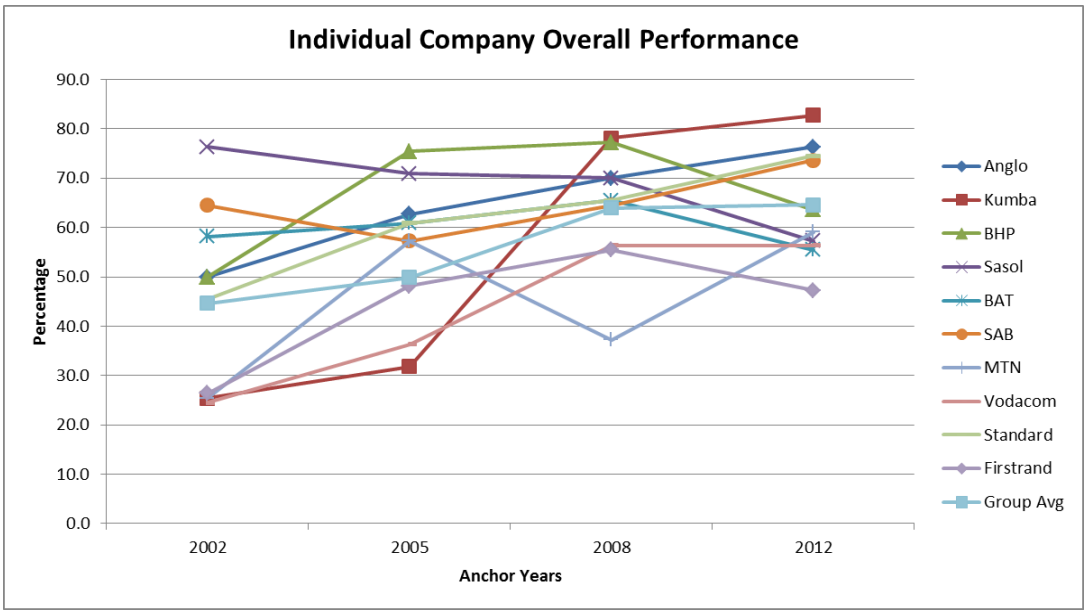


Figure 4.1(b): Individual Company Overall Performance

As far as the individual companies are concerned, overall sustainability reporting performance seems to have improved for all the sample companies between the start and the end of the research period, even where there might have been a decline (for example in the case of MTN in 2008). The resulting trend along anchor periods is one that mirrors the group average performance for the majority of the companies (i.e. highest growth rate in middle anchor period and lowest in the last anchor period).

In 2002, the lowest performance is at 24,5% (Vodacom), the highest at 76,4% (Sasol), deviating by 20,1% and 31,8% respectively from the group mean of 44,6%. By 2012, the lowest performance is at 47,3% (FirstRand), the highest at 82,7% (Kumba), deviating by 17,3% and 18,1% from the group mean of 64,6%. This demonstrates that the companies have been moving in the same direction and evolving closer together.

Average scores were also calculated in order to rank the overall performance of these individual companies for the entire research period.

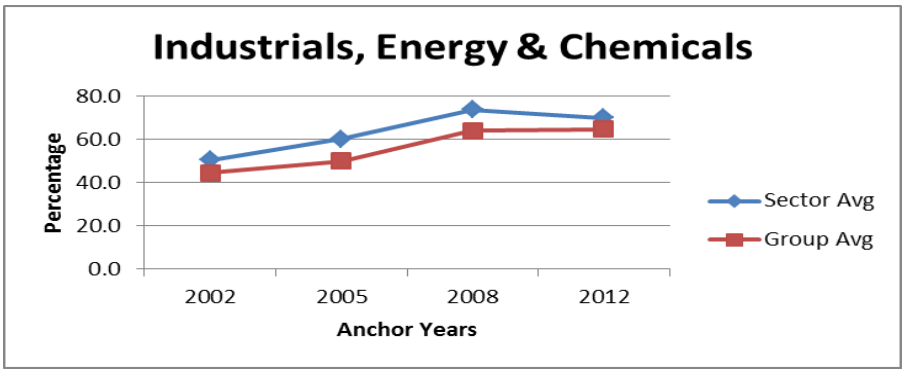
Overall Sustainability Reporting Performance List		
Rank	Company	Average Score
1	Sasol	68.6
2	BHP Billiton	66.6
3	SABMiller	65.0
4	Anglo American	64.8
5	Standard Bank	61.6
6	BAT	60.0
7	Kumba Iron Ore	54.5
8	MTN	44.8
9	FirstRand	44.3
10	Vodacom	43.4

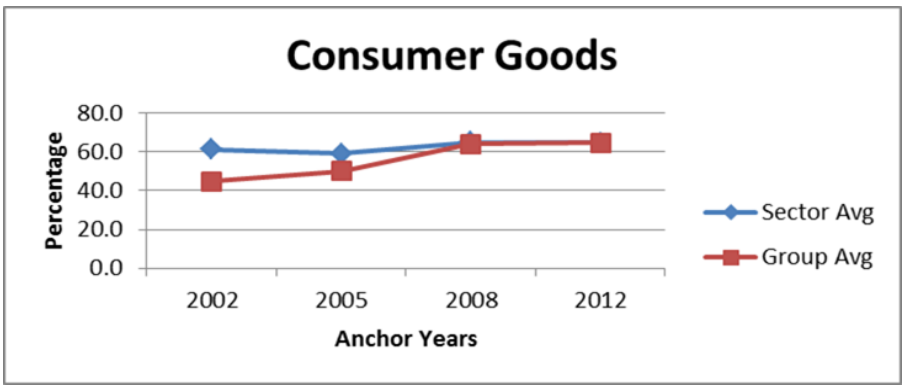
Table 4.1(b): Overall Performance List by Company

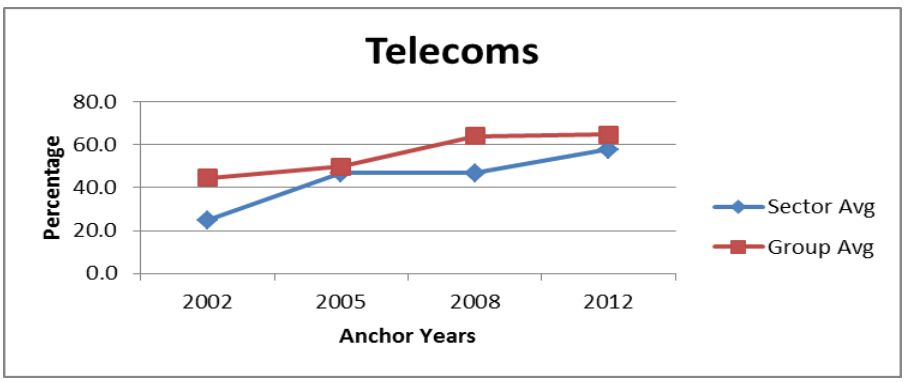
The above table (4.1(b)) shows leadership by the companies Sasol, BHP Billiton and SABMiller in the research period. A further analysis also reveals that 60% of the sample (i.e. 6 out of the 10 companies) are currently reporting higher than the group overall average of 55,8%, and all their scores are close to each other and clustered together between the 60 – 68,6 % mark, further confirming the close evolution of the sample.

c) Sector Level

Following the same approach as a) above, the next diagram illustrates the total average performance per sector grouping at each anchor point. The group average performance has also been included for comparison purposes.







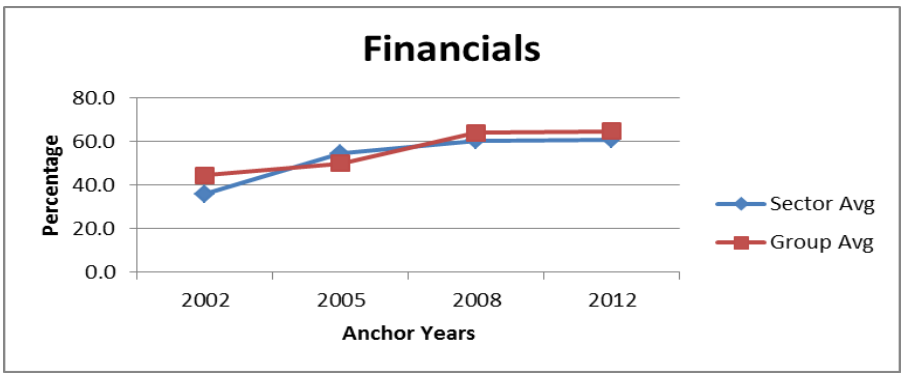


Figure 4.1(c): Sector Groupings Overall Performance

In the above series of diagrams the following observations can be made about the performance of the different sector groupings:

- *Industrials, Energy and Chemicals*: This sector grouping performed consistently above the total group average. This is even regardless of the notable exception of Kumba whose performance was considerably lower than other companies in this grouping, as well as the total group average in both 2002 & 2005. This sector grouping has the highest performers by total score for the anchor years - 2002, 2005, 2008 and 2012.

- *Consumer Goods:* This sector performed above average also with the exception of the last anchor period (2008 – 2012), where performance was closer to that of the total group. This last anchor period was mainly as a result of the negative performance of BAT.

- *Telecoms:* This sector seems to be performed below average at every anchor point in the research period. This sector started at a very low base in 2002, and remained below the group average with the exception of MTN which performed above the group average in 2005. This became the lowest performing sector on average in the whole research period.

- *Financial Services:* Although performance by both companies in the sector matched the overall increasing trend, clearly illustrated by a higher actual performance in 2002 vs. 2012. The sector performed below group average with the exception of 2005. Standard Bank stayed consistently above the group mean, while FirstRand remained consistently below it.

4.3 Sustainability Content Coverage

a) Group Average Performance across All Reporting Categories

The diagram below (Figure 4.2(a)) illustrates the average percentage coverage by the group of companies of each of the six reporting categories in each of the anchor periods, using a stacked, accumulated view to compare performance by category by anchor year.

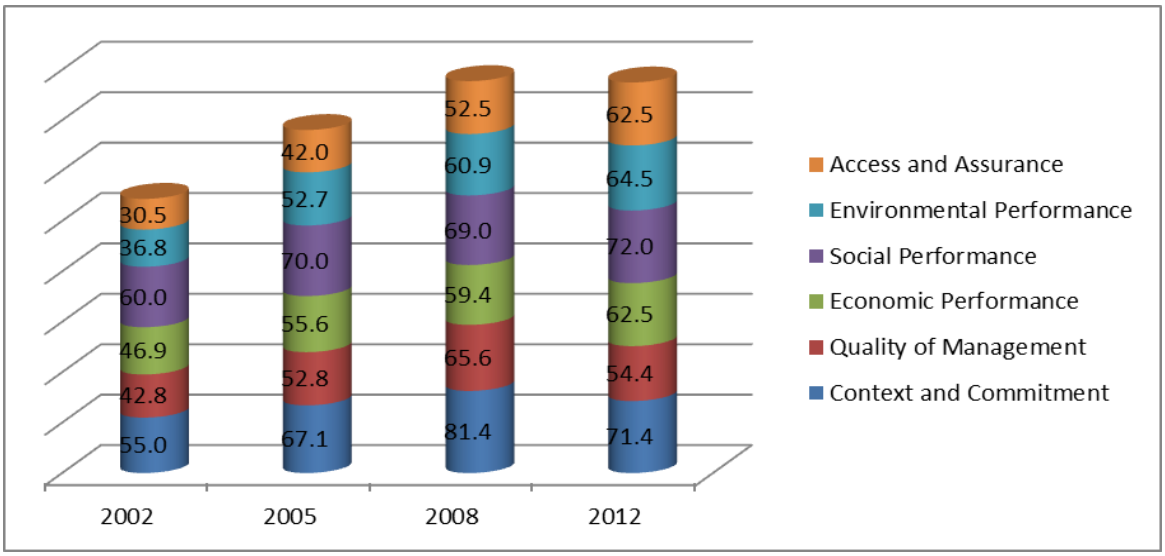


Figure 4.2(a): Group average performance across reporting categories

Figure 4.2(a) illustrates a rising trend that can be seen for each reporting category by looking at the actual percentage performance figures for each reporting category from one year to the next, and can also be seen by looking at the height of the stack for each year. An exception to this trend can also be seen in the two categories - Quality of Management, Context and Commitment which, contrary to the norm, are seen on a decline in 2012.

Aligned with the early noted group average performance trend, the highest growth per reporting category takes place in the middle anchor period and the lowest in the last anchor period.

b) Individual Category Performance over time

The next set of figures (4.2(b)) shows a series of 6 individual category performance charts across the research period, followed by a second figure showing a scatter of all reporting categories in a single diagram, tracking performance across the research period.

Figure 4.2(b): Individual category performance over time

A consistent rising trend can be seen in the majority of the category performance charts in the first figure. All six categories are sitting at a higher percentage performance in 2012 vs. 2002, although they have evolved in various degrees, as can be seen by the predominantly positive slopes of the different graphs.

- *Context and Commitment:* This category shows a comparable steep increase in reporting until 2008, then a decline. The highest percentage increase in this

category takes place in the middle anchor period, between 2005 and 2008, where coverage increased by 14,3% (compared to 12,1% in 2002 – 2005, and -10% in 2008 – 2012). 14,3% was also the highest percentage change for the period – across reporting categories. Reporting on context and commitment reached its peak in this period and then subsequently decreased in importance in the period after.

- *Quality of Management:* Like content and commitment, this category shows a similar steep increase in reporting until year 2008, and then a decline. With the highest percentage increase of 12,8% taking place in the middle anchor period (2005 – 2008), compared to 10% and -11,2% in the beginning and end periods respectively. Also worth noting is that the -11,2% is the highest decline experienced in any category, for any of the period.

- *Economic Performance:* Compared to the two previous two, this category shows a much steadier and consistent increase in reporting throughout the research period. The highest increase took place in the first anchor period (2002 – 2005), and not the middle anchor period as has been the norm with group overall performance across categories. After this beginning period, the category seemed to increase at a declining rate, from 8,7% in the beginning period, to 3,8% in the middle period and 3,1% in the end period.

- *Social Performance:* This category is characterised by a notable steep rise in the first anchor period (10%) and then a slight decline of -1% in the next anchor period (an exception to the overall group performance across categories that is highest in this period), and then a reasonable rise again in the last anchor period (3%). This category also has the highest overall scores in terms of coverage across the anchor periods compared with the rest of the categories. This means that the social dimension of sustainability has been most reported on (on average) in this decade.

- *Environmental Performance*: A continuous increase in environmental content reporting can be seen, steep in the first anchor period (15,9%), reasonable in the

middle anchor period (8,2%) and steady in the last anchor period (3,6%). The 15,9% is the highest percentage change for the category as well as the rest of the categories across the research period. This means that the highest increase in content coverage was experienced in this category in the research period.

- *Access and Assurance:* This category experienced a consistent steep rise in performance from one anchor period to the next (11,5% in the beginning period, 10,5% in the middle period and 10% in the end period). The category started at quite a low base and became the bottom performer in 2002 at 30,5%; by 2012 it had reached 62,5%, making it the category with the highest overall growth for the research period (32%). This makes the access and assurance category the most progressed in terms of content coverage in the research decade.

The tables that follow provide a further analysis of the above results identifying the Highest and Lowest category performance both at a point in time (covering all 4 anchor points in the research period), and also looking at the percentage change in each of the three anchor periods in the research period. The last table ranks total percentage change for each category for the entire research period.

	Point in Time Category Analysis			
	2002	2005	2008	2012
Highest Reported Category	Social Performance	Social Performance	Context and Commitment	Social Performance
Lowest Reported Category	Access and Assurance	Access and Assurance	Access and Assurance	Quality of Management

Table 4.2(c): Reporting Category Performance at a point in time

Table 4.2(c) shows us the highest and lowest reported categories at the specific points in time. Through this we can see that Social Performance has been the most reported on category, while Access and Assurance has been the least reported on category, in three of the four point studied. This finding may be as a result of the fact that Social Performance already started at a high base of 60% in 2002, and Access and Assurance at a low base of 30,5%. The next table is important in order to gain more insight into this evolution.

	Percentage Change Analysis per Anchor Period		
	2002 - 2005	2005 - 2008	2008 - 2012
Highest Change in Reporting	Environmental Performance	Context and Commitment	Access and Assurance
Lowest change in Reporting	Economic Perfomance	Social Performance	Quality of Management

Table 4.2(d): Reporting Category Percentage Change per anchor period

In Table 4.2(d) we see different categories experiencing the highest amount of change and those experiencing the lowest amount of change from one anchor period to the next. We can also see the relationship between the two tables, for instance where Context and Commitment experienced the highest change in the period 2005 – 2008 resulted in it becoming the highest reported on category for year 2008. Likewise where Quality of Management experienced the lowest percentage change in the period 2008 – 2012 seems to have resulted in it becoming the lowest reported on category in 2012.

Total Percentage Change Ranking in the Research Period		
1	Access and Assurance	32.0%
2	Environmental Performance	27.7%
3	Context and Commitment	16.4%
4	Economic Performance	15.6%
5	Social Performance	12.0%
6	Quality of Management	11.6%

Table 4.2(e): Category Total Percentage Change for research period

In this last table we can see that although Social Performance has been the highest reported on category in 3 of the 4 years studied, it has, in fact, not experienced much percentage change in the research period, confirming the suspicion that it has remained at the top mainly because of its high starting base in 2002.

On the contrary Access and Assurance has experienced consistent rapid change in the research period, and this seems to be changing its position from the lowest base in started on (as can be seen by its conspicuous disappearance from the Lowest reported list in Table 4.2(c)) It would be interesting to see what happens in the next few years, and if it becomes the most reported on category at some point.

c) Category Performance – Company & Sector Grouping Level

This last section looks at each reporting category in a bit of detail, and tracks how each company has performed in that category across the anchor points, using both the individual anchor point as well as the stacked accumulated view of the data. Using same data, company and sector averages for the category are also calculated in order to determine the Top and Bottom performers for the research period.

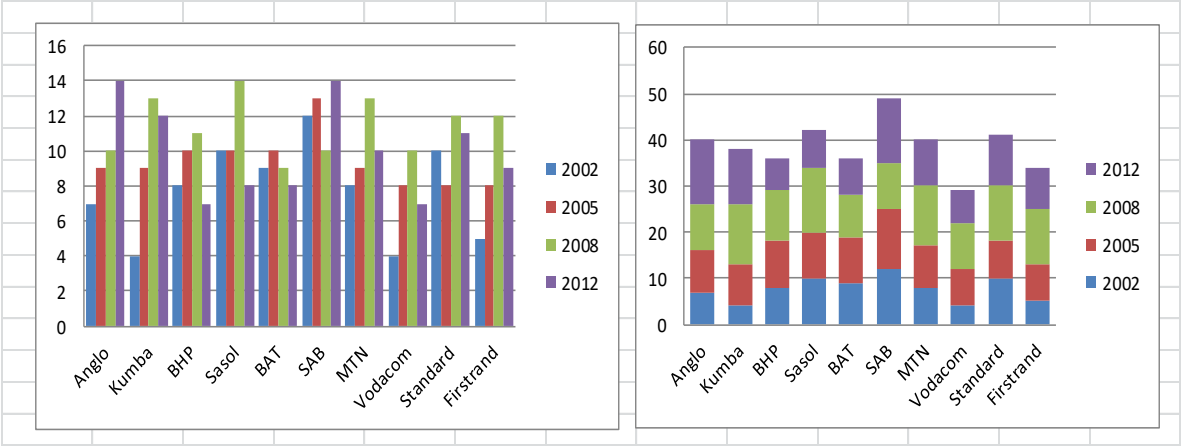


Figure 4.2(c)(1): Context and Commitment

In this category, the Top 3 Overall Performers for the research period are 1. SAB, 2. Sasol, and 3. Standard Bank. Vodacom is the bottom performer for the research period. Sector performance, based on calculated average scores of the different sector groupings has the following results: 1. Consumer Goods, 2. Industrials, 3. Financials, 4. Telecoms.

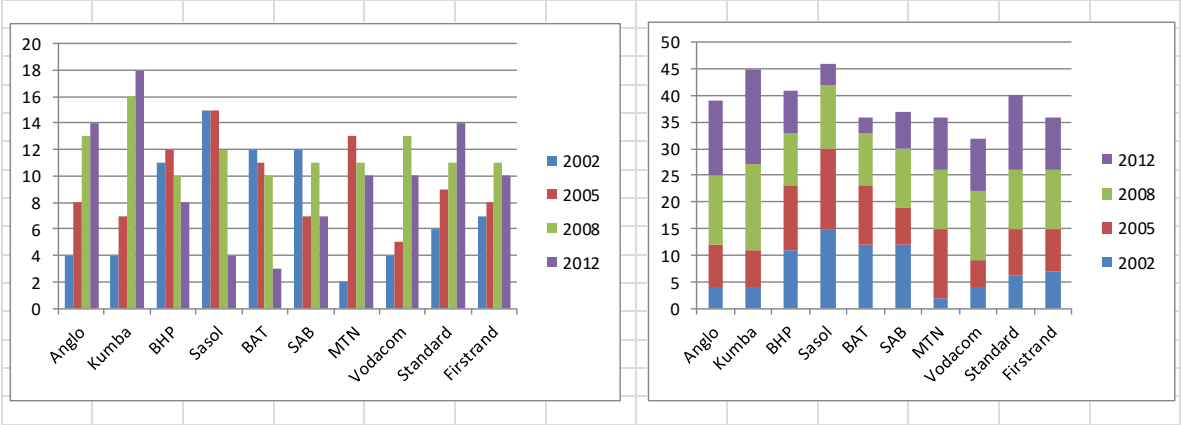


Figure 4.2(c)(2): Quality of Management

In this category, the Top 3 Overall Performers for the research period are 1. Sasol, 2. Kumba, and 3. BHP. Vodacom is the bottom performer for the research period. Sector performance, based on calculated average scores of the different sector groupings has the following results: 1. Industrials, 2. Consumer Goods, 3. Financials, 4. Telecoms.

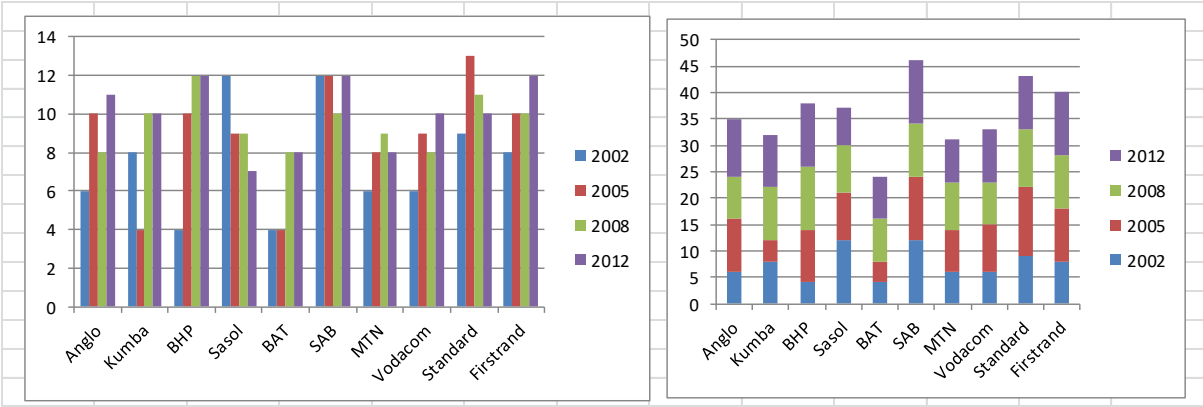


Figure 4.2(c)(3): Economic Performance

In this category, the Top 3 Overall Performers for the research period are 1. SAB, 2. Standard Bank, and 3. FirstRand. BAT is the bottom performer for the research period. Sector performance, based on calculated average scores of the different sector groupings has the following results: 1. Industrials, 2. Consumer Goods, 3. Financials, 4. Telecoms.

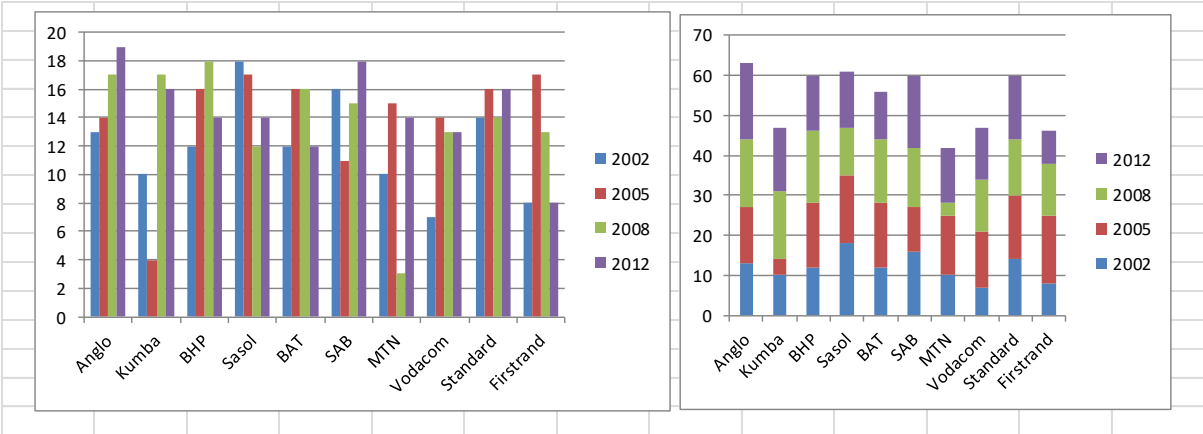


Figure 4.2(c)(4): Social Performance

In this category, the Top 3 Overall Performers for the research period are 1. Anglo American, 2. Sasol, and 3. BHP / SAB / Standard Bank. MTN is the bottom performer for the research period. Sector performance, based on calculated average scores of the different sector groupings has the following results: 1. Consumer Goods, 2. Industrials, 3. Financials, 4. Telecoms.

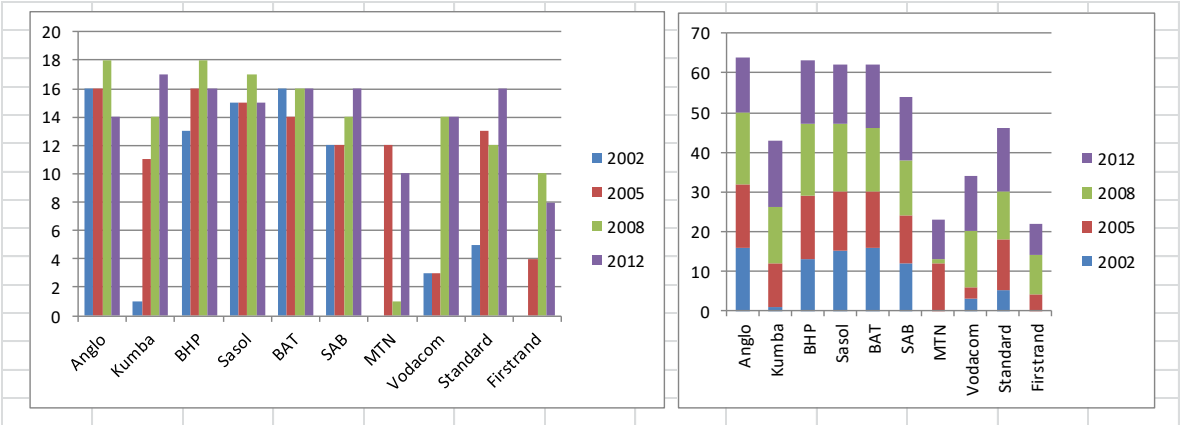


Figure 4.2(c)(5): Environmental Performance

In this category, the Top 3 Overall Performers for the research period are 1. Anglo American, 2. BHP Billiton, 3. Sasol / BAT. FirstRand is the bottom performer for the research period. Sector performance, based on calculated average scores of the different sector groupings has the following results: 1. Industrials, 2. Consumer Goods & Financials (tie), 3. Telecoms.

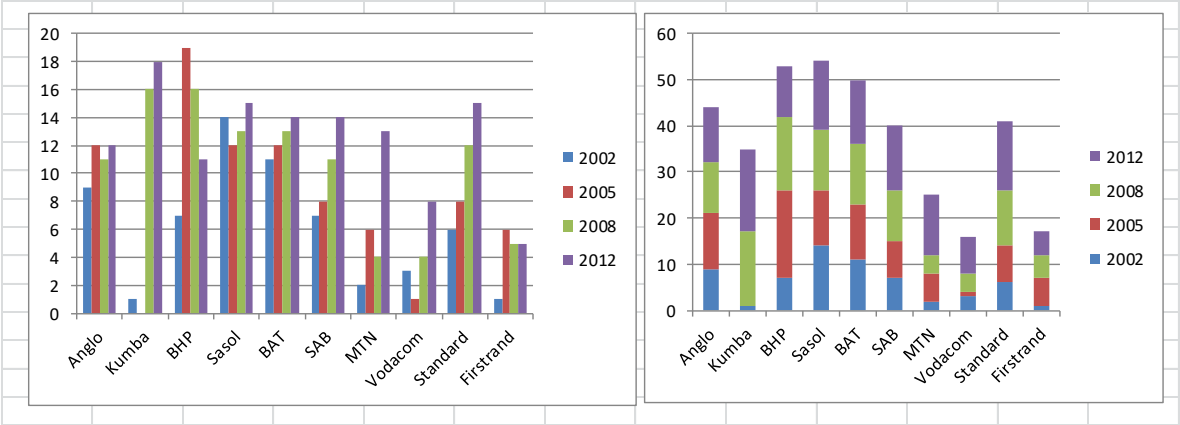


Figure 4.2(c)(6): Access and Assurance

In this category, the Top 3 Overall Performers for the research period are 1. Sasol, 2. BHP Billiton, 3. BAT. Vodacom is the bottom performer for the research period. Sector performance, based on calculated average scores of the different sector groupings has the following results: 1. Industrials, 2. Consumer Goods, 3. Financials, 4. Telecoms.

Table 4.2(d) below summarizes the above results and show the performance ranking of companies and sector groupings across reporting categories.

	Category Company Performance Ranking				Category Sector Performance Ranking			
	1	2	3	10	1	2	3	4
Context and Commitment	SAB	Sasol	Standard	Vodacom	Consumer Goods	Industrials	Financials	Telecoms
Quality of Management	Sasol	Kumba	BHP	Vodacom	Industrials	Consumer Goods	Financials	Telecoms
Economic Performance	SAB	Standard	Firstrand	BAT	Industrials	Consumer Goods	Financials	Telecoms
Social Performance	Anglo	Sasol	BHP/SAB/Standard	MTN	Consumer Goods	Industrials	Financials	Telecoms
Environmental Performance	Anglo	BHP	Sasol/BAT	Firstrand	Industrials	Consumer Goods/Financials	Telecoms	
Access and Assurance	Sasol	BHP	BAT	Vodacom	Industrials	Consumer Goods	Financials	Telecoms

Table 4.2(d): Summary Category Performance by Company and Sector

A further statistical analysis was conducted for each category – to look at the category performance of each company in detail, and to gain a more in-depth understanding of the implications of each company performance. The following table shows an example of this result for only one reporting category - Context and Commitment.

Statistical Analysis for Context and Commitment Performance by Companies										
	Anglo	Kumba	BHP	Sasol	BAT	SAB	MTN	Vodacom	Standard	Firstrand
Basic Math										
Total Zero Count	0	0	0	0	0	0	0	0	0	0
Sum	40	38	36	42	36	49	40	29	41	34
Mean	10	10	9	11	9	12	10	7	10	9
Maximum	14	13	11	14	10	14	13	10	12	12
Minimum	7	4	7	8	8	10	8	4	8	5
Range	7	9	4	6	2	4	5	6	4	7
Advanced Math										
Median	10	11	9	10	9	13	10	8	11	9
Mode	7	4	8	10	9	12	8	4	10	5
Standard Deviation	3	4	2	3	1	2	2	3	2	3
Sample Variance	9	16	3	6	1	3	5	6	3	8
Kurtosis	2	0	-3	2	1	0	2	1	0	1
Skewness	1	-1	0	1	0	-1	1	-1	-1	0

Table 4.2(e): Statistical Analysis of Category Performance by Companies

In Table 4.2(e) the Highest and Lowest figures are highlighted in Yellow and Blue respectively, for each statistic. The most important statistics looked at were the Sum, Mean, Maximum, Median, Standard Deviation and Sample Variance. As can be clearly seen, for example the company SAB has the highest Sum, Mean, and Maximum and Median statistic, complemented by the lower Standard Deviation and Sample Variance showing a balanced and even spread for this category through the research period.

4.4 Findings & Analysis Conclusion

In conclusion, the research reveals a unanimous overall rising trend in reporting by the sampled group of leading sustainability companies, for sustainable reporting as a whole, but also for reporting across the different sustainability dimensions (i.e. categories). The overall pattern for this rising trend has emerged to follow the shape of steady growth in the first anchor period (2002 – 2005), rapid growth in the middle anchor period (2005 – 2008) and declining growth in the last anchor period.

Clear connections can also be made between reporting performance at the three different levels analysed, i.e. the entire group, the sector groupings, and the individual companies. At group level, the overall rising trend is abundantly evident, with the highest growth taking place between 2005 and 2008. The reporting categories also experience the highest percentage change in this period.

At sector level all representative graphs have a positive slope, with the Industrials, Energy and Chemicals sector leading the pack and notably most aligned to group overall performance indicating its influence on the group. Closely followed by the Consumer Goods sector, the leadership by these two sectors can be seen by their domination of the first and second ranking in terms category performance in research period (as per Table 4.2(d)).

At company level the rising trend is clearly illustrated by the higher overall performance scores at the end of the period (i.e. 2012) compared to the beginning (i.e. 2002), whether for overall reporting or content coverage across the reporting categories / sustainability dimensions. However it is also clear that the companies have evolved in various degrees through the period, with some notable declines in performance along the way.

Sasol, BHP Billiton and SABMiller emerge as clear leaders in terms of overall reporting for the research period, as can be seen in Table 4.1(b). This fact is consistent at the category performance level as seen in Table 4.2(d), where these companies have dominated the top performance list across the research period. Their leadership is also confirmed by their category statistic of the higher Mean, Maximum and Median scores, complemented by the lower Standard Deviation and Sample Variance scores accordingly in order to show balanced and evenly spread performance across the period.

5 RESEARCH CONCLUSIONS

5.1 The evolution of Sustainable Reporting in South Africa in the research period

This study has allowed a detailed and methodical investigation into the growth and evolution of corporate sustainability reporting in South Africa, and has contributed to literature by bringing an in-depth analysis to a subject often analysed at a superficial level, and without the advantage of the necessary chronological analysis.

Most studies of CSR are cross-sectional in nature, with the majority of them focussing on the developed world (Tsang, 1998; Guthrie & Parker, 1990; Perez & Sanchez, 2009; Laine, 2009). This study has fulfilled/ abridged both these gaps in literature by employing a longitudinal approach in its research method, and also focussing specifically on a developing country like South Africa.

Unlike cross-sectional research which involves the analysis of sustainable reporting at specific points in time, longitudinal research allows the analysis of same but over a period of time thereby also allowing the discovery of potential characteristics in the evolution. This is a methodological improvement on existing CSR literature globally as more insights can be drawn from the ability identify a chronological sequence of events, and developments over a period of time. A decidedly more complete and thorough approach as it considers not only the snapshot of CSR at a single moment(s) in time, but also considers what happened before and after that snapshot is taken.

Focus on South Africa is also a valuable addition to the slowly growing body of literature on CSR in developing and emerging countries, where the practice has not been as prevalent as in the industrialised countries of Western Europe, the USA and Australia' (Tsang, 1998). This allows for first-hand insights into the direct CSR experiences of less developed countries, and less reliance on the need to generalise findings from developed countries to fit the less developed country context. This is a potentially dangerous practice as CSR practices are most likely to be affected by the dissimilar stages of economic development of these countries

(Tsang, 1998). Availability of this research on South Africa will present a more realistic and more suitable alternative for such generalisations to the less developed and emerging countries.

The study has identified clear trends in the general evolution as well as in the coverage of content on specific aspects of the sustainability through the decade. Some noteworthy relationships and connections have been uncovered also by breaking down the sample and looking at it from the different levels of analysis, (i.e. national, sector and company level). This has allowed for an understanding and insights to be gained from the macro as well as the micro perspective.

The discussion of findings and analysis in Chapter 4 indicated a sizeable 20% overall increase in CSR in South Africa between 2002 and 2012. This figure is quite significant for a time period of a single decade, in a developing country context, given the fact that the CSR practice originated and then developed gradually only three decades earlier, in the developed world (Ernst & Young, 1975; Soderstrom, 2013). The focus was initially put on social and then environmental reporting in the two decades that followed, and the practice had only grown fully into the three-dimensional sustainability reporting we refer to by the turn of the millennium.

This finding is unambiguous confirmation of the growth and evolution of the practice in South Africa, which is also consistent with the global growth trend noted in the literature review for this period. It also highlights the surprising leading position that South Africa occupies as an emerging country regarding a practice predominant in industrialised nations. This is in line with the results of another study by the Social Investment Research Analyst Network (SIRAN) which confirmed growth in sustainability reporting by 75 emerging market companies, and highlighted the fact that South Africa came out top in sustainability reporting over the rest of the countries (Brazil, China, India, Russia, S. Korea and Taiwan) (SIRAN, 2008). In the same year, another study by Dawkins and Ngunjiri also made a finding that South African companies seem to perform better than global ones in terms of their CSR reporting (Dawkins & Ngunjiri, 2008). 'South Africa, a developing country, is at the top 3 leadership position in terms of sustainability reporting (after UK and Japan)' (KPMG, 2011).

Although not part of the scope of this study, this finding begs the discussion about the potential explanatory factors that have contributed and driven this trend in South Africa. The study has provided some indirect support to the suggestions by other researchers advocating the three

developments (GRI, King Report and the JSE SRI Index) as the main drivers leading to this trend in South Africa, as discussed in the literature review section of this study. This support seems important and sheds better light and understanding to this surprizing finding in South Africa.

The GRI, until the release of the second version (GRI G2), not all companies were using or referring to this guideline, and indicators and targets were scant in the sustainability reports of South African companies. By the end of the research period, all the companies in the sample were using GRI, and all were using indicators and setting targets to measure their performance as per this guideline. In just these few areas, the influence of this guideline can be seen in South Africa as has been the case globally.

The influence of the mandating of sustainability reporting as an explicit requirement of South African companies can be seen in the fact that all companies in the sample of companies selected for this study all had some form of sustainability reporting already by the start of the research period (i.e. 2002). The influence of this regulatory development has also been confirmed by a couple of authors who noted a particular emphasis on some of mandated subjects in the reporting at different points in the research period (Sonnenberg & Hamann, 2006; Unterlerchner & Malan, 2008).

Another related finding supporting this influence is that integrated reporting, another recommendation of this report, had become prevalent by the last period of the research. South Africa was already noted as a leading in integrated reporting globally (KPMG, 2008). Contrary to what some feared, it is worthwhile to note that the emergence of integrated reporting has not led to any evidence of the disappearance of sustainability reports yet in South Africa. However, the slow-down in overall growth in the last period may suggest a possibility of a weakening of the practice as a result of the emergence of integrated reporting as Owen and other cautioned (Owen *et al.*, 2000*)*. But integrated reporting is still at its infancy, and the current practice is still more of 'combined reporting' than 'integrated reporting'. It remains to be seen what happens to sustainability reporting once integrated reporting reaches a reasonable level of maturity.

Out of the three developments advocated, the JSE SRI Index has been the least supported by the findings of this study as a complete and balanced analysis could not be possible due to the fact that the whole sample in question is part of the Index, by design. The only observation that

can be made is that the Index seems to continue to serve the purpose for which it was established, and membership is increasing every year, which is a positive sign of confidence. Also in the research period membership has changed when certain companies were disqualified due to insufficient performance, as is the intention of the Index. Fortunately these changes have not affected our sample in the research period. There have been mixed views about the index's influence on sustainability reporting. One study noted consistently higher levels of compliance for companies in the JSE SRI Index over those in the All Share Index only (Unterlerchner & Malan, 2008), while another has found that membership to this index has not necessarily resulted in better reporting in the area of Human Rights that was investigated (Hamann et al., 2009). Given all this, unfortunately this study has not provided any additional insights, which is justifiably out of scope.

Finally, this study has revealed some new interesting insights through its focus on the kind and nature of evolution that has taken place, especially seen through the three anchor periods making up the decade. This focus on quality is a valuable addition to literature, as most studies focus on quantity of reporting, measuring the amount of disclosure by counting the number of words, sentences, paragraphs or pages of sustainability content included in the reports. This study employed an interpretative approach to analysing content, and made a distinction between generic statements on what the companies aspire to, and the reporting on what the companies have actually done in terms of sustainability. Extending the contribution made by Laine (2009) in his longitudinal study and contribution to the still relatively limited body of research deconstructing CSR from an interpretive stand-point (Laine, 2009).

The positive slope and S-Shape of the overall growth graph tells us that while sustainability reporting increased consistently through the decade, the highest growth was experienced in the middle anchor period (2005 – 2008), and that this growth slowed down significantly in the last anchor period (2008 – 2012). Both these are new findings on the evolution of sustainability reporting in South Africa.

The latter trend on the lowest growth in the last period, which accounted for a meagre 3% of the overall growth figure, can probably be attributed to the financial crisis setting off at the start of this period (i.e. 2008). This will be an interesting area for future research, where this possible relationship can be investigated empirically, and to the specific factors identified and possible link drawn.

No specific reasons can be found yet behind the highest growth period, where an entire 70% of the overall growth for the decade took place, except perhaps to bring attention to the fact that this was also the period where there was most evolution in terms of content coverage globally, compared to the other two periods – as was highlighted in the literature review. This does suggest some alignment, and therefore support, of the finding to the global trend. The finding is also supported by that of Jenkins and Yakovleva (2006) where they noted a 'considerable variation in the maturity of reporting content and styles' in this period.

5.2 Evolution in terms of content coverage between 2002 – 2012

The overall growth trend and pattern described in the previous section is matched by a similar growth trend and pattern of the reporting and content coverage of the different reporting categories and dimensions of sustainability. Although categories are evolving at a different pace in different periods, this finding does suggests a balanced overall evolution of content across categories, and a move away from the single-issue focus of prior decades (i.e. focus on social content in the 1980's and on environmental content in the 1990's). This trend is supported by the findings of Perez and Sanchez (2009) who note an evolution from a purely environmental reporting into fully comprehensive sustainability reporting globally in this decade. Therefore the evolution in South Africa is one of true sustainability reporting, evolving uniformly across the different sustainability categories and dimensions.

The notable dominance of the reporting of the Social Performance category in South Africa is not a surprising finding, given the country's socio-political context described earlier in the literature review. This is a new useful cross-sectional finding, at three of the four points in time included in the research.

On a longitudinal perspective, the fact that the biggest percentage change in the research period happened in the Environmental performance category is also not a surprizing finding given the history of environmental injustices and spatial segregation in the country. Also there was greater focus on environmental protection globally due to the many environmental disasters around this time period. Different authors also note that environmental disclosures appear to be growing due to the increased concerns about the impacts of global climate change (Bebbington et al., 2008; Kolk et al., 2008).

These country specific factors may be responsible for almost mandating a certain bias of reporting in these two areas, and may have also indirectly encouraged the earlier mentioned multi-dimensional evolution of sustainable reporting in South Africa as a result.

From a theoretical point of view, the two theories underpinnings of sustainability reporting – the stakeholder and legitimacy theory, discussed earlier in the literature review section of this study, seem to bear much relevance in the South African context. Sustainability reporting can be motivated as a result of the need to justify an organization's activities and obtain social legitimization – by behaving within the bounds of what is deemed acceptable and desirable within society (Deegan *et al*., 2000; Fuoli, 2012). The different strikes and industrial actions prevalent in South Africa are abundant evidence of the existent and growing pressure from society, lobby groups as well as certain government legislation ensuring that corporates to be accordingly accountable. The growing trend in the evolution of the reporting on that sustainability performance is a direct result of this as well.

On changing the lens of analysis from a national to a sector perspective; the study revealed that the industrials sector in South Africa has performed consistently above average, which is a finding consistent with global trends. It has been suggested that this is due to the fact that extractive sectors have a high environmental impact and as a result have been susceptible to public scrutiny as the environmental protection movement intensified globally (Hamann, 2006; Kolk, 2004). Certainly this has been the trend in South Africa; the recent strikes in the platinum belt and in other related industrial fields have shown unusual focus to the sustainability performance of this sector.

The Telecoms sector emerged as the weakest performer in the research period, an interesting finding as it is consistently outperformed by the Financials sectors, which according to global trends has often been the worst performer supposedly due to their lack of environmental impact (Kolk, 2003). The reasons for this contrast to global trend have unfortunately not been uncovered by this study, but would also be an interesting area of future research.

At company level, performance has mirrored sector performance accordingly, with the top performers across the research period coming from the top two sectors, and the bottom performer from the bottom performing sector.

Finally, at the lowest level of detail available in this study, it can be concluded that some of the individual trends on general content within the different reporting categories in South Africa reasonably match those noted at a global level highlighted in the Literature Review section of this study.

In the Beginning Period (2002 – 2005), global trends of reporting on stakeholder importance, a variety of social issues, a transition from traditional reporting topics to environmental reporting, and reporting of economic issues of value add by only a minority of reporters were noted. In South Africa, the highest increase in reporting was found to be in the Environmental Performance category, and the least increase in the Economic Performance category, both in line with the noted global trends of the period.

The Middle Period (2005 – 2008) the global trend was characterised by the majority of companies focussing on their sustainability strategy, establishing systems and processes for managing sustainability performance, and increasing in their use of standards for assurance. Findings in South Africa for this period noted a steep rise specifically in the categories of Context and Commitment, and Quality of Management, the two categories where in which those global trends are included.

Lastly, in the End Period (2008 – 2012), the most notable global trend of the slow uptake of assurance services by most companies is not supported by findings in South Africa in this period. It is noted specifically that most categories experienced a steadier rise in growth, with the notable exception of the Access and Assurance category, where a steep rise persisted (following a similar consistent trend in this category for the previous periods as well). This finding is contrary to the global trend noted in this period. By the end of the research period (2012) almost all the companies in the sample were undertaking third party assurance services for their sustainability reporting. This finding may be indicative of the country specific regulatory prescriptions and recommendations of the three developments explained earlier. This too, will be an interesting subject for future research.

It can therefore be posited that corporate sustainability reporting in South Africa has grown and evolved in a similar fashion as the rest of the world, for the most part of the research period 2002 – 2012. The quality of reporting content has also improved in this time, to be more comprehensive but also balanced across the sustainability dimensions and the rest of the reporting categories included in this study.

6 RECOMMENDATIONS FOR FUTURE RESEARCH

This research has opened many new avenues for further research. The level of depth employed in the approach and data collection has shown that more analysis work could be conducted at a level lower than the category level, where further insights can be collected at the level of the individual assessment items that the companies were scored against.

A methodological improvement can also be made in terms of the sampling frame used for the study. The broader sampling frame employed can be in terms of the number of companies as well as number of economic sectors covered by those companies. This will enable a better representation of the wider corporate sector in South Africa, and also allow for the easier and more realistic generalisation of research findings at the macro and micro levels.

The finding of the highest growth period of this decade (i.e. 2005 – 2008) is one worth a further investigation in order to bring more insights into the potential reasons and drivers for this trend in South Africa. This could benefit from an investigation beyond just the three drivers covered by most existing research currently.

The finding of the significant slow-down in growth in the last anchor period (i.e. 2008 – 2012) is an area worth exploring further in order to gain more insights into the reasons for this, and to understand the potential impact of the global financial crisis, and other developments that might have contributed to this in the time period. With the advantage of two more years after this anchor period, this investigation could look into incorporating the findings of these subsequent years to bring more insight on the trend.

The final area recommended for further research is the consistent growth and focus in the Verification and Assurance of sustainability reports in South Africa, a practise contract to the global trend. There should be interesting insights to uncover from the detailed analysis of the reasons behind the growth in this practise. A possible link with evolved regulatory environment around sustainability issues in South Africa would also be interesting to explore.

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APPENDICES

APPENDIX A

Total Sample of Reports for Analysis				
	Year 2002	Year 2005	Year 2008	Year 2012
Anglo American plc	Anglo American Report to Society 2002	Anglo American Report to Society 2005	Anglo American Report to Society 2008 Transformation Report 2008	Anglo American SD Report 2012
Kumba Iron Ore	Kumba Resources Annual Report 2002	Kumba Iron Ore Annual Report 2006	Kumba Iron Ore SD Report 2008	Kumba Iron Ore Integrated Report 2012 Kumba Iron Ore SD Report 2012
BHP Billiton plc	Health Safety Enviro and Community Report 2002	Full Sustainability Report 2005	Full Sustainability Report 2008 Energy Efficiency (EEO) Report 2008	Sustainability Report 2010 Sustainability Report Navigator EEO Report 2012
Sasol	Sasol SD Report 2002 - 2004	Sasol Annual Integrated Report 2005	Sasol SD report 2008 Sasol Annual Integrated Report 2008	Sasol SD report 2012 Sasol Annual Integrated Report 2012
BAT	BAT Social Report 2002	BAT Social Report 2005	BAT Transition Report 2008	BAT Sustainability Report 2012
SABMiller	SAB Corporate Accountability Report 2002	SABMiller Corporate Accountability Report 2005	SABMiller SD Report 2008	SAB SD Report 2012 SABMiller SD Report 2012
MTN Group	MTN Annual Report 2002	MTN Integrated Business Report 2005	MTN Integrated Business Report 2008	MTN Sustainability Report 2012 MTN Annual Integrated Report 2012
Vodacom Group	Telkom Group Annual Report 2002	Vodacom Annual Report 2004	Vodacom CSR Report 2008	Vodacom Integrated Annual Report 2012
Standard Bank	Annual Report 2002	Sustainability and BEE Report 2005	Sustainability and BEE Report 2008	Sustainability Report 2012
First Rand Group	Firstrand Annual Report 2002	FirstRand Sustainability Report 2005 FirstRand Annual Report 2005	Full Sustainability report 2008 FNB Sustainability 2008 RMB Sustainability 2008	Firstrand Report to Society 2012 Firstrand Integrated Report 2012

APPENDIX B

Content Analysis Scoring Sheet					
Year: Company:		Rating			Comments
Categories and Assessment Items		0	1	2	
1. Context and Commitment	1.1 Company's profile (structure and operations)				
	1.2 Description of the sustainability vision and strategy				
	1.3 Statement by CEO / Top leadership				
	1.4 Identification of sustainability risks				
	1.5 Description of sustainability governance structure(s)				
	1.6 Company's contribution to SA's sustainability challenges				
	1.7 Company's contribution to wider regional / global context of sustainability				
2. Quality of Management	2.1 List of main stakeholders				
	2.2 Stakeholder engagement process				
	2.3 Response to stakeholders' expectations				
	2.4 Adherence to corporate governance code(s)				
	2.5 Adherence to sound ethical practices / code(s)				
	2.6 Sustainability within the supply chain				
	2.7 Negative events (accidents, spills, fines, penalties etc.)				
	2.8 Business or management processes enabling sustainability performance				
	2.9 IT systems utilized to manage and report on performance				
3. Economic Performance	3.1 Economic performance indicators				
	3.2 Economic performance goals / targets				
	3.3 Economic value add to employees				
	3.4 Economic value add to the community				
	3.5 Economic value add to suppliers / value chain				
	3.6 Economic value add to government / country				
	3.7 Initiatives toward poverty alleviation / economic development				
	3.8 Standards / Benchmarks guiding the measurement of economic performance				
4. Social Performance	4.1 Social performance indicators				
	4.2 Social performance goals / targets				
	4.3 Compliance with Human rights policy				
	4.4 Compliance with ILO conventions (Right to Organize and Child Labour)				
	4.5 Involvement in community projects or foundations				
	4.6 Social impacts affecting community (direct and indirect)				
	4.7 Transformation / BBBEE (policy and targets)				
	4.8 HIV / Aids policy (strategy and initiatives)				
	4.9 Human capital training and development				
	4.10 Health and Safety policy				
5. Environmental Performance	5.1 Environmental performance indicators				
	5.2 Environmental goals / targets				
	5.3 Prevention of environmental accidents (tailings dams etc.)				
	5.4 Waste management				
	5.5 Policies and actions for improving products' eco-efficiency				
	5.6 Carbon, Greenhouse and ozone depleting gas emissions				
	5.7 Non-renewable resources consumption (coal, petroleum, gas)				
	5.8 Land used/disturbed (impact to biodiversity?)				
	5.9 Energy consumption				
	5.10 Water consumption				
	5.11 Indirect impacts (eg Transportation impacts)				
6. Access and Assurance	6.1 Description of processes or methods to assess materiality				
	6.2 Description of data measurement techniques				
	6.3 Comparison of indicators over time				
	6.4 Comparison of indicators for units or regions				
	6.5 Contact information for questions				
	6.6 Separate sustainability report / integrated report				
	6.7 Third party assurance (full / limited)				
	6.8 Standards used for assurance				
	6.9 Feedback mechanisms or results				
	6.10 Online inter-active reporting used				

APPENDIX C

YEAR: 2002	Content Analysis Results Matrix											Item Total
Category	Assessment Item Scored	Anglo	Kumba	BHP	Sasol	BAT	SAB	MTN	Vodacom	Standard	Firstrand	
1. Context and Commitment	1.1 Company's profile (structure and operations)	2	2	2	2	2	2	2	2	2	2	20
	1.2 Description of the sustainability vision and strategy	1	0	2	1	2	2	2	1	2	1	14
	1.3 Statement by CEO / Top leadership	2	2	2	2	2	2	2	0	2	2	18
	1.4 Identification of sustainability risks	0	0	0	1	0	0	0	0	0	0	1
	1.5 Description of sustainability governance structure(s)	0	0	2	2	2	2	0	0	0	0	8
	1.6 Company's contribution to SA's sustainability challenges	2	0	0	1	1	2	1	1	2	0	10
	1.7 Company's contribution to wider regional / global context of sustainability	0	0	0	1	0	2	1	0	2	0	6
	Category Total	**7**	**4**	**8**	**10**	**9**	**12**	**8**	**4**	**10**	**5**	
2. Quality of Management	2.1 List of main stakeholders	0	0	1	2	2	2	0	0	2	2	11
	2.2 Stakeholder engagement process	1	0	1	2	2	2	0	0	0	1	9
	2.3 Response to stakeholders' expectations	0	0	0	2	2	0	0	0	0	0	4
	2.4 Adherence to corporate governance code(s)	1	2	1	2	2	2	2	2	2	2	18
	2.5 Adherence to sound ethical practices / code(s)	0	0	2	2	0	2	0	2	2	2	12
	2.6 Sustainability within the supply chain	0	0	0	0	2	0	0	0	0	0	2
	2.7 Negative events (accidents, spills, fines, penalties etc.)	2	2	2	2	2	2	0	0	0	0	12
	2.8 Business or management processes enabling sustainability performance	0	0	2	1	0	1	0	0	0	0	4
	2.9 IT systems utilized to manage and report on performance	0	0	2	2	0	1	0	0	0	0	5
	Category Total	**4**	**4**	**11**	**15**	**12**	**12**	**2**	**4**	**6**	**7**	
3. Economic Performance	3.1 Economic performance indicators	2	2	2	2	2	2	2	2	2	2	20
	3.2 Economic performance goals / targets	0	0	0	2	0	0	0	0	0	0	2
	3.3 Economic value add to employees	1	2	0	2	0	2	2	1	2	2	14
	3.4 Economic value add to the community	0	0	2	2	0	2	0	0	0	2	8
	3.5 Economic value add to suppliers / value chain	0	0	0	0	0	2	0	0	1	0	3
	3.6 Economic value add to government / country	1	2	0	2	0	2	2	1	2	2	14
	3.7 Initiatives toward poverty alleviation / economic development	2	2	0	2	2	2	0	2	2	0	14
	3.8 Standards / Benchmarks guiding the measurement of economic performance	0	0	0	0	0	0	0	0	0	0	0
	Category Total	**6**	**8**	**4**	**12**	**4**	**12**	**6**	**6**	**9**	**8**	
4. Social Performance	4.1 Social performance indicators	1	0	0	2	0	0	0	0	2	0	5
	4.2 Social performance goals / targets	1	0	0	2	1	0	0	0	0	0	4
	4.3 Compliance with Human rights policy	2	0	2	2	0	2	0	0	2	0	10
	4.4 Compliance with ILO conventions (Right to Organize and Child Labour)	0	0	2	2	2	2	0	0	0	1	9
	4.5 Involvement in community projects or foundations	2	2	2	2	2	2	2	2	2	2	20
	4.6 Social impacts affecting community (direct and indirect)	0	0	0	0	2	2	0	0	0	0	4
	4.7 Transformation / BBBEE (policy and targets)	2	2	2	2	2	2	2	2	2	2	20
	4.8 HIV / Aids policy (strategy and initiatives)	1	2	2	2	1	2	2	0	2	1	15
	4.9 Human capital training and development	2	2	0	2	0	2	2	2	2	2	16
	4.10 Health and Safety policy	2	2	2	2	2	2	2	1	2	0	17
	Category Total	**13**	**10**	**12**	**18**	**12**	**16**	**10**	**7**	**14**	**8**	
5. Environmental Performance	5.1 Environmental performance indicators	2	0	2	2	2	2	0	0	0	0	10
	5.2 Environmental goals / targets	2	0	0	2	0	0	0	0	0	0	4
	5.3 Prevention of environmental accidents (tailings dams etc.)	0	0	0	0	0	0	0	0	0	0	0
	5.4 Waste management	2	0	2	2	2	2	0	1	1	0	12
	5.5 Policies and actions for improving products' eco-efficiency	0	0	1	1	2	2	0	1	2	0	9
	5.6 Carbon, Greenhouse and ozone depleting gas emissions	2	0	2	2	2	2	0	0	0	0	10
	5.7 Non-renewable resources consumption (coal, petroleum, gas)	2	0	0	0	1	0	0	0	0	0	3
	5.8 Land used / impact to biodiversity	2	1	2	2	1	0	0	0	0	0	8
	5.9 Energy consumption	2	0	2	2	2	2	0	0	1	0	11
	5.10 Water consumption	2	0	2	2	2	2	0	1	1	0	12
	5.11 Indirect impacts (eg Transportation impacts)	0	0	0	0	2	0	0	0	0	0	2
	Category Total	**16**	**1**	**13**	**15**	**16**	**12**	**0**	**3**	**5**	**0**	
6. Access and Assurance	6.1 Description of processes or methods to assess materiality	0	0	0	1	0	0	0	0	0	0	1
	6.2 Description of data measurement techniques	0	0	0	1	0	0	0	0	0	0	1
	6.3 Comparison of indicators over time	0	1	2	2	1	1	0	1	1	1	10
	6.4 Comparison of indicators for units or regions	1	0	0	2	0	0	0	0	1	0	4
	6.5 Contact information for questions	2	0	2	2	2	2	2	2	2	0	16
	6.6 Separate sustainability report / integrated report	2	0	2	2	2	2	0	0	2	0	12
	6.7 Third party assurance (full / limited)	2	0	1	2	2	0	0	0	0	0	7
	6.8 Standards used for assurance	0	0	0	0	2	0	0	0	0	0	2
	6.9 Feedback mechanisms or results	2	0	0	2	2	2	0	0	0	0	8
	6.10 Online inter-active reporting used	0	0	0	0	0	0	0	0	0	0	0
	Category Total	**9**	**1**	**7**	**14**	**11**	**7**	**2**	**3**	**6**	**1**	
	Grand Total	55	28	55	84	64	71	28	27	50	29	