

Corporate Social Responsibility and Multi-Stakeholder Engagements

DEPARTMENT OF SCIENCE AND TECHNOLOGY:
SCIENCE SEMINAR

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CONTENTS

ACRONYMS.....	iii
PREFACE	iv
DST SCIENCE SEMINARS.....	iv
EXECUTIVE SUMMARY	v
INTRODUCTION	1
Objectives of the seminar	1
THE SEMINAR	3
Overview of the Annual Programme of Science Seminars	3
Ms Thato Chabeli (Chairperson), Senior Manager: Economic Impact & Intellectual Property, South African Bureau of Standards	3
Prof Alinah Segobye, Deputy Executive Director, Research Use & Impact Assessment, HSRC	3
Standardisation for Sustainable Development: Importance of R&D and Innovation.....	3
Dr Sadhvir Bissoon, SABS	3
Business ethics and Corporate governance as core elements of CSR.....	5
Mr Daniel Malan: University of Stellenbosch Business School	5
Promoting Societal Responsibility through Global Consensus: The role of ISO 26000	6
Mr Jonathan Hanks, Incite sustainability	6
Stock exchanges on the tightrope	8
Ms Corli le Roux: Head of SRI Index and Sustainability.	8
Respondent	9
Mr Imraan Patel, Deputy Director-General, Department of Science and Technology	9
Q and A.....	9
Responsible Leadership: Facilitating a reconceptualization of leadership	12
Dr Derick de Jongh, Albert Luthuli Centre for Responsible Leadership, University of Pretoria	12
Eskom and Corporate Social Responsibility	13
Ms Wendy Poulton, General Manager, Organisational Strategy, Eskom	13
Q and A.....	14
Corporate Social Responsibility and Multi-Stakeholder Engagements – The Gold Fields Sustainability Journey.	14
Ms Annie Snyman, Vice-President and Group Consultant: Sustainable Development, Gold Fields.....	14
Benefits and challenges of providing assurance on sustainability or integrated reporting.	16
Mr Linda Yanta, Director Sizwe Ntsalua Gobodo, Corporate Governance Services	16

Respondent: Corporate Social Responsibility as an investment for labour productivity, economic growth and employment.....	17
Mr Eddie Majadibodu: National Union of Mineworkers Chief Negotiator.....	17
Conclusions	18
Rapporteur: Professor John Seager, Public Health & Development Consulting.....	18
APPENDIX 1: PROGRAMME & ABSTRACTS	20
APPENDIX 2: BIOGRAPHIES.....	25
APPENDIX 3: ATTENDANCE.....	29
APPENDIX 4: PRESENTATIONS	33
LIST OF FIGURES	
Figure 1 The role of standards in our everyday lives	4
Figure 2 The learning board basic framework (Bob Garratt: Thin on top)	5
Figure 3 Key sustainability milestones achieved.....	15

ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CSIR	Council for Scientific and Industrial Research
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DST	Department of Science and Technology
GF	Gold Fields
GRI	Global Reporting Initiative (on sustainability)
HSRC	Human Sciences Research Council
ILO	International Labour Organisation
IR	Integrated Reporting
ISO	International Standards Organisation
JSE	Johannesburg Stock Exchange
NGO	Non-Governmental Organisation
NUM	National Union of Mineworkers
OECD	Organisation for Economic Cooperation and Development
SA	South Africa
SABS	South African Bureau of Standards
SMME	Small, Medium and Micro Enterprises
SSH	Social Science and Humanities
UNGC	United Nations Global Compact
UNISA	University of South Africa
US	United States of America
WBCSD	World Business Council for Sustainable Development

PREFACE

DST SCIENCE SEMINARS

The Science seminars are designed to better ensure that research feeds into active policy processes, and to serve as a vehicle for disseminating policy-relevant research results, sharing expertise and experience, facilitating policy dialogue, and building the capacity of researchers and policymakers in ways that bear on public policymaking.

The Department of Science and Technology (DST) Science Seminars aim to:

- disseminate scientific research findings and transmit a body of new knowledge (through an interactive process of critical dialogue and collegial critique) to the social sciences and humanities research community (rather than the policy community);
- provide an arena for high profile researchers, including researchers from rural-based universities;
- to present and discuss new and ongoing research, identify research gaps, and suggest new research agendas in the social sciences and humanities (SSH) with a view to forging closer links between the research communities in these fields;
- reinforce the visibility of SSH research to the higher education and science council sector; enhance wider public understanding of the SSH, including the value and status of both individual and team-based research; and
- strategically promote, develop, and coordinate collaborative and interdisciplinary research within and between Higher Education Institutions and Science Councils.

EXECUTIVE SUMMARY

The Science seminars are designed to better ensure that research feeds into active policy processes, and to serve as a vehicle for disseminating policy-relevant research results, sharing expertise and experience, facilitating policy dialogue, and building the capacity of researchers and policymakers in ways that bear on public policymaking.

There is a weakening tolerance threshold in society and environment bodies and voices are becoming more strident for corporates and government to change their way of doing business and providing services. Protest actions on issues such as democracy, ethics, anti-corruption, sustainable economic and environmental development, demonstrate clearly that an organisation's performance in relation to the society in which it operates has now become a critical part of measuring its overall performance. There is considerable literature describing the challenge of translating Corporate Social Responsibility (CSR) into meaningful actions and outcomes. Competing priorities, cultural differences, and other variables can create confusion regarding the right actions to take and there can be serious consequences when these issues are not addressed adequately. Governments across the world have to take stock of the 'Arab Spring' uprisings that have toppled ruling administrations. Businesses have to make a deeper analysis of how their workforce, the community and the world reflect on their corporate social responsibility actions.

Recognising the role of the social sciences and standards bodies in promoting the use of sound frameworks for defining, measuring and assessing behaviours and performance, the South African Bureau of Standards (SABS), Human Sciences research Council (HSRC) and Department of Science and Technology (DST) agreed to cooperate in advancing the uptake of systems that will guide public and private efforts to operate in a socially responsible manner.

The seminar aimed to promote industry/research partnerships on socio-economic issues, most specifically as they relate to the impacts that industry has on society and the opportunity for recent research to influence the perspective and responses to CSR. The programme speakers/presenters of the Seminar focused on the following:

- Communicating the current state of research, norms and standards for CSR.
- Using research outputs to build empirical evidence of the benefits, both to business and society, of socially responsible behaviour.
- Raising the visibility of research as well as academic programmes running at universities on Corporate Social Responsibility.
- Providing an arena for research experts to engage in knowledge-transfer on CSR framework methodologies and their application.

The seminar was held on 22 January 2013 at the CSIR International Convention Centre, Pretoria, and attended by approximately 60 people from the organisations including SABS, DST, HSRC, CSIR, universities, large corporations, professional associations, and organised labour.

Sadhvir Bissoon (SABS) stressed the importance of standards to sustainable development. He described the milestone of ISO 26000 being approved in November 2010 and how there were over **five million references to the Standard on Google within four months**. This demonstrates that **there was a substantial appetite for standards in CSR**. The standards are still evolving and SABS is working with all stakeholders and **continues to seek partnerships to implement and refine the standards**.

Daniel Malan (University of Stellenbosch) spoke about ethical and moral considerations in CSR and cited Friedman (1970) who argued that corporations exist merely to make a profit. Essentially, in the 1970s the moral compass only recognised doing good for communities in as much as this could help to make a profit for shareholders. Malan argued that values change over time and by 2011 opinions had changed so that **the new realisation is that CSR makes good business sense. Ideally, CSR should disappear as a separate activity but become part of the way we do business.**

Jonathan Hanks (Incite Sustainability) spoke about the role of ISO 26000 and its development involving some 450 experts representing both developed and developing countries. It was a huge challenge achieving consensus with such a wide range of stakeholders but **ISO 26000 achieved 93% agreement using a system which recognised a lack of “sustained opposition” as sufficient consensus for moving forward.**

Corli le Roux (Johannesburg Stock Exchange) described **the JSE Socially Responsible Investment Index (SRI) which is their flagship sustainability initiative.** The JSE is aligned to global standards, customised for local relevance, and is **one of only two stock exchanges listed as signatories on the United Nations’ Principles for Responsible Investment initiative.** Large cap companies are doing well on the SRI and medium cap companies are growing. The JSE has just completed a review of SRI and plans an intervention with small cap companies.

Imraan Patel explained how DST is **encouraging collaborative research involving universities and the private sector** which will contribute to more sustainable operations and become more socially responsible. This needs cooperation between research organisations rather than each following its own agenda. The **DST’s Human and Social Dynamics in Development Grand Challenge talks about a social compact for growth, employment and equitable development and this social compact can create a stronger research and development agenda.** A key question is “How do we integrate community experience into decision-making and research understanding?” It is also relevant to find out how people experience CSR as delivered by large corporations.

Derick de Jongh (University of Pretoria) spoke on responsible leadership and how, despite a long history of leadership research, we still do not seem to be satisfied with current leadership. **Responsible leadership was defined as requiring critical reflection, practical wisdom, a globally inclusive mind set and moral courage.**

Wendy Poulton (Eskom) described Eskom’s Corporate Social Investment programme which is run by the Eskom Development Foundation. The Eskom Factor Report covers the ‘triple bottom line’ of Economic, Environmental and Social factors and is based on the World Business Council for Sustainable Development’s ‘Measuring Impact’ framework. **Since 2008 the Eskom Factor Report has received a B+ Global Reporting Initiative (GRI) declaration.**

Annie Snyman (Gold Fields) described how Gold Fields seeks to be a global leader in sustainable gold mining. Their methods include continuous engagement with stakeholders and publicising what has been achieved. Gold Fields has received recognition from many quarters for its Integrated Reporting, including a 95% King III compliance score in 2011. **The company seeks to create ‘shared value’ through policies and practices that enhance competitiveness while simultaneously advancing the economic and social conditions in the communities in which it operates.**

Linda Yanta (Sizwe Ntsalua Gobodo) spoke on the benefits and challenges of providing assurance on sustainability or integrated reporting. He pointed out how some spectacular corporate 'meltdowns' had begun to erode stakeholder confidence and this has led to less focus on financial indicators and more on values. **Trust and reputation have become the new value premium. The way forward needs a collaborative effort** by standard setters, stakeholders and boards, plus **development of an over-arching assurance framework** and approaches to support this.

Lastly, Eddie Majadibodu (National Union of Mineworkers) reminded the participants of the Reconstruction and Development Programme which began in 1994 and how much of this was based on sustainability principles. He described how the unions had engaged with the major mining houses and the pockets of success that gave rise to housing initiatives and efforts to eliminate hostels. **Majadibodu described CSR as an investment for labour productivity, economic growth and employment.**

INTRODUCTION

There are many individuals and organisations that have been recognised globally as drivers of change in business, government, academia and the research sector. There is a different wind out there now – and the signals can be read in the weakening tolerance thresholds of society and environment bodies. Their voices are becoming more and more strident for corporates and government to change their way of doing business and providing services. Actual protest actions all over the world in recent years, on democracy, ethics, anti-corruption, sustainable economic and environmental development, demonstrate clearly that an organisation's performance in relation to the society in which it operates has now become a critical part of measuring its overall performance. This is not a simple exercise. There is considerable research literature describing the complex challenge of translating Corporate Social Responsibility (CSR) into meaningful actions and outcomes. Competing priorities, cultural differences, and other variables can create confusion regarding the right actions to take. There can be serious consequences where these issues are not addressed adequately. Governments across the world have to take stock of the 'Arab Spring' uprisings that have toppled ruling administrations. Businesses have to make a deeper analysis of how their workforce, the community and the world reflect on their corporate social responsibility actions. Close to home, this has recently come under the spotlight in the mining sector in South Africa, most specifically in relation to what the media has dubbed, the 'Marikana Massacre', where 47 people, the majority of whom were striking workers, lost their lives and relationships deteriorated badly between the police, the workers, employers and the community.

CSR is grounded in human rights, labour issues, the environment, anti-corruption, consumer protection and other issues pertinent to socially responsible behaviour of corporates. This is not a one-sided argument. There are also multiple benefits for organisations. Decades of study have contributed to the understanding that the perception and reality of an organisation's performance on social responsibility can influence, among other things: its competitive advantage; its reputation; its ability to attract and retain workers or members, customers, clients or users; the maintenance of employee's morale, commitment and productivity; the view of investors, owners, donors, sponsors and financial community; and its relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates [*SANS/ISO 26000: Guidance on Corporate Social Responsibility*¹].

Recognising the important role of the social sciences and the role of standards bodies in promoting the use of sound, well-structured frameworks for defining, measuring and assessing behaviours and performance, the South African Bureau of Standards (SABS), Human Sciences research Council (HSRC) and Department of Science and Technology (DST) agreed to cooperate in advancing the uptake of systems that will guide public and private efforts to operate in a socially responsible manner.

OBJECTIVES OF THE SEMINAR

The seminar aimed to promote industry/research partnerships on socio-economic issues, most specifically as they relate to the impacts that industry has on society and the

¹ SABS, 2010. *SANS/ISO 26000:2010. Guidance on Corporate Social Responsibility*
<https://www.sabs.co.za/webstore/standards/product.php?id=176298>

opportunity for recent research to influence the perspective and responses to CSR. The programme speakers/presenters of the Seminar focused on the following areas:

- Communicating the current state of research, norms and standards to academic, business, labour, non-governmental, government, social and environmental lobby groups and other stakeholders in the field of 'Corporate Social Responsibility'. This discourse is particularly intended to facilitate the identification of new research questions, where opportunities may be created for the participants to establish research collaboration partnerships.
- Using research outputs and the first fruits of South African applications of CSR evaluation and reporting frameworks towards building empirical evidence of the benefits, both to business and society, of socially responsible behaviour. This included sharing success stories in the implementation of CSR as a means of further motivation to research stakeholders.
- Raising the visibility of research as well as academic programmes running at universities on Corporate Social Responsibility. Also raising the visibility and awareness of the value of studies or evaluation techniques being used at other organisations, locally and globally.
- Providing an arena for research experts to engage in knowledge-transfer on CSR framework methodologies and their application.

The seminar was held on 22 January 2013 at the CSIR International Convention Centre, Pretoria, and attended by approximately 60 people from organisations including SABS, DST, HSRC, CSIR, universities, large corporations, professional associations, and organised labour.

THE SEMINAR

OVERVIEW OF THE ANNUAL PROGRAMME OF SCIENCE SEMINARS

Ms Thato Chabeli (Chairperson), Senior Manager: Economic Impact & Intellectual Property, South African Bureau of Standards

Prof Alinah Segobye, Deputy Executive Director, Research Use & Impact Assessment, HSRC

Ms Thato Chabeli of the SABS welcomed the delegates and introduced Prof Alinah Segobye, Deputy Executive Director, HSRC, who explained how Corporate Social Responsibility (CSR) is grounded in human rights, labour issues, the environment, anti-corruption, consumer protection and other issues pertinent to socially responsible behaviour of corporates. There is emerging interest from the public and private sector to participate in social development of communities and some of the most innovative programming in HIV and AIDS has been through the private sector. CSR and Corporate Social Investment (CSI) have become key areas of practice for corporates. Some of the research seeks to understand the intentions of investing in CSR by companies and other work engages with beneficiaries of CSR. This seminar sought to better understand how to measure the impact of CSR and to interrogate the SABS standard for CSR ISO 26000.¹

The current context in South Africa was one in which we have seen unsettling mass protests around service delivery and the mining sector and CSR functions potentially become important mediators between the many stakeholders. The seminar sought to build empirical evidence about the benefits of CSR.

STANDARDISATION FOR SUSTAINABLE DEVELOPMENT: IMPORTANCE OF R&D AND INNOVATION

Dr Sadhvir Bissoon, SABS

Dr Bissoon set the scene by pointing out that we are living in a changing world where, in times of growth, organisations become more complex. Competition demands faster market cycles and organisations need to embrace change and find innovative solutions. With globalisation, global vendors and trade strategies will prevail. Consumerisation means that people demand faster, better and more affordable services. Organisations need to embrace this change and allow debate on Corporate Social Responsibility to flourish.

Standards and standardisation play an important role in sustainable development and standards are pivotal in translating sustainable development into action and promoting good environmental practice. From the economic level, standards help develop economies and build capacities to compete in global markets. On the social level they contribute to consumer protection, safety, health care and social interests.

The new reality described by the World Economic Forum includes many risks such as unsustainable population growth, global governance failure, pollution, climate change, income disparity etc., and these call for new solutions and new models. According to Ken Wheatley of Sony Electronics, “standards codify research which can then be used to accelerate the innovation process.” Standards bring innovation to the market place and build consumer confidence. Research and development plays an important role in standardisation because it tells us how things work and informs society about problems that

exist. The findings of empirical research can help inform good public policy and find solutions.

Standards are part of our everyday lives (see Figure 1) and we do not realise the importance of standards until we find a gap that needs to be addressed. The SABS has a well-constructed network on standards both within the country and internationally. They engage many stakeholders in the setting of standards, including: industry, NGOs, government, consumers, academics, labour and SMMEs.



Figure 1 The role of standards in our everyday lives

In November 2010, ISO 26000 was published giving guidance on social responsibility with the objective of ensuring sustainability. Within four months of its publication there were more than five million references to this standard; a clear indication of the demand for such a publication. Ninety-nine countries were involved in the standard's development and while the standard is not certifiable at this stage it provides a model for national standards and dialogue on CSR. There are many other standards available - ISO has 19,000 standards and the SABS has 7000 standards - many of these will contribute to managing sustainable development.

BUSINESS ETHICS AND CORPORATE GOVERNANCE AS CORE ELEMENTS OF CSR

Mr Daniel Malan: University of Stellenbosch Business School

Daniel Malan pointed out that in the 1970s it was generally accepted that the social responsibility of business was merely to increase profits. He quoted Friedman (1970) who said “Those businessmen who argue that business has responsibilities to provide employment, eliminate discrimination and avoid pollution are preaching pure and unadulterated socialism.”² A similar sentiment was expressed by John Ladd, in 1982, who said: “We cannot and must not expect formal organizations, or their representatives acting in their official capacities, to be honest, courageous, considerate, sympathetic, or to have any kind of moral integrity. Such concepts are not in the vocabulary, so to speak, of the organizational language game.”³ Fortunately, we have come a long way since then and the new belief is that modern businesses do have corporate social responsibilities. Carroll said that CSR “encompasses the economic, legal, ethical and discretionary/philanthropic expectations that society has of organizations at a given point in time.”⁴

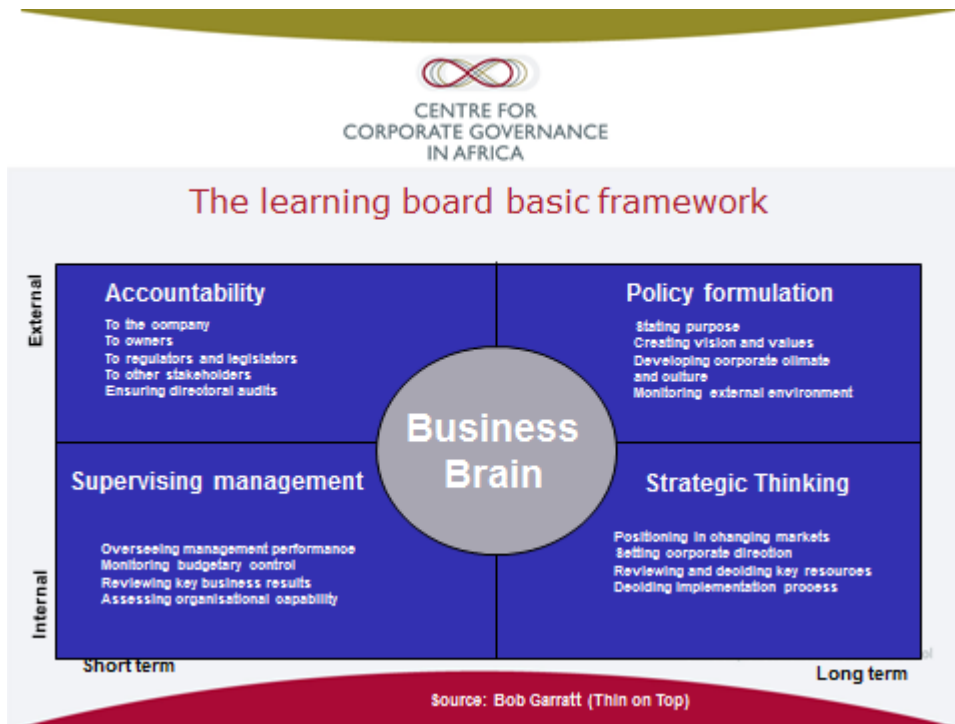


Figure 2 The learning board basic framework (Bob Garratt: Thin on top)

Porter’s ‘Big Idea’ is the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges. In 1970, even Friedman acknowledged the long-run interest of a major employer in a small community devoting resources to providing amenities to that community or to improving its government. He argued that this had the potential to make it easier to attract desirable employees, reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects. The argument was, however, purely economic and not on moral grounds. This amounts to ‘strategic CSR’ which, when done badly, can be positively harmful

² Milton Friedman, The New York Times Magazine, September 13, 1970.

³ John Ladd, quoted in Goodpaster and Matthews (1982: 133)

⁴ Archie Carroll, quoted in Visser, W., Matten, D., Pohl, M. and Tolhurst, N. (2007). *The A to Z of Corporate Social Responsibility*. London: John Wiley & Sons Ltd

but done well has considerable benefits. By the 21st century, CSR is becoming less of a separate activity done on the side and increasingly recognised as “just good business.”⁵

Having accepted the value of CSR, the next question is whether mandatory standards or voluntary standards are required. The decisions to be made include a business vs. moral case; the ethics of conviction vs. ethics of responsibility; internal management reports vs. external stakeholder reports; and directing and controlling vs. planning and organising staff. Essentially, it comes down to ethics of conviction vs. ethics of responsibility. Malan argued that standards should provide a combination of ‘carrots and sticks,’ allowing scope for organisations to subscribe to voluntary standards.

The learning board basic framework (Figure 2) summarises internal/external and short term/long term components of the ‘business brain’.

Malan summarised the possible way forward in the following terms. CSR must disappear as a separate activity and become part of the way we do business. We should raise the bar in terms of mandatory standards and refine and adapt voluntary standards; encourage innovation to gain competitive advantage; acknowledge that values change over time; and develop a new social contract/covenant.

PROMOTING SOCIETAL RESPONSIBILITY THROUGH GLOBAL CONSENSUS: THE ROLE OF ISO 26000

Mr Jonathan Hanks, Incite sustainability

Jonathan Hanks explained that ISO 26000 is about providing guidance on societal responsibility and is not about corporate social investment (CSI). The initiative has had a mixed reception. According to Halina Ward, of the International Institute for Environment and Development, the Danish Minister for Economic and Business Affairs described it as a “milestone in the history of global cooperation”. Ward argues that for its enthusiasts, the standard represents a ground-breaking experiment in multi-stakeholder governance and norm setting; for critics, ISO 26000 is a watershed in ISO’s trespass into areas of broad public policy concern.

The King III report on corporate governance⁶ defines CSR as:

“The responsibility of the company for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- contributes to **sustainable development**, including health and the welfare of society;
- takes into account the legitimate interests and **expectations of stakeholders**;
- is in compliance with applicable law and consistent with **international norms of behaviour**; and
- is **integrated** throughout the company and practiced in its relationships.”

⁵ The Economist: *A special report on corporate social responsibility*, January 2008, p. 3

⁶ Institute of Directors, 2009. *King Report on Governance for South Africa*. Johannesburg: Institute of Directors. <http://african.ipapercms.dk/IOD/KINGIII/kingiiiireport/>

ISO 26000 helps us understand CSR in all types of organisations, ranging from big organisations to corner shops, NGOs, trade unions etc. Clause 6, 'the core subjects and issues of social responsibility' is the most important component.

There are seven interrelated core subjects explained in Clause 6, and the unique role of organisational governance is a core subject that overarches all the other core subjects. Effective organisational governance enables an organisation to take action on the other core subjects and issues and to implement the principles outlined elsewhere. Each "subject" identifies specific "issues" that an organization should take into account when identifying its social responsibility. Every core subject, but not necessarily each issue, has some relevance for every organization.

The ISO 26000 drafting process had some unique features which included the following.

- Developed in a multi-stakeholder process, with 450+ experts
- Experts from 99 countries representing six stakeholder groups:
 - Industry
 - Labour
 - Consumers
 - NGO
 - Governments
 - SSRO (Service, Support, Research, Others)
- Experts from more than 40 Liaison organizations, including many leading organizations involved in sustainable development issues
- Implementation of a "twinning process" involving leadership partnerships between developed and developing countries
- Memorandums of Understanding with the ILO, UNGC and OECD
- Capacity building: efforts to get developing countries involved with training sessions in different regions
- Consensus decision-making process in drafting the standard.

Achieving consensus with so many stakeholders was a challenge and ISO used "absence of sustained opposition" as a way to move forward. This means that not all had to agree on a proposal but that there should be "no sustained opposition". In the end only the US, China, India, Luxembourg and Turkey voted 'no' and 93% voted in favour. Even in countries that voted 'no' to the final text the standard can still be used since it has been accepted as an international standard. It is not a management system but remains a standard which offers guidance which "should" be followed rather than "shall" be followed.

So far there is not much uptake of ISO 26000 in South Africa but a test case based on a textile company in Cape Town found most of the guidance was relevant.

In closing, Hanks quoted Paul Polman, CEO of Unilever, as someone who 'gets' sustainability:

*"Success will require completely **new business models**.
It will demand **transformational innovation** in **product and process** technologies...
Interestingly too, the challenge is likely to encourage a much **more collaborative form of capitalism**."* Polman, 2010.

STOCK EXCHANGES ON THE TIGHTROPE

Ms Corli le Roux: Head of SRI Index and Sustainability.

“The Global Financial Crisis has focused for many of us the need to rethink ... to what end we use our human organisations – private, public and nonprofit.

One can see a distinct change of mindset occurring where the previous notions of economic rationality, the paramountcy of quantification and the automatic balancing of free markets are beginning to have to take into account human irrationality, behavioural economics and emotional sensitivity, and more pragmatic approaches to the asymmetric nature of market intelligence.”

Prof Bob Garrat, Chairperson, Unit for Corporate Governance in Africa,
University of Stellenbosch Business School, 2010

The business context is changing: relationships are different and broader; growth is limited; risk management is more extensive; and job silos are crumbling. This has impacts on policies, management and disclosure practices. With the proliferation of new tools, businesses are challenged to choose; some retain the traditional focus on financial return while others see this as inefficient and inadequate. There is a fiduciary duty to ensure sustainable value of investments. Company issues become investor issues. While there is little empirical evidence linking company sustainability issues to share prices in the long term, there is plenty of anecdotal evidence.

The Johannesburg Stock Exchange (JSE) response is an integrated approach comprising sustainable competencies, sustainable commercial growth and a sustainable community. These combine to form sustainable value creation. A hybrid approach to promoting corporate behaviour change is used combining both incentives and regulations. Listed companies are expected to follow certain guidelines and the incentivised approach is considered more effective because mere compliance tends to generate a ‘tick box’ approach without much innovation.

JSE involvement includes regulation, which is mostly around financial management, and corporate governance. King III has to be applied or companies have to explain why not. Investment tools include the Socially Responsible Investment (SRI) index series and customised and focused products. The SRI index, which began in 2004, is the JSE’s flagship sustainability initiative. Ninety indicators are reviewed and all of the top performers are also in the JSE top 40.

Major companies have been dealing with sustainability for a long time and for mid cap companies it is growing. Small cap companies are not engaging with the process yet but the JSE is looking at making reporting mandatory in order to see where they stand. A recent review of the SRI index found that the strong sectors included mining, banks, general industrials, life insurance, industrial metals, mobile communications and construction. Growth sectors included retail, food producers and processors and the health sector. Lagging sectors included media, and property, which is constrained by legal structures.

The value proposition for SRI is that it provides a channel between responsible investors and companies. It also helps companies along the path of sustainability through increased accountability, increased transparency, closing the loop between global standards and local imperatives, and broadened engagement.

The index is expected to evolve over the next three to five years with the future focus including playing a thought leadership role; encouraging expanded disclosure by companies (with focus on materiality and integration); facilitating access to investment-grade data; and enabling interaction.

The conclusion is that we are entering a new era with a growing mainstream of environmental, social and corporate governance integrations, an emerging new generation of investors and the potential for leaving a better legacy. But the challenge is for each of us to spread the message.

RESPONDENT

Mr Imraan Patel, Deputy Director-General, Department of Science and Technology

A recurring theme in the presentations is the issue of change and that we need to do things differently. There is a sense that this is exciting and something to look forward to but there is a lot of scepticism by those outside the process. As a DST official, Patel was interested first from a research perspective and second from the impact that research needs to make on the real key questions for the country.

DST is encouraging research involving universities and the private sector. They are also looking at safer and a more sustainable mining operations and innovative ways of working which do not displace or harm labour. They are seeking better organisation of work such as more sustainable and safer cities that reduce commuting time. This needs work with the private sector so that health and education are improved by the big corporations as they become more socially responsible. This needs cooperation with research organisations rather than each corporation doing its own thing. One area within the DST's Human and Social Dynamics in Development Grand Challenge talks about a social compact for growth, employment and equitable development. This social compact can create opportunities for all partners and a stronger research and development agenda.

The question is 'How do we integrate community experience into decision-making and research understanding?' It is also relevant to find out how people experience CSR as delivered by large corporations.

Q AND A

Comment (C): My background is in events standards and I participated in a few of the ISO 26000 sessions on standards for events. We have done 1000 learnerships in communities over 10 years. The approach taken is not 'what you need or want' but to ask people to tell us what they have got and then to work with that in order to get away from dependency. People do engage and are transformed but we need to work out how to measure this and assess the impact so that industries can measure what is being done and avoid duplication of effort.

Answer (A): Some corporates are making a positive contribution. One company looked at how they were helping with the National Development Plan priorities and they were doing good things in housing and health but this was not taken seriously because it was being done by a mining company which was being criticised in other areas, such as the migrant labour system. So the question is how do you get an objective assessment?

Question (Q): There appear to be weaknesses in the empirical evidence to inform the position we adopt on the standards. We are hearing something of what the corporates and government should do but less of what the universities should do. This is not meant in the sense of knocking the universities but if there is to be progress there has to be research on where should we develop the answers.

A: Universities have to practice what they preach; you should not preach on governance before you get your own house in order. There is a UN initiative on Principles for Responsible Management in Education – the University of Stellenbosch subscribes to this, as do many other schools. We try to communicate to our stakeholders what we do and need to bridge the gap between rigour and relevance in business ethics. If you develop a complex theory that has not passed muster with academics you cannot expect business to adopt it.

A: A silo mentality persists in the academic environment. One of our top students wanted to look at the financial sector and sustainability and was turned down by the top finance lecturer because he thought the issue was not relevant.

One of our lecturers asked students what the big societal challenges are for business. Students then had to say whether business helped or made it worse and they all agreed that business was making society worse. This made them think about what they were going to do with the business models they learnt about at business school.

It took SASOL, who wrote to the Business School, to point out that sustainability was missing from their teaching, to make them realise the importance of this topic.

C: The silo mentality is still endemic in the education system. If we are going to apply these standards we need a transdisciplinary approach. The Centre for Human Rights and College for Social Justice at UNISA have both recognised that transdisciplinary research is necessary.

C: Collaboration between business and community and academics is key. Consultants often produce more research than the academic institutions, although there are some notable exceptions in this room.

As for getting to the community we need corporations to cooperate, especially if they are working in the same area. It is not about scoring points over the competition but about cooperation for the ultimate benefit of society.

A: Engagement between parastatals and research organisations is essential. We need as many researchers, both from universities and consultants, as possible to provide the basis for dialogue. The majority of stakeholders are in industry; they drive the standards from a business perspective. Research needs to give more background to the standards. SABS does have a stakeholder engagement strategy which includes researchers although it is only one year old. Rigorous involvement of SABS in research should improve things but how to incentivise this remains to be discussed.

Q: There are no media companies listed on SRI at the JSE. As the media have such a key role to play is this due to a lack of engagement? How can we bring them on board? What kinds of technical solutions are being brought forward?

A: There are engagements with media companies. But many companies do not want to disclose information, for example their waste management policy, because this is

competitive information. Others pass the buck by saying that print media is only a small part of the business. We hope to see more media companies beginning to report on the SRI.

A: Media have huge influence but show little responsibility. Media talk about sustainability but do little about it in their own industry. There is also a degree of incompetence in journalism because it is not well paid and therefore does not attract the best qualified people.

Q: We seem to have a tough time moving companies beyond mere compliance. How do you get the leading edge companies to go beyond compliance?

Q: The Business School looked at CSR companies to follow up on spending. Many were doing this just for BEE compliance and did not follow up to check if the money went where it should. We looked at 16 studies on CSR in South Africa – few were empirical. We rely on students to collect data because big corporations are unlikely to give it to us.

Q: ISO 26000 is voluntary and not for certification. Wouldn't the benefits of a listing scheme on the JSE be better if it was standardised? Is there a possibility for a national standard on reporting on CSR in SA?

A: The tick box approach is almost inevitable in a compliance environment. But the mere fact that we are using a tick box means that there is not much thought from the top. This may be due to a lack of understanding of the social and environmental impacts that the organisation has. There could be a value to having greater clarity at CEO and executive management level.

The ISO 26000 standard is little understood in South Africa. Few practitioners understand this and there is little incentive. There is an opportunity for corporations to align themselves to the international standard and to help ensure its wider uptake.

A: Leading edge companies use the standards as a framework for reporting and not as a way to drive their business. The issue of companies just giving out money is an important one. There are ways of calculating the social return on investment and this needs audit trails and much more commitment. Some companies are beginning to do this because investors need to know how the money is being spent.

The 'Friends of paragraph 47' are talking to those who may develop a national standard but this is at a very early stage. We almost need a standardisation of the standards because companies are being bombarded with options and they tend to read them all and decide which one will be best for them. Perhaps we should rather seek the common elements and not expect companies to do all of them.

Another valuable aspect of the standards is that investors can use them as a screening methodology. If a company is not using a standard investors can ask why not.

A: Paul Polman is a business leader and not a follower and he challenges the current standards. The ISO 26000 standard is not really a standard but rather a guideline for those who wish to follow it. Tick box thinking is counterproductive because it does not address the real issues and a national standard may move us in the wrong direction.

A: You cannot force companies to be innovative and you cannot force them to be ethical. Some will choose to be innovative and others will decide not to do this. We should raise the bar on those things that can be measured and enforced but leave enough space for companies to be innovative. If you standardise standards you are creating another standard.

RESPONSIBLE LEADERSHIP: FACILITATING A RECONCEPTUALIZATION OF LEADERSHIP

Dr Derick de Jongh, Albert Luthuli Centre for Responsible Leadership, University of Pretoria

There is a rich history of research on leadership over the past century which has given rise to various theories. These focus on the leaders themselves; the traits of effective leaders (Great Man Theory); the behaviour of effective leaders; and the fact that leadership is situational. Despite all this research we are not satisfied with the leadership in the world today and we have been forced to rethink how to define effective leadership and whether the focus should still be on the leaders themselves. The sustainability challenges are too big for organisations to ignore and society expects leaders to step up to the challenge.

- Leadership can no longer ignore these issues as peripheral.
- They are increasingly perceived as part of the responsibility of organisations across all sectors and levels in society.
- Society increasingly expects these organisations to step up to these challenges and address them.
- These organisations form part of an interdependent societal network.
- Organisations that fail to address societal expectations suffer a challenge to their legitimacy, often their license to operate and ultimately their sustainability.
- The 2012 mining strikes have shown conclusively that this is the reality that organisations across all sectors will face.

The nature of societal networks is a complex adaptive system, that is “...a network of heterogeneous components that interact non-linearly, to give rise to emergent behaviour” (Rocha, 1999). Leadership needs to position itself within this complex adaptive system and there will not be one standard response. There will be multiple different agents (communities, corporations, government) with many interactions – a corporation is influenced by various other networks and agents; interactions are non-linear – small causes can have large results; there is adaptive capacity – the system is in constant change; and the system is self organising.

The implications for leadership are numerous. Organisations need to acknowledge the fact that they are located within interdependent relationships and that they need to:

- learn to effectively engage with stakeholders;
- find ways to incorporate valid stakeholder concerns into the organisation’s core strategy – not merely attempt to manage these concerns;
- be aware that the smallest actions can have significant effects – organisations need to be aware that it is becoming harder to pass the buck when things go wrong (e.g. BP oil spill); and
- find ways to step away from archaic, hierarchical and centralised approaches to leadership, to models that allow for leadership to emerge through more inclusive and collective approaches to leadership.

What are the cornerstones of responsible leadership? Critical reflection; practical wisdom (which cannot be taught); a globally inclusive mind set and moral courage (which may

require being unconventional, e.g. Glaxo Smith Kline CEO, Andrew Willey, offered to put all patents in the public domain).

The Leadership Centre's research is reconceptualising management education; looking at ways to address business, biodiversity and integrated reporting. The Leadership for Africa project is searching for examples of emergent African leadership in support of a sustainable continent. They are also looking at drivers and consequences of Corporate Governance in South Africa as a 20 year assessment. A doctoral programme is to start next year using a transdisciplinary approach with 10 other universities around the world.

ESKOM AND CORPORATE SOCIAL RESPONSIBILITY

Ms Wendy Poulton, General Manager, Organisational Strategy, Eskom

The focus of this presentation was on what Eskom has done about CSR reporting. Eskom's 2011 Integrated Report (IR) was awarded second place in the Ernst and Young Sustainability Reporting Awards and Eskom is a member of the International Integrated Report Committee's pilot programme, which is committed to transparent and relevant communication to all stakeholders.

About 3% of the country's GDP is attributable to Eskom and 73% of the spending is on B-BBEE companies. Much of this relates to having 77% local content in Eskom building contracts. They are also leveraging skills development and 5 915 people have undergone skills development training and another 2 342 are currently in training.

The Eskom Development Foundation, a wholly owned subsidiary of Eskom that deals with CSI, invested R87.9 million in corporate social initiatives during 2011/12 which affected 256 organisations with some 531 762 project beneficiaries.

Eskom's core business is to provide sustainable electricity solutions to grow the economy and improve the quality of life of people in South Africa and the region. The CSI mandate is to contribute to the improvement of the quality of life in communities where Eskom operates. This is a social intervention with a developmental intent that uplifts, improves, enhances and empowers communities.

The Eskom Factor report serves to quantify the impact of the CSI and to find gaps. The methods used are based on the World Business Council for Sustainable Development's (WBCSD) 'Measuring Impact' framework. The framework combines better decisions in stakeholder engagement and better decisions in terms of the management response. The scope was determined by grouping Eskom's core activities as 'Build' (design and construction of new facilities), 'Operate' (generation, transmission and distribution) and 'Usage' (serving South Africa with electricity). This was then used to develop an activity map as a starting point to map Eskom's economic, social and environmental impacts. It was recognised that Eskom has a very broad footprint and has impacts beyond its own 'borders', including ecological impacts of mining, use of resources, providing power at competitive prices, greenhouse gas emissions and jobs at suppliers.

Eskom's activities can be expected to have a positive, negative or dual impact which is summarised in the Eskom Factor "heat map" (see slide 14 in Appendix 4). This adaptation of the internationally proven WBCSD methodology provides a one-page comprehensive overview of Eskom's footprint and reflects Eskom's operating model and relevant sources of

impact. Buy-in has been achieved through numerous internal discussions and more than 150 indicators are used to provide sufficient depth.

Eskom's integrated reporting has evolved since the first environmental report in 1994. The report is now produced online and as hard copy and since 2008 the report has received a B+ Global Reporting Initiative (GRI) declaration.

Key successes for getting Integrating Reporting done can be summarised as follows. The first step was to create the right level of governance and support structures and then test the IR framework. There was early agreement by senior management on IR objectives including material issues, structure, timelines and stakeholder engagement. Finally, IR was driven by the Finance Director with strong support from a core team with different skill sets to deliver on the agreed IR objectives.

Some of the challenges included developing the necessary IR capacity; ensuring consistency between different reports; tight timelines causing a lack of 'thought through content'; and the development of a divisional report diluting the IR as the primary report.

The future focus will address the following:

1. Alignment of monthly reporting and IR reporting processes.
2. Use collaborative reporting software to streamline reporting and editing of content as well as develop better connectivity of information between various reports.
3. Website enhancements: further improve the functionality and connectivity of information and create a consistent platform for Integrated Reporting.
4. Improve on the systemic integration of stakeholder engagement with the material issues.
5. IR has a forward-looking focus. Accordingly, more effort must be placed on developing relevant leading indicators that are materially connected to the various capitals of the IR framework.

Q AND A

Q: This is the first practical case study of IR. Is it a cost or an investment for the company?

A: Good question. Going online helps reduce reporting costs. If reporting becomes routine the costs become more reasonable and integrating the work throughout the year reduces costs and if the information is standard it only requires updating each year. We tried to fit reports together so that there is no duplication of effort.

CORPORATE SOCIAL RESPONSIBILITY AND MULTI-STAKEHOLDER ENGAGEMENTS – THE GOLD FIELDS SUSTAINABILITY JOURNEY.

Ms Annie Snyman, Vice-President and Group Consultant: Sustainable Development, Gold Fields

Sustainable development is embedded in the Gold Fields (GF) vision which is to be the "global leader in sustainable gold mining". The Sustainable Development objective, namely to be "the gold company of choice for investors, employees and society through adding sustainable value to them and their environment" supports this vision. It is achieved by

having a “visible and measurable impact though working proactively with investors, employees and society on targeted sustainable development programs in a consistent, innovative and repeatable way.” Ultimately, a foundation of shared value is created for key stakeholders.

Stakeholder engagement is challenging for large corporates because there are so many stakeholders and some top-rated companies struggle to define what should be done. Gold Fields strives to follow a continuous process of engagement and delivery on promises to stakeholders. In order to be known as the global leader in sustainable mining, GF strives to keep its stakeholders informed about their leadership in understanding stakeholders; consistent delivery according to their global values; commitment to safety and the environment; measuring legacy in terms of shared value; and being first and foremost a gold mining company that creates the greatest value from gold.

The GF sustainability journey grew from a history that included community development and a strong focus on health and safety reporting. It included an awakening phase, higher compliance, citizenship, and now a leadership position. The key sustainability milestones achieved are summarised in

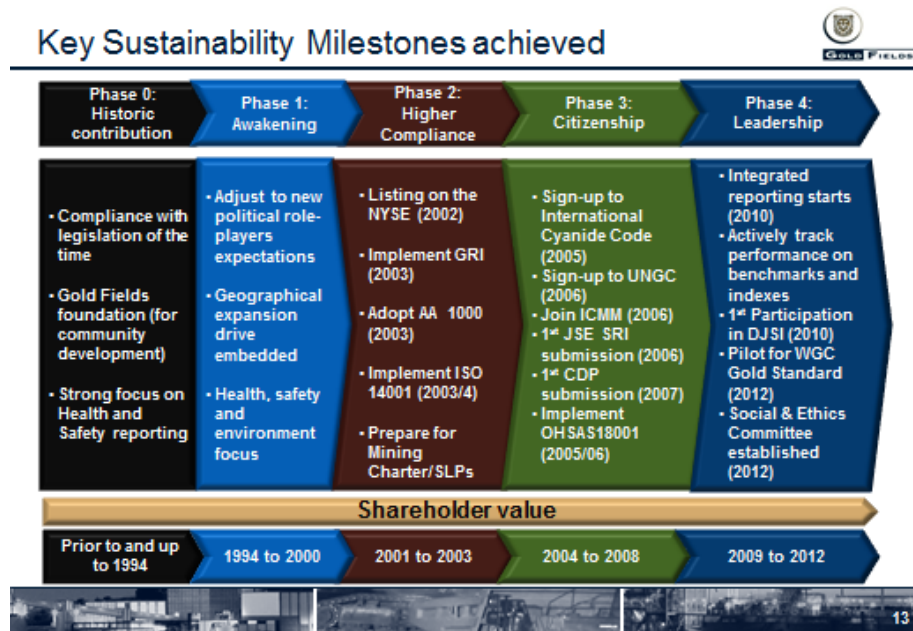


Figure 3.

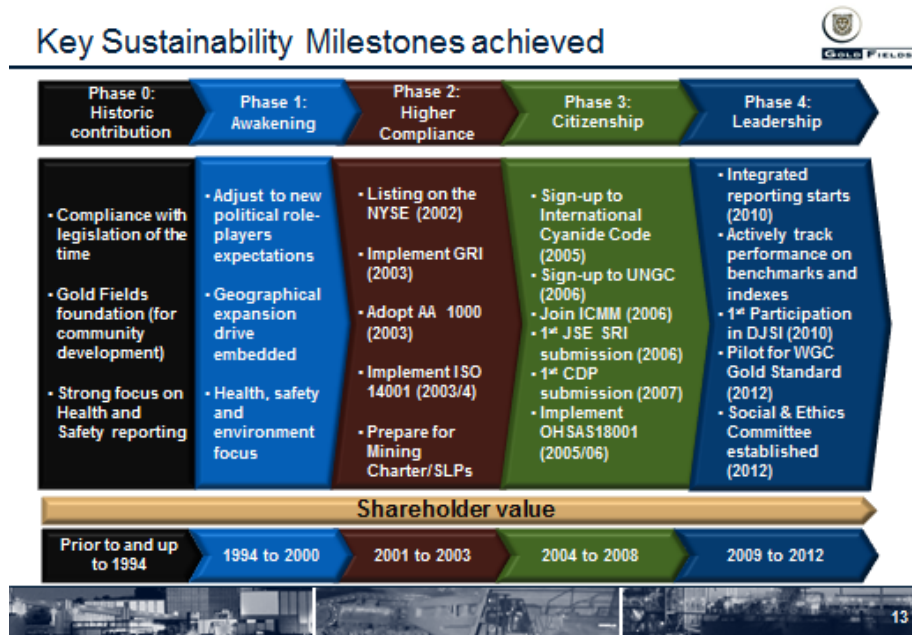


Figure 3 Key sustainability milestones achieved

GF has received acknowledgement of its integrated report through many third party assessments and has received several sustainability awards. It is the only South African mining company listed on the Dow Jones Sustainability Index and was ranked fourth in its first year of participation.

The lessons learned during the last decade include the following:

- A company's vision and values should link to its sustainability journey;
- The Executive and Board ownership and tone setting should support the sustainability journey;
- Resourcing (people, money, IT systems) should support the sustainability journey;
- Policies and procedures should be reviewed and updated to support the sustainability journey;
- Systems should be tailored to address reporting requirements;
- Sound decisions on signatories, standards, benchmark reviews should exist;
- Stakeholder requirements should be understood and addressed;
- New developments and requirements in the external environment should be assessed;
- Successes should be communicated across the stakeholder spectrum; and
- Sustainability should become part of the DNA of the organisation.

GF believes that societal and corporate success are inextricably linked. The long-term effectiveness of companies depends on social conditions and business has an essential role to play in solving social problems. Creating Shared Value means developing policies and practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.

In conclusion, Snyman asked whether GF is focussing on the right things and concluded that they were because they are addressing all the core subjects of ISO 26000 clause 6, the social responsibility clause.

BENEFITS AND CHALLENGES OF PROVIDING ASSURANCE ON SUSTAINABILITY OR INTEGRATED REPORTING

Mr Linda Yanta, Director Sizwe Ntsalua Gobodo, Corporate Governance Services

In the past, corporate reporting reflected a stewardship role – people were expected to be accountable for their activities. Financial reporting evolved and with an increasingly complex business environment there were periodic corporate meltdowns and financial crises. Stakeholders began to lose faith and trust and reputation became the new value premium. So much so that financial performance can be less important now than issues of trust.

The case for sustainability reporting includes managing stakeholder perceptions and reputation and compelling organisations to articulate their vision and strategy for operating in a sustainable manner. This becomes an important part of the decision-making and innovation process, evolving into a critical part of the product and service offering development process. Demonstrating the link between an organisation's current performance and future sustainable prospects is a key indicator of the quality of management's skills. By putting strengths and weaknesses under public scrutiny enhances the performance management process.

Benefits of sustainability reporting assurance include building trust and credibility with stakeholders and increased confidence in the measures of success and progress. Assurance providers can help assess the risks identified in the organisation. The challenges for assurance are similar to those for reporting but there is no one overarching assurance framework and assurance providers therefore take different approaches depending on whether they are accounting firms or CSI consultants. The question is what is the currency of the organisation and will it satisfy the users.

Conclusions in assurance statements tend to have a wide variety of wording making it difficult to determine the actual level of assurance provided. The maturity of processes, internal controls and procedures and the expertise and experience of assurance providers will all have their effect.

The way forward needs:

- a collaborative effort by standard setters, key stakeholders of organisations and boards;
- education and engagement of boards on challenges and benefits;
- development of an over-arching assurance framework or standards;
- to utilise existing and acceptable assurance standards and approaches to support this over-arching framework;
- assurance primarily based on materiality and stakeholder engagement; and
- to accept that sustainability assurance needs will vary and require different approaches.

RESPONDENT: CORPORATE SOCIAL RESPONSIBILITY AS AN INVESTMENT FOR LABOUR PRODUCTIVITY, ECONOMIC GROWTH AND EMPLOYMENT

Mr Eddie Majadibodu: National Union of Mineworkers Chief Negotiator

One of the first policy interventions in the democratic era was the Reconstruction and Development Programme. This contained key principles such as integrated and sustainable programmes and was designed to avoid piecemeal and uncoordinated policies. It was seeking a sustainable strategy for the way forward which had to be a people driven process, i.e. recognised stakeholder engagement.

The RDP integrates growth, development and redistribution into a unified programme. The key principle of the RDP was to meet the basic needs of the people and although the government is doing this it is not moving fast enough. The availability of piped water, flush toilets and electricity for lighting has improved but there are still big differences between whites and Africans. Similar discrepancies exist in income where improvements have been much greater for whites than Africans. We are now waking up to the need to coordinate actions.

Some mining companies are doing well but because they operate as a collective it can be hard for them to act and this can lead to them hiding their successes. In 1996, when Kgalema Motlante was in NUM, he singled out individual companies because they were willing to agree to the NUM proposals which could not be resolved in a collective bargaining process. In this situation the successful companies were grateful for being singled out.

The mining sector still has challenges. Mining is getting more difficult in South Africa but we will have viable mining for more than 50 years and need to see how jobs can be sustained.

Challenges for CSR in the mining sector include the following.

- Not enough has been done to develop skills of workers. In 2008, 67% of workforce was below grade nine, even though this was several years after The Skills Development Act had been passed.
- Chiefs complained that they did not understand their rights regarding mining. Mines engaged with people whom they thought were influential but in many cases this excluded the community.
- Companies must also look at a balance between short and long term objectives. In Marikana, NUM tried to get people out of the hostels and they received a 'living out allowance'. However, the cash was not used for accommodation but for other things. Research is needed to see what is happening here and why people end up going to loan sharks.
- Illegal mining has exposed a lack of leadership and specifically CSR to address what should be done with old mines.
- Research is needed to see whether the people driving CSR are given enough power to make decisions. CSR is often delegated to junior managers without executive powers.
- Another issue is the efficacy of safety representatives on mines. Sometimes there is competition between profit and the lives of people and safety may be overlooked in favour of production and bonuses.

In the past few years there has been more effort to get dialogue going about the situation in South Africa. That what is right and wrong is being openly discussed is a first positive step.

CONCLUSIONS

Rapporteur: Professor John Seager, Public Health & Development Consulting

In summing up the day's presentations Prof. John Seager reviewed key points made by the speakers.

Sadhvir Bissoon (SABS) stressed the importance of standards to sustainable development. He described the milestone of ISO 26000 being approved in November 2010 and how there were over **five million references to the Standard on Google within four months**. This demonstrates that **there was a substantial appetite for standards in CSR**. The standards are still evolving and SABS is working with all stakeholders and **continues to seek partnerships to implement and refine the standards**.

Daniel Malan (University of Stellenbosch) spoke about ethical and moral considerations in CSR and cited Friedman (1970) who argued that corporations exist merely to make a profit. Essentially, in the 1970s the moral compass only recognised doing good for communities in as much as this could help to make a profit for shareholders. Malan argued that values change over time and by 2011 opinions had changed so that **the new realisation is that CSR makes good business sense**. Ideally, **CSR should disappear as a separate activity but become part of the way we do business**.

Jonathan Hanks (Incite Sustainability) spoke about the role of ISO 26000 and its development involving some 450 experts representing both developed and developing countries. It was a huge challenge achieving consensus with such a wide range of stakeholders but **ISO 26000 achieved 93% agreement using a system which recognised a lack of "sustained opposition" as sufficient consensus for moving forward**.

Corli le Roux (Johannesburg Stock Exchange) described **the JSE Socially Responsible Investment Index (SRI) which is their flagship sustainability initiative**. The JSE is aligned to global standards, customised for local relevance, and is **one of only two stock exchanges listed as signatories on the United Nations' Principles for Responsible Investment initiative**. Large cap companies are doing well on the SRI and medium cap companies are growing. The JSE has just completed a review of SRI and plans an intervention with small cap companies.

Imraan Patel explained how DST is **encouraging collaborative research involving universities and the private sector** which will contribute to more sustainable operations and become more socially responsible. This needs cooperation between research organisations rather than each following its own agenda. The **DST's Human and Social Dynamics in Development Grand Challenge talks about a social compact for growth, employment and equitable development and this social compact can create a stronger research and development agenda**. A key question is "How do we integrate community experience into decision-making and research understanding?" It is also relevant to find out how people experience CSR as delivered by large corporations.

Derick de Jongh (University of Pretoria) spoke on responsible leadership and how, despite a long history of leadership research, we still do not seem to be satisfied with current leadership. **Responsible leadership was defined as requiring critical reflection, practical wisdom, a globally inclusive mind set and moral courage**.

Wendy Poulton (Eskom) described Eskom's Corporate Social Investment programme which is run by the Eskom Development Foundation. The Eskom Factor Report covers the 'triple bottom line' of Economic, Environmental and Social factors and is based on the World Business Council for Sustainable Development's 'Measuring Impact' framework. **Since 2008 the Eskom Factor Report has received a B+ Global Reporting Initiative (GRI) declaration.**

Annie Snyman (Gold Fields) described how Gold Fields seeks to be a global leader in sustainable gold mining. Their methods include continuous engagement with stakeholders and publicising what has been achieved. Gold Fields has received recognition from many quarters for its Integrated Reporting, including a 95% King III compliance score in 2011. **The company seeks to create 'shared value' through policies and practices that enhance competitiveness while simultaneously advancing the economic and social conditions in the communities in which it operates.**

Linda Yanta (Sizwe Ntsalua Gobodo) spoke on the benefits and challenges of providing assurance on sustainability or integrated reporting. He pointed out how some spectacular corporate 'meltdowns' had begun to erode stakeholder confidence and this has led to less focus on financial indicators and more on values. **Trust and reputation have become the new value premium. The way forward needs a collaborative effort** by standard setters, stakeholders and boards, plus **development of an over-arching assurance framework** and approaches to support this.

Lastly, Eddie Majadibodu (National Union of Mineworkers) reminded the participants of the Reconstruction and Development Programme which began in 1994 and how much of this was based on sustainability principles. He described how the unions had engaged with the major mining houses and the pockets of success that gave rise to housing initiatives and efforts to eliminate hostels. **Majadibodu described CSR as an investment for labour productivity, economic growth and employment.**

APPENDIX 1: PROGRAMME & ABSTRACTS

22nd JANUARY 2013

08:00 – 08:30	Registration
09:00 – 09:05	Welcome and opening of the Seminar: Ms Thato Chabeli (Chairperson)
09:05 – 09:20	HSRC/DST Overview of Annual Programme Of Science Seminars: Dr Temba Masilela & Dr Sagren Moodley
09:20 – 09:30	SABS: Relationship between R&D and Standards: Dr Sadhvir Bissoon, SABS

Standards are a key source of sustainable development, as they are a key source of Technological know-how. The presentation looks at how invaluable standards are in helping countries to develop their economies and to build capacities to compete in global markets. In addition to building economic confidence, standards contribute at the environmental and social level, thereby helping to improve the lives of people everywhere. Standards can be seen as the embodiment of R&D outcomes, translating innovation into performance in products, services and management practices. This calls for new relationships within the research and standards generating communities.

SESSION 1: Business and organisations today face multi-dimensional responsibilities within their social and natural environments. Businesses want to portray themselves as socially responsible and they need to balance this against shareholder and financier interests. This is because stakeholders demand greater effort by organisations to address a range of sustainability issues, introducing new bottom-line results.

This session explores research work in this area of developing improved understanding, for multiple-stakeholders, of the issues and complexities in Corporate Social Responsibility.

This session also presents an overview of the experiences in international processes such as ISO 26000, where collaboration amongst experts from industry, consumer bodies, government, labour representatives, environmental groups, non-governmental organisations and others, developed global consensus on what business can do to concretely demonstrate socially responsible change in their business activities.

09:30 – 09:50	Corporate governance, business ethics and corporate responsibility as core elements of CSR: University of Stellenbosch: Mr Daniel Malan
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Corporate Social Responsibility (CSR) is an umbrella term that addresses the ways in which corporations respond to the expectations of multiple stakeholders about the broader impacts of corporations on society and the natural environment. A conceptual framework is presented that identifies six main components of CSR: understanding responsibility, taking responsibility, governing responsibility, managing responsibility, reporting on responsibility and regulating responsibility. Against this background, business ethics and corporate governance are discussed in more detail. The discussion on business ethics addresses the question whether organizations have moral obligations, and whether a moral approach to responsibility can be aligned with the non-moral risk-based approach that seems to be prevalent in the business community at the moment. It is argued that all organizations have moral responsibilities that they need to adhere to in order to provide them with a license to operate. The discussion on corporate governance is aimed at providing practical guidelines to directors and managers. A clear distinction is made between governance and management, with governance defined in such a way that the emphasis is on performance rather than compliance.

09:50 – 10:10 Promoting Societal Responsibility through Global Consensus: The role of ISO 26000: Standards Organisation (ISO): Mr Jonathan Hanks

“In May 2010, Danish Minister for Economic and Business Affairs Mr Brian Mikkelsen described ISO 26000 as a ‘milestone in the history of global cooperation.’ For its enthusiasts, the standard represents a ground-breaking experiment in multi-stakeholder governance and norm setting. For critics, ISO 26000 is a watershed in ISO’s trespass into areas of broad public policy concern.”⁷

This presentation will critically assess the potential role of ISO 26000 in fostering a common global understanding of the norms and standards that inform socially responsible behaviour. The presentation will briefly review the process involved in developing the standard, provide an overview of its objectives and core content, reflect on some of the key contentious debates, and share some thoughts on the potential value and risks associated with the standard. In doing so, it will identify three principal features that distinguish ISO 26000 from other voluntary initiatives on social responsibility, namely: its focus on describing the fundamental expectations of socially responsible behaviour; the breadth of the multi-stakeholder process associated with developing the standard; and the global reach of the ISO brand.

The aim of ISO 26000 is to encourage the implementation of best practice on social responsibility amongst all types of organisations, with the goal of promoting sustainable development. Arguably the most important part of the standard relates to its detailed guidance on the seven core subjects of social responsibility: human rights, organisational governance, labour practices, the environment, consumer issues, fair operating practices, and community involvement and development

The standard reflects the culmination of the largest multi-stakeholder negotiating process ever undertaken by ISO, involving the participation (over five years) of more than 450 experts and 210 observers from 99 countries, six stakeholder groups and 42 “liaison organizations”, including bodies such as the UN Global Compact, the Global Reporting Initiative (GRI), and various international business, trade union, NGO and civil society organisations. The negotiation process provided an extremely valuable opportunity for experts from different countries, cultures and stakeholder groups to develop deeper understanding and build consensus on what constitutes socially responsible behaviour across all cultures and regions. An important element in the multi-stakeholder process is the fact that it provided for double levels of consensus: firstly among the participating experts involved in drafting the document, and secondly among the 163 ISO member countries. The fact that the Final Draft International Standard passed both hurdles and secured 93% of the P-member votes in favour of the standard, across all regions, arguably suggests – as ISO Secretary General Rob Steele maintains – that ISO 26000 represents a “truly international consensus on what social responsibility means”.

ISO 26000 is seen to have particular relevance to South African organisations: the definition of corporate social responsibility provided in the King Code of Governance for South Africa (King III) comes directly from ISO 26000, and the standard provides clear guidance on the “international norms of behaviour” referred to in the King III definition.

10:10 – 10:30 Tea break

10:30 – 10:50 The Johannesburg Stock Exchange (JSE) and Sustainability: Ms Corlie le Roux: Head of SRI Index and Sustainability.

The JSE has for long leveraged its central role in the economy beyond simply expressing a view on why sustainability is important, driving adherence through multiple streams, across regulation, investment products, advocacy and its own internal sustainability framework. In 2013, renewed plans to expand the exchange’s work in sustainability are afoot, with increased disclosure and integrated reporting featuring prominently.

⁷ Ward H (2010) *The ISO 26000 international standard on social responsibility: implications for public policy and transnational democracy*

As a platform for businesses to raise capital and provide an avenue for the creation of tradable products, the exchange recognised early on that a purely reactive response to sustainability may render its own viability in jeopardy without businesses to list. The approach therefore straddles the external, i.e. influencing clients to exercise sustainable practices, and an internal strategy. Impetus is provided by exterior influences from environmental, political, economic and global patterns, as well as direct internal issues that could affect the organisation's continuity, such as concern about energy supply.

In May 2004, the JSE launched its flagship sustainability product, the Socially Responsible Investment (SRI) Index, aimed at influencing company behaviour, recognising that sustainable business can be optimised by corporates and investors through management of external factors and the integration of these into business strategy. It was a pioneering initiative as the first such index to be owned by an exchange and the first of its kind in emerging markets.

Ultimately the Index aims to encourage and recognise companies incorporating sustainability risk management into their business strategies, and to facilitate responsible investment.

The screening criteria are globally aligned and locally relevant, incorporating SA specific issues such as HIV/AIDS and Black Economic Empowerment (BEE). Structured to cover the triple bottom lines of environmental, social and economic issues, all founded in governance, the criteria are broad-based and evolve over time.

Through the SRI Index the JSE also engages with investors who are increasingly working to incorporate sustainability considerations into investment decision-making. The exchange's collaboration with the country's largest pension fund, the Government Employees Pension Fund (GEPF) since 2008 has been groundbreaking in promoting this agenda amongst investors. The JSE is also active in the global sustainability debate as a signatory to the UN-backed Principles for Responsible Investment (UNPRI) – a global investor initiative which encourages consideration of environment, society and governance (ESG) in investment decisions – and also as a founding supporter of the Sustainable Stock Exchanges initiative, which culminated in the 2012 commitment in Rio de Janeiro by five global exchanges to work with companies, investors and regulators to promote greater transparency in sustainability.

The index has come a long way since the early days when sustainability issues were still nascent. The total of 76 companies in the 2012 index, the highest number to date, coupled with the extent of engagements that take place, attest to the fact that the call for more sustainable business and investment is being heard, and the JSE is committed to charting a path to evolve its work on sustainability significantly over the next number of years.

10:50 – 11:05 Respondent: Department of Science and Technology: Deputy Director-General: Mr Imraan Patel

Mr Patel will respond in the context of government interests in this area, particularly as this relates to R&D programmes in the Social Sciences and Humanities field as well as in the context of broader government development priorities.

11:05 – 11:50 Q and A session

11:50 – 12:50 Lunch

SESSION 2: There are increasing pressures for private and public enterprises to report on the impact of their activities. Knowledge transfer from research findings to development and application of norms and standards within businesses must generate a feed-back loop that further fuels research and new knowledge. This session examines practice-oriented

concepts for identifying, implementing and maintaining principles and policies of socially responsible and sustainable business practices.

12:50 – 13:10 Responsible Leadership: Pushing the boundaries of classic Leadership Theory: University of Pretoria: Dr Derick de Jongh

Leadership theory has a comprehensive history. The past 100 years have seen significant contribution from scholars and practitioners in the field of leadership theory, the practice of leadership and leadership development. One can therefore argue that leadership as a theory and the practice thereof is well understood and that we can accept that the world offers many examples of great leaders and in fact, the state of the world today is the result of the actions of such great leaders. Yet, it is glaringly obvious and deeply sad that the state of the world today is unfortunately not something we can be proud of. It might therefore just be that the very leaders, whether they are from the public, private or civil society are to be blamed. The question begging to be answered is therefore why leadership theory, the practice of leadership and how we have developed leaders have so dismally failed us.

This short presentation states a case for an alternative look into the theory of leadership and also the practice thereof. Some suggestions will be given on the emerging theory of responsible leadership as well as some scholarly evidence on how the theory of leadership is changing.

The presentation therefore argues for a deliberate critical pushing of leadership boundaries that is crucial if one considers the state of the world today.

13:10 – 13:30 Gold fields: The Journey. Ms Annie Snyman

Gold Fields Limited ("Gold Fields") is a global gold mining company, headquartered in Johannesburg and has been in existence for more than 125 years. It has sales of ZAR49.5 billion (approximately \$5.9 billion) and annual attributable production of 3.47 million ounces (Moz) for the last 12 months ended in 30 June 2012. Gold Fields is currently the fourth-largest producer in the world.

The group operates eight mines on three continents; three mines in South Africa, two in Ghana, two in Australia and a gold/copper mine in Peru. The group is 100% publicly listed on the Johannesburg, New York, Dubai, Zurich and the Brussels stock exchanges. Following a portfolio review, the company announced in November 2012 that the group will spin-off its fully owned Gold Fields South Africa subsidiary into Sibanye Gold - creating two proudly South African Gold Mining companies. Gold Fields' vision is "To be the global leader in sustainable gold mining".

The company continually measures its overall CSR/sustainability performance in support of its vision and it was, amongst other accolades, a top performer on the Dow Jones Sustainability Index in 2011, and achieved the 4th highest position out of the 'universe' of 108 global mining firms amongst the 2,500 global companies surveyed.

The focus of the presentation will be on how Gold Fields shaped its corporate social responsibility and related sustainability journey to incorporate and address the changing needs of multi-stakeholders including investors, shareholders, governments, communities, employees, labour unions, suppliers, non-governmental organisations, rating agencies and financiers.

We will also share the challenges encountered during this journey and how we plan to continuously improve engaging and/or serving our stakeholders.

13:30 – 13:50 Eskom and Corporate Social Responsibility: Ms Wendy Poulton: Eskom: General Manager: Organisational Strategy

Eskom's overall impact on South Africa is significant. Electricity has been a driver of our country's development over the past century and will continue to be a key enabler for economic growth and job creation. As a state-owned company Eskom impacts the lives of South Africans on a daily basis.

Eskom has for many years had an active programme on Corporate Social Responsibility and reporting on our activities and progress. Eskom has also been a signatory to the United Nations Global Compact since its inception and is active in many national and international bodies which share best practice and promote continual improvement. This presentation will give an overview of Eskom's activities in this area and some of the major achievements and challenges.

13:50 – 14:10 **Benefits and challenges of providing assurance on sustainability or integrated reporting: Sizwe Ntsalua Gobodo: Mr Linda Yanta: Director – Corporate Governance Services**

Corporate and organizational reporting continues to evolve but the stewardship role is at the heart of director and management accountability, that is, the duty to account to stakeholders on the performance and prospects of the organization. We have seen the credibility of business in different parts of the world being adversely affected a number of times in the last decade. First we had the Enron led meltdown in the early 2000's and then more recently the global financial crises. Around the same timelines sustainability matters were becoming prominent; How organisations impacted their local environment and conducted themselves added to stakeholder concerns. With stakeholders in an unforgiving mood , trust and reputation quickly became the new currency for value and were at a premium. We have, as a result, seen governance, ethical conduct, risk management, stakeholder engagement and now sustainability and integrated reporting take centre stage. Reporting on these aspects of business has become the key response by directors and management to candidly disclose to stakeholders and account for all material aspects of an organization's performance and prospects. As sustainability and integrated reporting become mainstream, the perception of what constitutes a valuable organisation is changing. Key to this is the validity of the organisation's reporting and hence a new focus on the benefits of assurance- verifying the claims of the organisation.

14:10 – 14:25 **Respondent: NUM Chief Negotiator: Mr Eddie Majadibodu Corporate Social Responsibility as an investment for labour productivity, economic growth and employment.**

The presentation will highlight the importance of companies changing their perspective on corporate social responsibility from a compliance matter to an investment opportunity, investing in people. Drawing from experiences in Labour Unions in the mining sector, the focus will be on the impacts that this has in motivating workers and surrounding communities.

14:25 – 15:10 **Q and A session**

15:10 – 15:30 **Rapporteur: Professor John Seager**

15:30 – 15: 40 **Note of appreciation and closure: Marjorie Pyoos**

APPENDIX 2: BIOGRAPHIES

Dr Sadvir Bissoon

Dr Sadvir Bissoon (Executive : Standards, SABS). Dr Bissoon has a doctoral degree in Biotechnology specialising in enzyme technology in the Pulp and Paper Industry. He lectured at the University of Westville (UKZN) from 2001-2003 and decided to broaden his horizons by joining the SABS team in 2003. Since then he has held numerous positions within the organization including R&D in the Standards Division, Sales and Marketing in the Commercial Division and Business Strategy in Corporate Services. In 2012 he was appointed Executive of the Standards Division.

Prof Derick De Jongh

Derick occupied various positions in the field of Human Resources ranging from specialized HR to acting as Group HR manager for a major bank in SA. Early in 2000, he was appointed as General Manager: Group Strategy at a bank in SA focusing on the positioning of the Bank in the emerging market of SA.

Derick completed his Doctorate in Commerce through the University of Pretoria in July 2003. The title of his dissertation was: Indicators of Corporate Social Performance in South Africa.

He joined the University of South Africa in September 2002 as the founding Director of the Centre for Corporate Citizenship (CCC) in the College of Economic and Management Sciences. The CCC has established several local and international partnerships in furthering the corporate citizenship debate through educational and research interventions. The CCC is recognized locally, on the African continent and internationally as thought leaders in the field of corporate citizenship.

Derick joined the University of Pretoria in February 2009 as the Director of the Albert Luthuli Centre for Responsible Leadership (ALCRL). The vision of the CRL is "Leaders for Good". The mission of the Centre is To facilitate the development of a generation of responsible leaders that are committed to social and environmental justice.

The ALCRL is conducting local and international research and provides post-graduate education in the fields of responsible leadership, ethics, corporate governance and business and biodiversity to name a few.

Derick was appointed on the editorial boards of the International Journal of Corporate Citizenship, the Journal for Innovation and Sustainable Development, The Journal of Global Responsible Leadership and the Sustainability Accounting and Management Journal. He is also a member of the JSE Securities Exchange SRI Advisory Committee, member of the Sustainable Futures Advisory Committee at the National Business Initiative, member of Council of the Vega School for Brand Communications, member of the Panel of Judges for the annual Marketing Excellence Awards in SA and a member of the KING III Integrated Sustainability Reporting Sub-committee and the SA Integrated Reporting Framework Working Group. Derick is also part of an International Task Team chaired by the European Foundation for Management Development and the UN Global Compact on developing a new generation of globally responsible leaders – the GRLI. Derick is also a founding member of the Global Network on Corporate Citizenship, with the vision to advance Responsible Business Practice through global education and research. Derick is also a founding member of the 50+20 Project: Management education for the World. This international project aims to advance a new vision of management education for the world.

Derick was nominated on the MTN CEO Leadership Council in October 2010 – a group of 24 South African CEOs focusing on mentoring the next generation of SA leaders.

Derick has lectured internationally and presented many papers in the field of corporate citizenship and responsible leadership locally and internationally.

Mr Jonathon Hanks

Jonathon is Managing Director of Incite Sustainability (www.incite.co.za) a consultancy and advocacy group that advises many of South Africa's leading companies on sustainability strategy and related

issues. He has almost twenty years of experience working with companies, NGOs and government departments throughout the region. Jonathon was convenor of the ISO 26000 Integrated Drafting Task Force, and chaired the multi-stakeholder negotiations involved in drafting the international guidance standard. He is currently involved in the global move towards integrated reporting.

Ms Corli Le Roux

Corli Le Roux is the Head of SRI Index and Sustainability, Johannesburg Stock Exchange (JSE). Corli joined the Johannesburg Stock Exchange's Legal Counsel and Strategy Division in August 2001 following four years as legal advisor to SAFEX (The South African Futures Exchange).

Over the years, Corli's responsibilities have expanded into various strategic arenas, and as a result she has since 2002 been responsible for the development and operation of the JSE's Socially Responsible Investment (SRI) Index, a pioneering initiative through which the JSE has been providing critical thought leadership around sustainability and responsible investment. Since February 2012, Corli has moved into the Strategy and Public Policy Division of the JSE, from where she oversees the SRI Index and the development of a strategic sustainability framework for the JSE.

Corli has authored articles in various local and international publications, and speaks locally and globally regarding responsible investment, the SRI Index and its development, and sustainability concerns generally. She represents the JSE on various committees, including the Institute of Directors' Sustainable Development Forum, the Integrated Sustainability Task Team for the Third King Report on Corporate Governance 2009, the Integrated Reporting Committee of South Africa as well as its working group. During 2011 she was a finalist for South Africa's Most Influential Women in Business and Government Awards 2011/2012.

Corli holds legal degrees from the Rand Afrikaans University (now the University of Johannesburg), as well as an International Capital Markets Qualification from the London Securities Institute. She is married to Francois and they have two daughters.

Mr Daniel Malan

Daniel Malan is a Senior Lecturer in Ethics and Governance at the University of Stellenbosch Business School (USB) and Director of the Centre for Corporate Governance in Africa at the USB. His focus areas are corporate governance, business ethics and corporate responsibility. He is a member of the following initiatives: the World Economic Forum's Global Agenda Council on Values, the International Corporate Governance Network's Integrated Business Reporting Committee and the Anti-Corruption Working Group of the United Nations Principles for Responsible Management Education (PRME). Previously he was an associate director with KPMG Forensic, where he was responsible for ethics and integrity services. His educational qualifications include a Masters degree in Philosophy as well as a Masters degree in Business Administration (MBA), both from the University of Stellenbosch in South Africa.

Mr. Edward Majadibodu

Eddie Majadibodu is a Chief Negotiator of the National Union of Mineworkers (NUM). He has led negotiations with mining companies such as Impala Platinum Mines, Kumba Resources Limited and Exxaro Coal (Pty) Limited. Eddie has over twenty years technical working experience in the mining sector and has experienced personal growth at the highest levels of policy making. He has worked with government as a member of the Human Resource Development Council of South Africa and more recently he has been appointed as a member of the HSRC Advisory Committee on Labour Market Intelligence. He is also currently the Chairperson of the National Skills Authority that advises the Minister of Higher education and Training on skills development matters.

Imraan Patel

Employed since 2006 at the South African Department of Science and Technology, he currently holds the position of Deputy Director-General: Socio-Economic Partnerships and represents the department on the social and economic clusters of government, the advisory committee for the Green Fund, the steering committee of the Employment Creation Fund.

At the DST, he is responsible for strategically driving a portfolio of investments and policies that support social and economic development through science and technology.

Areas of focus include Information and Communications Technologies, Sector Development, Climate Change and Biodiversity, Environmental Goods and Services, Advanced Manufacturing, Mining and minerals beneficiation, and Innovation for Poverty Alleviation.

Ms Wendy Poulton

Wendy Poulton joined Eskom in 1988 before previously working for Buckman Laboratories, South Africa. She has over 25 years of experience in the fields of microbiology, environment, sustainable development, climate change, RD&D and strategy. She is currently General Manager Organisational Strategy and is responsible for the strategy development process for Eskom. She has presented and published over 45 external papers in energy related issues and has received the World Business Council for Sustainable Development's "Order of outstanding contributor to Sustainable Development". Ms Poulton holds a Master of Science degree. Ms Poulton's current associations include: Vice-Chair of the International Chamber of Commerce's Energy and Environment Commission and Member of the Council of the South African Bureau of Standards since 2006.

Ms Marjorie Pyoos

Marjorie is responsible for the activities at the South African Bureau of Standards that involve 'sustainability' issues. These include new testing and certification programmes for promoting energy efficiency as well as promoting management standards. She has been responsible for establishing the collaboration between the SABS, the DST and HSRC for this seminar on Corporate Social Responsibility, particularly as it relates to the ISO 26000 standard. Marjorie is a former Deputy Director-General from the Department of Science and Technology.

Professor John Seager

Professor John Seager is a freelance research consultant with 30 years public health research experience in Africa. His research has covered AIDS and development, tuberculosis, diabetes care, urban health systems, and social determinants of health. He holds a BSc (Hons) in Zoology and a PhD in Ecology and Population Dynamics at the University of Wales and has completed advanced training in Epidemiology and Public Health in the US, UK and South Africa.

He is an Extraordinary Professor in the School of Public Health and a Mellon Senior Scholar at the University of the Western Cape where he is responsible for the mentoring of academic staff working towards PhDs and publications. Prof. Seager is also an Extraordinary Professor at the University of Stellenbosch, where he is a member of the Transdisciplinary Sustainability Analysis Modelling and Assessment Hub.

His main research interest is social determinants of health among the poor in developing countries. Recent work includes health systems evaluation, HIV and AIDS, homeless populations and social aspects of climate change.

Prof. Seager serves on the editorial advisory board of Development Southern Africa and is a reviewer for local and international journals. His publication record spans the authoring and co-authoring of more than 60 journal articles, 50 research reports and 100 presentations at scientific meetings.

Ms Annie Snyman

Annie is a Vice-President and Group Consultant: Sustainable Development at Gold Fields Limited, currently the fourth largest global gold mining company. She is part of the Group Sustainable Development team and is based at the company's Head Office in Sandton. Her focus is on ensuring that the Sustainable Development strategy supports the Gold Fields strategy and facilitates the execution of the Sustainable Development strategy.

She has more than 25 years consulting and other work experience and has managed various multi-disciplinary projects across the globe in Mining and Resources, Aviation, Health, Financial Services, ITC, Public Sector and Utilities. Her key experience areas include strategy development and execution,

sustainable development, talent management and organisational optimisation. She has worked at, among others, Anglo American, Booz Allen Hamilton, MAC Consulting and Deloitte Consulting. She holds a BCom Honours degree, various qualifications in productivity management and is currently busy with a Masters in Development Finance.

Mr Linda Yanta

Linda joined SizweNtsalubaGobodo in May 2012 as a Director in Corporate Governance Services. His experience is varied and includes 12 years of financial management, 11 years of heading a significant internal audit function and a year of independent consulting. He served his articles with Deloitte.

Linda's financial management experience spans organisations such as Unilever, National Sorghum Breweries, Transnet and Eskom. During these 12 years he was involved in project accounting, factory management accounting, financial analysis, general financial management, commercial management and leadership of a finance function.

The 11 years that Linda has spent as the head of Internal Audit at Eskom exposed him to the following:

- Assurance leadership in a complex and high profile organization.
- Leadership and responsibility for varied activities including sustainability assurance, IT audits, energy savings measurement and verification, technical/engineering assurance, quality assurance and forensic activity.

Linda is also a past President of the Institute of Internal Auditors in South Africa and currently serves as a director on both the SA and Global Institute's board. He is also a member of the Global Institute's Committee for Research and Education. Linda is also a former Chairman of the Audit Committee at the Department of Trade and Industry.

*Corporate Social Responsibility & Multi-Stakeholder Engagements
DST-SABS-HSRC Science Seminar 22 January 2013*

APPENDIX 3: ATTENDANCE

No.	Title	Initials	Surname	JobTitle	Department	Organisation	Tel	Cell	E-mail
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8	Prof	Derick	De Jongh	Director	Albert Luthuli Centre for Responsible Leadership (ALCRL)	University of Pretoria	083 630 0129	012 420 3386	derick.dejongh@up.ac.za
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*Corporate Social Responsibility & Multi-Stakeholder Engagements
DST-SABS-HSRC Science Seminar 22 January 2013*

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*Corporate Social Responsibility & Multi-Stakeholder Engagements
DST-SABS-HSRC Science Seminar 22 January 2013*

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44	Ms	Carolina	Roscigno		RIA	HSRC			Carolina Roscigno <croscigno@hsrc.ac.za>
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*Corporate Social Responsibility & Multi-Stakeholder Engagements
DST-SABS-HSRC Science Seminar 22 January 2013*

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57	Dr	Geoff	Visser	Research Fellow		SABS	012 428 6002	083 631 8930	geoff.visser@sabs.co.za
58	Mr	Linda	Yanta	Director	Corporate Governance Services	Sizwe Ntsaluba Gobodo	082 805 5440	Tel: (011) 718 8600	linday@sng.za.com
59	Mrs	Michelle	Yorke	Managing Director	CSI Solutions	CSI Solutions			

APPENDIX 4: PRESENTATIONS



SABS

Standardisation for Sustainable Development
 Importance of R&D and Innovation

Dr S. Bissoon



A Changing World.....



SABS



Standards Support Innovation
 Research to production



«Standards codify research that is promulgated through consensus which can then be used to **accelerate the innovation process**»
 - Ken Wheatley – Senior Vice President and Chief Security Officer, Sony Electronics, Inc.

SABS



The new reality?



SABS



Who is involved?



ISO 26000 – Social Responsibility.....



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IN AFRICA

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IN AFRICA

Business ethics and corporate governance as core elements of corporate social responsibility

Daniel Malan
Director: Centre for Corporate Governance in Africa

DST Science Seminar
CSIR Conference Centre
22 January 2013

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IN AFRICA

The Social Responsibility of Business is to Increase its Profits

"Those businessmen who argue that business has responsibilities to provide employment, eliminate discrimination and avoid pollution are preaching pure and unadulterated socialism"

Milton Friedman, The New York Times Magazine, September 13, 1970

"We cannot and must not expect formal organizations, or their representatives acting in their official capacities, to be honest, courageous, considerate, sympathetic, or to have any kind of moral integrity. Such concepts are not in the vocabulary, so to speak, of the organizational language game"

John Ladd, quoted in Goodpaster and Matthews (1982: 133)

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IN AFRICA

Corporate Social Responsibility

- "The belief ... that modern businesses have responsibilities to society that extend beyond their obligations to shareholders and investors". CSR "encompasses the economic, legal, ethical and discretionary / philanthropic expectations that society has of organizations at a given point in time"

Archie Carroll, quoted in Vesser, W., Matten, D., PoH, M. and Tolhurst, N. (2007). *The A to Z of Corporate Social Responsibility*. London: John Wiley & Sons Ltd

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Porter's "Big Idea"

- "The solution lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges"
- "Our recognition of the transformative power of shared value is still in its genesis"

Porter & Kramer, Creating Shared Value, HBR, Jan / Feb 2011

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Decisions

Business Case Moral Case	Ethics of conviction Ethics of responsibility
Mandatory standards Voluntary standards	
Internal management reports External stakeholder reports	Direct, Control Plan, Organize, Staff

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Strategic CSR

"It may well be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. That may make it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects"

Milton Friedman, The New York Times Magazine, September 13, 1970

"Done badly, [CSR] is often just a fig leaf and can be positively harmful. Done well, though, it is not some separate activity that companies do on the side, a corner of corporate life reserved for virtue: it is just good business"

The Economist: A special report on corporate social responsibility, January 2008, p. 3


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CENTRE FOR CORPORATE GOVERNANCE IN AFRICA

Selected stakeholders

Responsible management educators Civil society	Leadership (CEO, chairman) Employees
Legislators (Mandatory) NGOs, multilateral organizations (Voluntary)	
Sustainable Development team EHS team Integrated reporting team	Board (Social & Ethics Committee) Management (Ethics Officer) Investors, suppliers, customers, trade unions

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The intention of the campaign is not to talk about ourselves, but rather to be a brand for betterment by providing the youth of our country with a **stage to voice what impacts the daily reality of many South Africans** through the lens of our brand's core positioning of 'Help', says Bernice Samuels, FNB Chief Marketing Officer.

"The African National Congress is appalled by First National Bank (FNB) advertisements in which the ANC, its leadership and government, is under attack on a **commercial masqueraded as youth views**," said spokesperson Jackson Mthembu.

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CENTRE FOR CORPORATE GOVERNANCE IN AFRICA

The learning board basic framework

Accountability To the company To owners To regulators and legislators To other stakeholders Ensuring directoral audits	Policy formulation Stating purpose Creating vision and values Developing corporate climate and culture Monitoring external environment
<div style="border: 2px solid gray; border-radius: 50%; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> B B B B </div> <p style="text-align: center; margin: 0;">Business Brain</p>	
Supervising management Overseeing management performance Monitoring budgetary control Reviewing key business results Assessing organisational capability	Strategic Thinking Positioning in changing markets Setting corporate direction Reviewing and deciding key resources Deciding implementation process
Shortterm	Longterm

Source: Bob Garratt (Thin on Top)

USB
University of Stellenbosch Business School

CENTRE FOR CORPORATE GOVERNANCE IN AFRICA

Dimensions of Corporate Responsibility

Understanding	Taking
Regulating	
Reporting	Governing Managing

USB
University of Stellenbosch Business School

CENTRE FOR CORPORATE GOVERNANCE IN AFRICA

A possible way forward

- CSR must disappear
- Raise the bar in terms of mandatory standards
- Refine and adapt voluntary standards
- Encourage innovation to gain competitive advantage
- Acknowledge that values change
- "Any employee who is in the habit of smoking Spanish cigars, getting shaved at a barber's shop, going to dances and other such places of amusement will surely give his employer reason to be suspicious of his integrity and around honesty"
- A new social contract / covenant

USB
University of Stellenbosch Business School



Promoting Societal Responsibility through Global Consensus
The role of ISO 26000

Jonathon Hanks
Incite Sustainability (www.incite.co.za)

"In May 2010, Danish Minister for Economic and Business Affairs Mr Brian Mikkelsen described ISO 26000 as a 'milestone in the history of global cooperation.' For its enthusiasts, the standard represents a ground-breaking experiment in multi-stakeholder governance and norm setting. For critics, ISO 26000 is a watershed in ISO's trespass into areas of broad public policy concern."

Halina Ward, IIED



Numerous (corporate) social responsibility initiatives



ISO 26000 – Overview



- An ISO standard providing guidance
- Not intended for third-party certification
- Applies to all types of organizations (not just business)
- Addresses a full range of core subjects relating to environmental, social and governance (ESG) issues - aimed at promoting sustainable development
- It plays a critical role in identifying "international norms of behaviour"



Corporate social responsibility (CSR)



"The responsibility of the company for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- contributes to **sustainable development**, including health and the welfare of society;
- takes into account the legitimate interests and **expectations of stakeholders**;
- is in compliance with applicable law and consistent with **international norms of behaviour**; and
- is **integrated** throughout the company and practiced in its relationships."

KING CODE OF GOVERNANCE FOR SOUTH AFRICA 2009



ISO 26000 – Overview



This International Standard provides guidance to all types of organizations, regardless of their size or location, on:

- **concepts, terms and definitions** related to social responsibility (Clause 2)
- **the background, trends and characteristics** of social responsibility (Clause 3)
- **principles and practices** relating to social responsibility (Clause 4)
- identifying and **engaging with stakeholders** (Clause 5)
- **the core subjects and issues** of social responsibility (Clause 6)
- **integrating, implementing and promoting socially responsible behaviour** throughout the organization and its sphere of influence (Clause 7)



Clause 6: The social responsibility core subjects



ISO 26000 – Clause 6

6. Guidance on SR core subjects

- 1 Organisational governance
- 2 Human rights
- 3 Labour practices
- 4 Environment
- 5 Fair operating practices
- 6 Consumer issues
- 7 Community involvement and development

The issues of social responsibility

Core subject: Labour Practices
Issue 1: Employment and employment relationships
Issue 2: Conditions of work and social protection
Issue 3: Social dialogue
Issue 4: Health and safety at work
Issue 5: Human development and training in the workplace



ISO 26000 – Process overview



The ISO 26000 drafting process - some unique features

- Developed in a multi-stakeholder process, with 450+ experts
- Experts from 99 countries representing six stakeholder groups:
 - Industry
 - Labour
 - Consumers
 - NGO
 - Governments
 - SSRO (Service, Support, Research, Others)
- Experts from more than 40 Liaison organizations, including many leading organizations involved in sustainable development issues
- Implementation of a "twinning process" involving leadership partnerships between developed and developing countries
- Memorandums of Understanding with the ILO, UNGC and OECD
- Capacity building: efforts to get developing countries involved with training sessions in different regions
- Consensus decision-making process in drafting the standard



ISO 26000 – High stakes?



EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

Minister Ewa Björling
Minister for Trade
Ministry of Foreign Affairs
S-103 39 Stockholm
Sweden

OCT 27 2008

Dear Minister Björling:

we have serious concerns about the far-reaching content of ISO 26000.



ISO 26000 – Implementation examples



Integrating ISO 26000 guidance in investment decisions

Informing an asset manager's ownership policy

- A large South African asset management company and global investor has recently developed a **global governance and voting policy**
- The policy includes a comprehensive set of expectations relating to how the companies they invest in should operate in response to global societal challenges
- These investment expectations have been explicitly informed by the guidance provided in ISO 26000



ISO 26000 – The voting

Despite all the politics the vote goes through and the standard is published on 1 November 2010

Result of voting
<p>P-Members voting: 66 in favour out of 71 = 93 % (requirement >= 66.66%) (P-Members having abstained are not counted in this vote.)</p>
<p>Member bodies voting: 5 negative votes out of 77 = 6 % (requirement <= 25%)</p>
<p>Approved</p>

Voting

- No:** Cuba, India, Luxembourg, Turkey, USA
- Abstained:** Algeria, Australia, Austria, Bangladesh, Germany, Hungary, Iceland, Iran, New Zealand, Yugoslavia, Vietnam



ISO 26000 – A significant opportunity



Opportunities

- Significant global reach of ISO brand
- Innovative & extensive multi-stakeholder process
- Double levels of consensus: firstly among the participating experts and secondly among ISO countries
- Significance in identifying fundamental norms and expectations of SR behaviour
- Emphasises importance of integrating in strategy and sphere of influence

Challenges

- The intent of ISO 26000 being misunderstood
- ISO 26000 not being used appropriately
- Perpetuating some common misunderstandings about (C)SR
 - Terminology problem - is CSR a loaded term?
 - Not being seen as integral to core strategy
 - Danger that confuses incremental change with real transformation



ISO 26000 – Implementation examples



Using ISO 26000 to provide guidance for SMEs

ISO 26000 and a South African SME

- The implications of ISO 26000 for a developing country SME were recently tested in an **MBA case study**, using a textile company in South Africa
- The company's management found that all of the seven core subjects and almost of all the 36 associated issues were **relevant for its activities**
- Very few of ISO 26000's recommended actions and expectations were seen as not relevant and almost all of those elements not yet being implemented were seen as **valuable guidance to follow**.



A business leader that "gets" sustainability (real CSR)

"Success will require completely new business models.

It will demand **transformational innovation in product and process technologies...**

Interestingly too, the challenge is likely to encourage a much **more collaborative form of capitalism.**"

Paul Polman, CEO Unilever (2010)



SUSTAINABLE LIVING PLAN



ISO 26000 – Implementation examples



Integrating ISO 26000 guidance in governance requirements

King III Code of Governance

- Application of the Code is a listing requirement for companies on the Johannesburg Stock Exchange (JSE) on an apply or explain basis
- King III makes **explicit reference to ISO 26000**, and uses the ISO definition of social responsibility when defining CSR
- King III calls for integrated reporting. The guidance document on integrated reporting includes reference to ISO 26000 as a reference for identifying material issues



King III and ISO 26000

The King Code and Report on Governance for South Africa 2009 (King III) is recognized internationally as one of the most progressive corporate governance codes, in part because of its strong focus on promoting sustainability and social responsibility.

The Code, which came into effect on 1 March 2010, sets out a number of key governance principles along with best practice recommendations on how to carry out each principle. Application of King III is a listing requirement for companies on the Johannesburg Stock Exchange (JSE) in an "apply or explain" approach.

King III makes reference to a number of voluntary international standards on sustainability and social responsibility, including ISO 26000 and the Global Reporting Initiative (GRI). Many of the principles that inform the ISO 26000 standard appear in the King III guidance.

An important aspect of King III is its recommendation that all organizations produce an Integrated Report in place of an annual financial report and sustainability report. Listed companies are required to issue an integrated report for financial years starting on or after 1 March 2010, or to explain why they are not doing so.

On 24 January 2011, the world's first guidance document on integrated reporting was published as part of the King III process (www.sustainablejse.org). This guidance document includes specific reference to ISO 26000, citing it as a useful reference source for assisting organizations in identifying their most material issues.



Stock exchanges on the tightrope

Corli le Roux, Head of SRI Index and Sustainability
DST Science Seminar, 22 January 2013



Introduction

"The Global Financial Crisis has focused for many of us the need to rethink ... to what end we use our human organisations – private, public and nonprofit. One can see a distinct change of mindset occurring where the previous notions of economic rationality, the paramountcy of quantification and the automatic balancing of free markets are beginning to have to take into account human irrationality, behavioural economics and emotional sensitivity, and more pragmatic approaches to the asymmetric nature of market intelligence."

Prof Bob Garrat,
Chairperson, Unit for Corporate Governance in Africa,
University of Stellenbosch Business School,
in Carrots and Sticks, 2010

The context: Business is changing

- Relationships are different and broader
- Growth is limited
- Risk management is more extensive
- Job silos are crumbling
- Impacts policies, management and disclosure practices
- The objective: creating shared value



The context (2): Proliferation of terms and tools




The context (3): Investment must change

- Traditional focus on financial return, short-term result = inefficient, inadequate
- Whose money is it anyway?
 - Democratisation of ownership
 - Natural long-term inclination
 - Fiduciary duty to ensure sustainable value of investments
- Company issues become investor issues

The challenge: Stock exchanges on the tightrope

- Central player in local economy, global reach
- Sustainability is multifaceted, requires balancing various pressures (two quick examples)



The JSE response: An integrated approach



The JSE business response: Carrot or stick?

- JSE follows hybrid approach to promoting corporate behaviour change
 - Complementary
 - Facilitates engagement
 - Commitment vs compliance
 - Fosters innovation beyond compliance tickbox



External focus

- Areas of Involvement
 - Regulation – Listing requirements
 - ✓ Mandatory
 - ✓ King III apply or explain – now includes integrated reporting
 - Investment tools
 - ✓ SRI Index Series
 - ✓ Customised and focused products
 - Advocacy, commitment and collaboration
 - ✓ Panels, committees
 - ✓ Commitments: PRI signatory, Sustainable Stock Exchanges
 - ✓ Partnering with Government Employees Pension Fund of South Africa

SRI Index (4): Sector performance

- Strong sectors
 - Mining, banks, general industrials
 - Life insurance, industrial metals, mobile comms, construction
- Growth sectors
 - Retail, food producers & processors, health
- Lagging sectors
 - Media
 - Property (legal structure constraints)

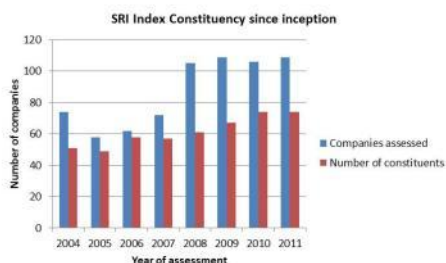
The JSE SRI Index

- Flagship sustainability initiative, entry point for corporate engagement
- Pioneering initiative launched in 2004
 - First for an exchange and an emerging market context
 - Positive and aspirational, no exclusions
- Criteria
 - Aligned to global standards, customised for local relevance
 - Developmental and incremental
 - Covers triple bottom line (environmental, social and economic sustainability) and governance
 - Focus criteria for climate change since 2010

SRI Index (5): Value proposition

- Channel between responsible investors and companies
- Helps companies along the path of sustainability
 - Increased accountability
 - Increased transparency
 - Closes the loop between global standards and local imperatives
 - Broadened engagement

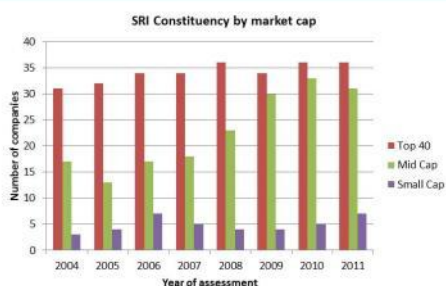
SRI Index (2): Current statistics



SRI Index (6): Quo vadis?

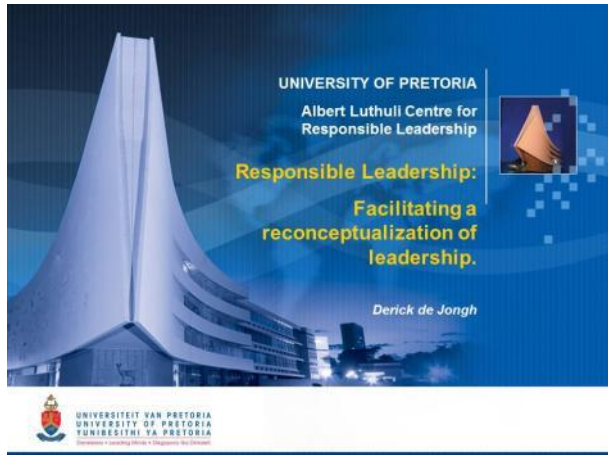
- Index evolving significantly over the next 3-5 years
- Future focus areas towards –
 - Continuing thought leadership role
 - Encouraging expanded disclosure by companies (with focus on materiality and integration)
 - Facilitating access to investment-grade data
 - Enabling interaction
- Integration of efforts with JSE sustainability strategy

SRI Index (3): Performance by market cap



Conclusion: the future – a new era...

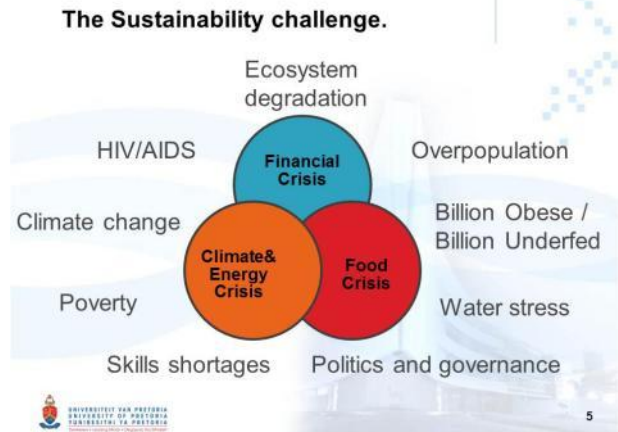
- Growing mainstreaming of ESG integration
- Emerging new generation of investors
- Leaving a legacy
- BUT**
- The challenge is
 - Personal to each one of us within our sphere of influence
 - Immediate to the here and now
- JSE committed to the journey



UNIVERSITY OF PRETORIA
Albert Luthuli Centre for Responsible Leadership

**Responsible Leadership:
Facilitating a
reconceptualization of
leadership.**

Derick de Jongh




"There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits."

Milton Friedman, 1970

- ### Responsible leadership
- Leadership can no longer ignore these issues as peripheral.
 - They are increasingly perceived as part of the responsibility of organisations across all sectors and levels in society.
 - Society increasingly expects these organisations to step up to these challenges and address them.
 - These organisations form part of a interdependent societal network.
 - Organisations that fail to address societal expectations suffer a challenge to their legitimacy, often their license to operate and ultimately their sustainability.
 - The 2012 mining strikes have shown conclusively that this is the reality that organisations across all sectors will face.

- ### Traditional Leadership Theories
- Over the past century a lot of work has been done to try and define the kind of leadership that we need and how we can create effective leaders.
 - Theory has been developed that focuses on:
 - the leader(s) themselves;
 - the traits of effective leaders (Great Man Theory)
 - the behaviour of effective leaders
 - the fact that leadership is situational
 - The current research suggests that these models have failed in developing or finding the leaders that we need and as such has forced us to rethink:
 - a. How we define effective leadership;
 - b. Whether the focus should still be on the leaders themselves.

- ### The nature of these societal networks.
- These networks have all the characteristics of a complex adaptive system.
 - **What is a complex adaptive system?**
 - "...a network of heterogeneous components that interact non-linearly, to give rise to emergent behaviour." (Rocha, 1999)
 - What does this mean?
 - multiple **different agents** (communities, corporations, government);
 - **interactions** between these agents are **rich** – a corporation is **influenced by various other networks and agents**;
 - **Interactions are non-linear** – **small causes** can have **large results**;
 - **Adaptive capacity** – system is in constant change;
 - **Self organising** – structure of network is naturally emergent.

The contemporary view of 'responsibility'



"...there is no more strategic issue for any organization, than its ultimate purpose. For those who think business exists to make a profit, I suggest they think again. Business makes a profit to exist. Surely it must exist for some higher, nobler purpose than that."

Ray Anderson
Former CEO,
Interface Carpets

- ### What are the implications for how we think about leadership?
- Organisations needs to acknowledge the fact that it is located in a interdependent relationships and that they need to:
 - **Learn to effectively engage** with stakeholders;
 - find ways to **incorporate valid stakeholder concerns** into the organisation's **core strategy** – not merely attempt to manage these concerns;
 - be aware that the **smallest actions** can have **significant effects** – organisations need to be aware that it is becoming harder to pass the buck when things go wrong (BP oil spill)
 - Find ways to **step away from archaic, hierarchical and centralised** approaches to leadership to models that allow for **leadership to emerge** through more **inclusive and collective approaches** to leadership.

Current RL Research focus areas

- **Maak & Pless (2012):**
 - The role of **service learning** in promoting **CSR** and **sustainable development**.
 - Developing responsible leaders through **service learning**.
 - Relational dimension of leadership
- **Waldman (2012)**
 - Leadership and neuroscience
- **Cameron (2011)**
 - Virtuous Leadership
 - Leadership and Organisational Virtues
- **Avolio (2012)**
 - Authentic Leadership
- **Trevino (2012)**
 - Re-emergence of organisational values



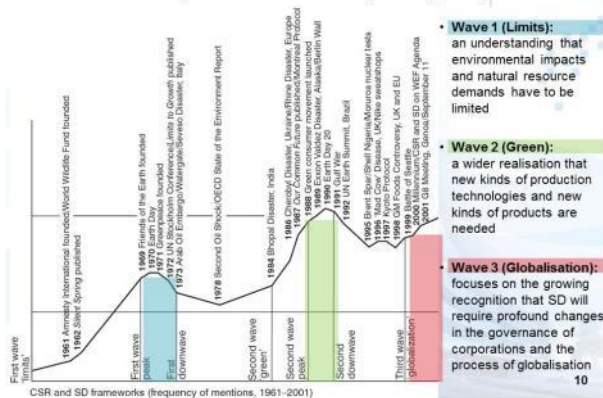
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Developing RL
Cornerstone "qualities" of RL?



13

Three recent pressure waves (Elkington)



- **Wave 1 (Limits):** an understanding that environmental impacts and natural resource demands have to be limited
- **Wave 2 (Green):** a wider realisation that new kinds of production technologies and new kinds of products are needed
- **Wave 3 (Globalisation):** focuses on the growing recognition that SD will require profound changes in the governance of corporations and the process of globalisation

10

Some attempts from the ALCLR to advance research in the field of Responsible Leadership?

- **50plus20** – Reconceptualising management education
- **Business and Biodiversity**
- **Integrated Reporting**
- **Leadership for Africa** – Search for examples of emergent African leadership in support of a sustainable continent
- **Drivers and consequences of Corporate Governance in SA: 20 year assessment**



14

Our response to date has not been exemplary

- Moral deficit and decay continues
- A lack of accountability despite (or some argue due to) rules and regulation
- Lack of trust in institutions, whether private or public, and in leaders in particular
- Increased sense that someone (maybe us) will have to take some/more responsibility
- Growing talk of becoming or being more "sustainable" but little action to date

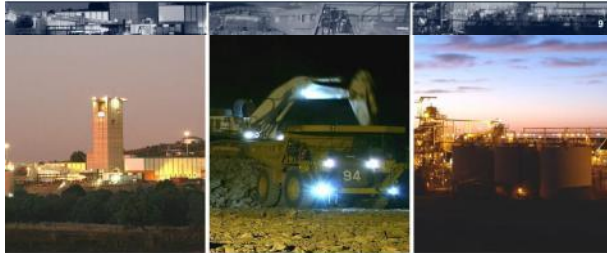


The changing role of business

- Companies must now:
 - Act as quasi-governments
 - Accept true responsibility for their impact on society and the environment
 - Support more sustainable patterns of resource consumption
 - Shift from traditional technologies to less damaging ones
 - Demonstrate their wider accountabilities through public disclosure and reporting
 - Seek endorsement from stakeholders for their actions
 - Develop and implement strategies for sustainability



What we promise our Stakeholders



The Gold Fields corporate social responsibility and related sustainability journey

Key Sustainability Milestones achieved

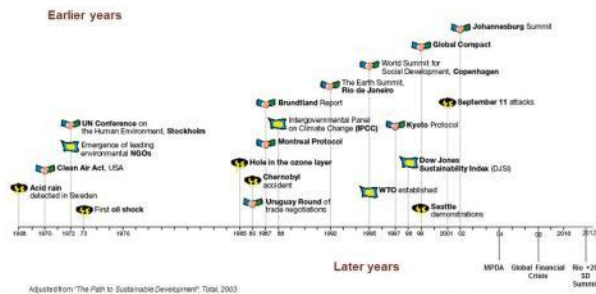


Progress: Integrated Report Awards

3 rd Party Assessment	2010	2011	2012
King III Compliance Score ¹	64.6%	94.9%	To be rated
King III Compliance Rank ¹	28 th	2 nd	To be rated
Global Reporting Initiative	A+	A+	To be rated
Institute of Chartered Secretaries	Not rated	Finalist	1 st in Top 40 JSE category
E&Y Excellence in Corp. Report	< top10	1 st ²	< top10 ³
Association of Certified Chartered Accountants	Not rated	2 nd in Materials Sector	To be rated (in 2013)
Nkonki	1 st in Mining 4 th Overall	2 nd in Mining	To be rated (in 2013)

¹ Annual assessment of over 400 South African companies completed by SustainabilityMetrics.com
² Annual Assessment Score by E&Y - not part of the GRI
³ New Awards: 53 Top 100 Global Integrated Reporting Awards

External Events impacting on Sustainability



Adapted from 'The Path to Sustainable Development', Total, 2003

Progress: Sustainability Awards

3 rd Party Assessment	2010	2011	2012
DJSI Rank ⁴	Not rated	4 th in Mining	To be rated (Jan 2013)
SAM Assessment ⁵	75%	81%	84%
ESR award - CEMEFI & Association Peru 2021 ⁶	Not rated	Not rated	One of 12 companies that received the award
JSE SRI Index	Top Performer	Top Performer	Constituent
Oekom	Not rated	B-	B
Carbon Disclosure Leadership Index	Joint 1 st	1 st	2 nd
Carbon Performance Leadership Index	In top 4	In top 2	Platinum award
Climate Change Leadership Award	Not rated	Special mention	1 st in Energy, Minerals & Industrial

⁴ Dow Jones Sustainability Index (DJSI) - reflects performance of global sustainability issues, through an annual assessment of the world's 250 largest public companies
⁵ Annual Assessment Score by S&P - not part of the GRI
⁶ Awarded to the most responsible company in the world, as assessed by the Institute of Chartered Secretaries and Association Peru 2021

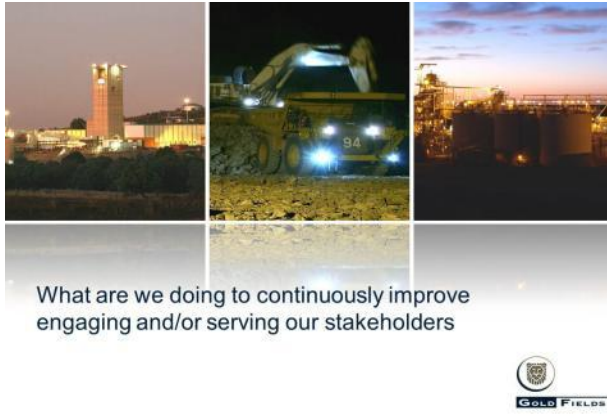
What influenced our Sustainability Journey



Lessons Learned

- What should be considered and in place?
- ✓ Company's Vision and Values should link to its sustainability journey
 - ✓ Executive and Board ownership and tone setting should support the sustainability journey
 - ✓ Resourcing (people, money, IT systems) should support the sustainability journey
 - ✓ Policies and procedures should be reviewed and updated to support the sustainability journey
 - ✓ Systems should be tailored to address reporting requirements
 - ✓ Sound decisions on signatories, standards, benchmark reviews should exist
 - ✓ Stakeholder requirements should be understood and addressed
 - ✓ New developments and requirements in the external environment should be assessed and addressed
 - ✓ Successes should be communicated across the stakeholder spectrum
 - ✓ Sustainability should become part of the DNA of the organisation

These have been achieved at Gold Fields during the last decade



What are we doing to continuously improve engaging and/or serving our stakeholders



Societal and Corporate Success Linked

We believe that societal and corporate success are inextricably linked

- The long-term competitiveness of companies depends on social conditions
 - An educated, skilled and healthy workforce
 - Safe working conditions
 - Fair labour practices
 - Sustainable use of natural resources
 - Good governance
 - A flourishing local economy
- Business has an essential role to play in solving social problems
 - Only companies can create prosperity that funds government and civil society
 - Companies can create sustainable and scalable solutions to many social problems in ways that governments and NGOs cannot
 - Competitions fuels innovation and efficiency
 - For-profit models are the most scalable and sustainable
 - Businesses can overcome constraints that limit their growth

Extract from presentation: Mark Kramer & Michael Porter, Jun 12

Key sustainability improvement areas (2013 to 2016)



19

What do we mean with Creating Shared Value (CSV)

Shared Value is:
Policies and practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities which it operates.

Shared Value IS:

- Creating economic value by creating societal value
- Using capitalism to address social problems

Shared Value is NOT:

- Sharing the value already created (philanthropy)
- Personal values
- Balancing stakeholder interests

• All profit is not equal. Profit involving shared value enables society to advance and companies to grow faster

• Incorporating societal issues into strategy and operations is the next major transformation in management thinking

• Shared value thinking represents the next evolution of capitalism itself

Extract from presentation: Mark Kramer & Michael Porter, Jun 12

Conclusion



Adapted from the ISO 26000 framework, Clause 6: The social responsibility core subjects

Thank you

www.goldfields.co.za/sustainability/index.php

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0825776650

22

Eskom and Corporate Social Responsibility

Wendy Poulton

Triple bottom line: socio-economic

Supplier development & localisation

- Eskom is a major driver of the South African economy – approximately 3% of the country's GDP can be attributed to Eskom
- B-BBEE attributable spend amounted to **R72.1 billion** or **73.2%** of attributable spend for the year (2011: R41.9 billion or 62.3%)
- Job creation – **28 616** (2011: 21 477) individuals working on new build project sites, since 2005 of which **13 954** are employed from the local districts
- **77.2%** local content in the new build contracts placed for the financial year
- Since inception of the respective new build projects, the total local content committed by the Eskom supplier network amounted to **R75.2 billion** or **62.6%** of the total contract values awarded in the new build projects
- Since the inception of the build programme, **5 915** individuals have completed their skills development training and **2 342** are currently in training

Electrification

- A total of **155 213** (2011: 149 914) homes were electrified during the financial year
- Since inception of the electrification programme in 1991, a total of **4 206 181** (2011: 4 050 968) homes have been electrified

Triple bottom line: socio-economic 


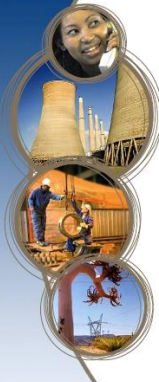
Employment equity	<ul style="list-style-type: none"> The Eskom company disability percentage is 2.49% of the total workforce Racial equity⁽¹⁾ in senior management is 53.9% and in professionals and middle management 65.7% Gender equity⁽²⁾ in senior management is 24.3% and in professionals and middle management 32.4%
Training and development	<ul style="list-style-type: none"> Over 130 000 people employed in the Eskom cloud and over 500 000 people supported by Eskom Over 60 000 jobs in non-mining related industries suppliers Eskom's learner pipeline includes 2 273 engineering, 844 technical, 2 598 artisan and 1 079 other learners A further 5 159 learners in the youth programme Investment in training for the year was R1.4 billion (2011: R 1.0 billion)
Corporate governance	<ul style="list-style-type: none"> Eskom's 2011 Integrated Report was awarded 2nd place in the Ernst and Young, Sustainability Reporting Awards Eskom is a member of the International Integrated Report Committee's pilot programme, which continues our drive and commitment of open, transparent and relevant communication to all our stakeholders
Eskom Development Foundation	<ul style="list-style-type: none"> Invested R87.9 million in corporate social initiatives during the year which impacted 256 organisations with some 531 762 project beneficiaries during the period

1. Eskom 2011 Integrated Report, page 102
2. Eskom 2011 Integrated Report, page 102

The focus areas for CSI programmes are those that have the potential for greatest transformation and impact in communities... 



Greatest needs
Greatest sustainable impact
Greatest social and corporate benefits
Alignment with government development agenda

Eskom Development Foundation NPC
A wholly-owned subsidiary of Eskom Holdings SOC Ltd




Eskom Factor Report

About the Eskom Development Foundation NPC... 




Eskom Development Foundation ("Foundation"), a non profit company, is separate legal entity, funded entirely by Eskom

The Foundation is responsible for executing Eskom's corporate social investment (CSI) programmes, which aims to enhance the quality of life in communities where we operate

The Foundation considers grants and donations for registered non profit organisations

During 2011/12, the Foundation committed over R87m in development funding, touching the lives of over 500 000 people.




The Eskom Factor is an assessment of the overall footprint of Eskom in South Africa 

Objectives Eskom Factor

- Determining Eskom's economic, social and environmental footprint
- Transparent communication and engagement with stakeholders
- Fostering a more conscious decision-making process
- Setting the standards for economic, social and environmental footprint assessment in South Africa and the world

Triple bottom line assessment

Assessment of various indicators along the three dimensions...

Economic	Social	Environmental
		

...leads to figures that stick in readers' minds

3% impact on S.A. GDP through initial and direct effects	Over 516 000 people sustained by Eskom	230 Mt of CO ₂ emitted in 2011
--	--	---

Report geared towards a broad readership, to form a basis for further stakeholder engagement

Source: Eskom, I&D

CSI strategic direction... 




Eskom purpose
To provide sustainable electricity solutions to grow the economy and improve the quality of life of people in South Africa and in the region

Core business

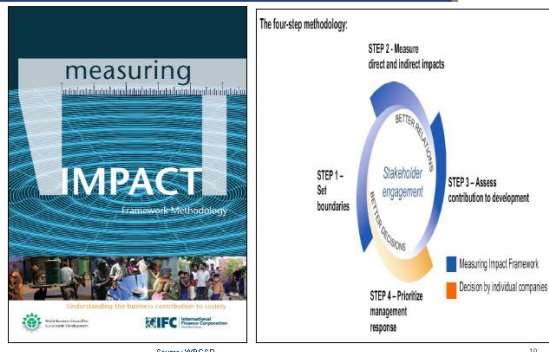
CSI mandate
To contribute to the improvement of the quality of life in communities where Eskom operates

A social intervention with a developmental intent - uplifts, improves, enhances, empowers communities

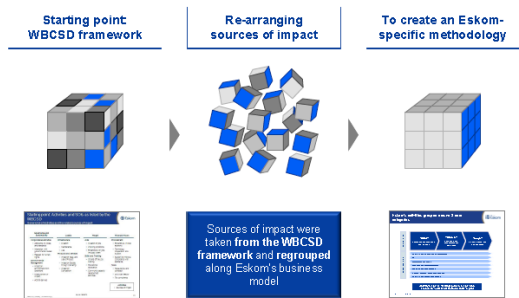
Context of the Eskom Factor Report 

- First report of this nature for Eskom. Unilever, South African Breweries(SAB), have prepared similar reports.
- Originated in response to stakeholder interests
- A tool to measure Eskom's current contribution to SA
- Provides a platform for further stakeholder engagement
- Can be used to illustrate the contribution of State Owned Companies (SOC) and how they are leveraged to achieve national goals

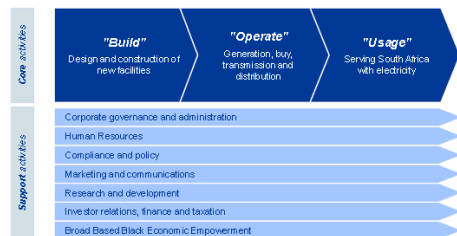
Methodology based on World Business Council for Sustainable Development (WBCSD) "Measuring Impact" Framework



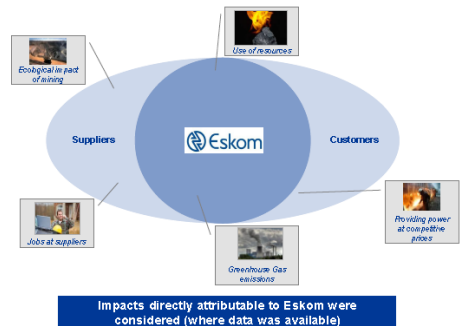
... applied to Eskom's context



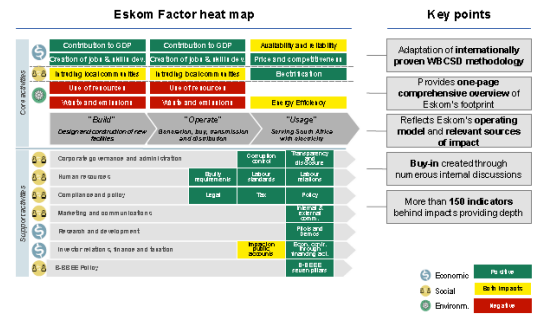
Scope was determined firstly by grouping Eskom's activities...



And secondly by considering impacts generated outside Eskom's "borders"...



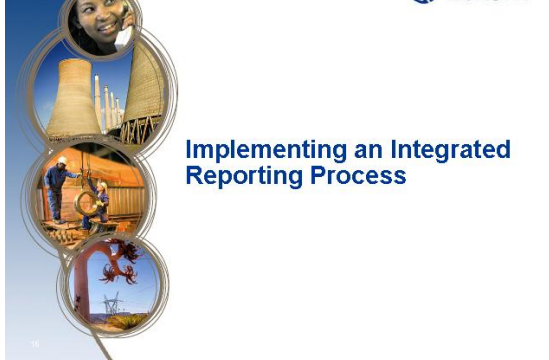
The sources of impact across Eskom's activities can be expected to have a positive, negative or dual impact – reflected in the "heat map"



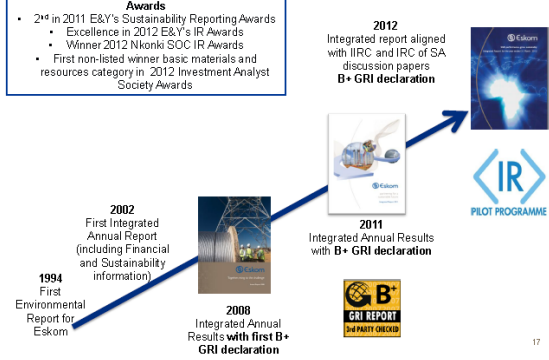
Across all the sources of impact, 150 data points/ indicators were collated and verified...

- Data sources:**
 - Eskom information (*inter alia* Annual report)
 - Studies commissioned by Eskom (e.g. macro-economic impact study)
 - Boston Consulting Group (BCG) Calculations & estimations (e.g. GDP)
 - Publicly available information (e.g. Statistics South Africa)
- Assurance**
 - Reasonability / Sensibility check – Deloitte
 - Internal validation and sign-off by data owners
 - Annual report figures verified through the Annual Report external audit process

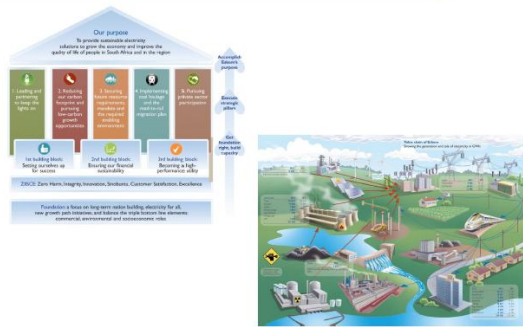
Implementing an Integrated Reporting Process



And secondly by considering impacts generated outside Eskom's "borders"...



Eskom's 2012 report written from a value chain perspective



Key Successes in getting IR done

- Taking the first step**
 - Creating the right level of governance and support structures
 - Testing the IR framework
- Early agreement by senior management to IR objectives**
 - Material issues
 - Structure (Hard Copy and website design)
 - Timelines
 - Stakeholder engagement
- IR driven by the Finance Director**
 - Strong support from a core team with different skill sets to deliver on the agreed IR objectives

Deferred Successes (Challenges)

- Developing IR capacity**
- Ensuring consistency** between different reports (Integrated report, Divisional report, Financial statements) – particularly from an editing perspective
- Tight timelines** can cause lack of "thought through content" from content owners (link to capacity development)
- The development of a divisional report in parallel to the IR diluted the IR as the "primary report"**.

Areas of focus going forward

- Alignment** of monthly reporting and IR reporting processes
- Use of collaborative reporting software** to streamline reporting and editing of content as well as develop better connectivity of information between various reports
- Website enhancements:** Further improve the functionality and connectivity of information and create a consistent platform for Integrated Reporting
- Improve on the systemic integration of stakeholder engagement** with the material issues
- IR has a **forward-looking focus**. Accordingly, more effort must be placed on developing relevant **leading indicators** that are materially connected to the various capitals of the IR framework

BENEFITS AND CHALLENGES OF PROVIDING ASSURANCE ON SUSTAINABILITY OR INTEGRATED REPORTING

LINDA YANTA

Sizwe Ntsaluba Gobodo
AUDIT ADVISORY FORENSICS

Presentation Outline

- 1 RECENT EVOLUTION OF CORPORATE REPORTING
- 2 DISCLOSURE DRIVERS OF VALUE
- 3 THE CASE FOR SUSTAINABILITY REPORTING
- 4 CHALLENGES OF SUSTAINABILITY REPORTING
- 5 BENEFITS OF SUSTAINABILITY ASSURANCE
- 6 CHALLENGES OF SUSTAINABILITY ASSURANCE
- 7 THE WAY FORWARD

THE RECENT EVOLUTION OF CORPORATE REPORTING

- STEWARDSHIP ROLE
- FINANCIAL REPORTING
- INCREASINGLY COMPLEX BUSINESS ENVIRONMENT
- PERIODIC CORPORATE MELTDOWN AND FINANCIAL CRISIS
- CORPORATE SOUL SEARCHING
- STAKEHOLDERS IN UNFORGIVING MOOD
- TRUST AND REPUTATION THE NEW VALUE PREMIUM
- CANDID DISCLOSURE OF MATERIAL ASPECTS OF PERFORMANCE AND FUTURE PROSPECTS

ASSESSMENT OF ORGANISATIONAL VALUE - DISCLOSURE DRIVERS

- STAKEHOLDER ENGAGEMENT
- REPUTATION
- SUSTAINABILITY ORIENTATION
- ETHICAL LEADERSHIP
- TONE AT THE TOP
- RISK MANAGEMENT
- QUALITY OF GOVERNANCE

THE CASE FOR SUSTAINABILITY REPORTING

- MANAGING STAKEHOLDER PERCEPTIONS AND REPUTATION
- COMPELING ORGANISATIONS TO ARTICULATE THEIR VISION AND STRATEGY FOR OPERATING IN A SUSTAINABLE MANNER
- BEING AN IMPORTANT PART OF THE DECISION MAKING AND INNOVATION PROCESS
- EVOLVING INTO A CRITICAL PART OF THE PRODUCT AND SERVICE OFFERING DEVELOPMENT PROCESS
- DEMONSTRATING THE UNDERSTANDING OF THE LINK BETWEEN AN ORGANISATION'S CURRENT PERFORMANCE AND FUTURE SUSTAINABLE PROSPECTS. THIS IS A KEY INDICATOR OF THE QUALITY OF MANAGEMENT'S SKILLS.



CHALLENGES OF SUSTAINABILITY REPORTING

- QUALITY AND EXTENT OF STAKEHOLDER ENGAGEMENT CAN BE IMPROVED
- OWNERSHIP OF SUSTAINABILITY REPORTING PROCESS
- THE QUANTITY OF INFORMATION IN THESE REPORTS CAN BE OVERWHELMING
- THE SUBSTANCE AND QUALITY OF REPORTING VARIES WIDELY
- IDENTIFICATION AND DEVELOPMENT OF MATERIAL ISSUES TO REPORT ON IS NOT EASY FOR MANY ORGANISATIONS



THE CASE FOR SUSTAINABILITY REPORTING

- DEMONSTRATING TRANSPARENCY AND COMMITMENT IN MANAGING ORGANISATIONAL IMPACTS
- UNDERSTANDING HOW THE BUSINESS ACTIVITIES WORK AND FIT TOGETHER IN A MORE DETAILED, SYSTEMATIC FASHION. THIS PRESENTS OPPORTUNITIES FOR BUSINESS IMPROVEMENT
- IDENTIFYING STRENGTHS AND WEAKNESSES AND PUTTING THEM IN THE PUBLIC DOMAIN. THE PERFORMANCE MANAGEMENT PROCESS IS ENHANCED.
- IMPROVING REGULATORY COMPLIANCE BY ENHANCING UNDERLYING MONITORING SYSTEMS AND PROCESSES.



CHALLENGES OF SUSTAINABILITY REPORTING

- BALANCED REPORTING OF SUCCESS AND CHALLENGES IS NOT EASY
- REPORTING OF CONSISTENT DATA ACROSS ORGANISATIONS AND INDUSTRIES
- DEVELOPING APPROPRIATE SYSTEMS TO COLLECT AND ORGANISE ACCURATE AND TRACEABLE INFORMATION



THE CASE FOR SUSTAINABILITY REPORTING

- ASSIST IN IMPROVING RISK MANAGEMENT
- HEIGHTENING THE AWARENESS ABOUT THE ORGANISATION'S REGULATORY AND "SOCIAL" LICENSES TO OPERATE AND WHAT MAY AFFECT THEM.



BENEFITS OF SUSTAINABILITY REPORTING ASSURANCE

- BUILDING TRUST AND CREDIBILITY WITH STAKEHOLDERS
- MEETING LEGAL OR REGULATORY REQUIREMENTS SUCH AS STOCK EXCHANGE REGULATIONS
- FACILITATION OF COMMERCE, FINANCING AND INVESTMENT
- ENHANCING DECISION MAKING WITH CREDIBLE INFORMATION



CHALLENGES OF SUSTAINABILITY REPORTING

- THE NUMBER OF REPORTING FRAMEWORKS WHICH RESULTS IN PROBLEMS WITH DEFINITIONS, CONSISTENT APPLICATION AND METHODOLOGIES.
- SUSTAINABILITY REPORTING IS STILL VOLUNTARY FOR ORGANISATIONS WITHOUT REGULATORY OR SIMILAR REQUIREMENTS
- A NUMBER OF MAINSTREAM INVESTORS NEED TO DEVELOP A GENUINE INTEREST IN SUSTAINABILITY REPORTING AS A MEANS TO EVALUATE. LONG TERM PROSPECTS OF ORGANISATIONS.
- EMERGENCE OF NATIONAL AND REGIONAL LEGISLATION AND REGULATIONS WHICH ARE NOT INTEGRATED OR SYNCHRONISED WITH THE REPORTING FRAMEWORKS



BENEFITS OF SUSTAINABILITY REPORTING ASSURANCE

- CONFIDENCE IN THE MEASURES OF SUCCESS AND PROGRESS
- DEMONSTRATED IMPORTANCE OF DATA
- ASSURANCE PROVIDERS CAN GIVE VALUABLE INSIGHTS ON MANAGEMENT SYSTEMS, DATA COLLECTION, TARGET SETTING AND A RANGE OF ASSOCIATED PROCESSES.
- IMPROVING MANAGEMENT OF PERFORMANCE GIVEN THE INTEGRITY OF INFORMATION
- ENHANCED DATA QUALITY



BENEFITS OF SUSTAINABILITY REPORTING ASSURANCE

- ASSURANCE PROVIDERS CAN GIVE A USEFUL REALITY CHECK ON SUSTAINABILITY AND OTHER RISKS IDENTIFIED BY THE ORGANISATION
- BASIS FOR CONTINUOUS IMPROVEMENT AND LEARNING BY IDENTIFYING POTENTIAL OPPORTUNITIES THROUGH THE ASSESSMENT OF STANDARDS, MANAGEMENT SYSTEMS AND CONTROLS
- SPECIFIC OR FIT FOR PURPOSE CERTIFICATION OR ACCREDITATION



CHALLENGES OF SUSTAINABILITY REPORTING ASSURANCE

- DECIDING ON MATERIALITY CAN BE AN ISSUE
- WIDE VARIETY IN THE WORDING OF CONCLUSIONS IN ASSURANCE STATEMENT. DIFFICULT TO DETERMINE THE ACTUAL LEVEL OF ASSURANCE PROVIDED
- THE MATURITY OF PROCESSES, INTERNAL CONTROLS AND PROCEDURES
- THE EXPERTISE AND EXPERIENCE OF ASSURANCE PROVIDERS



CHALLENGES OF SUSTAINABILITY REPORTING ASSURANCE

- THERE ARE A NUMBER OF DIFFERENT ASSURANCE FRAMEWORKS IN USE
- ASSURANCE PROVIDERS INCLUDE SPECIALIST CONSULTANCIES AND AUDITING FIRMS. THEIR APPROACHES DIFFER.
- ASSURANCE IS VOLUNTARY
- DEFINITION OF ASSURANCE DIFFERS WIDELY



THE WAY FORWARD

- COLLABORATE EFFORT BY STANDARD SETTERS, KEY STAKEHOLDERS OF ORGANISATIONS AND BOARDS.
- EDUCATION AND ENGAGEMENT OF BOARDS ON CHALLENGES AND BENEFITS
- DEVELOPMENT OF OVER-ARCHING ASSURANCE FRAMEWORK OR STANDARDS
- UTILISE EXISTING AND ACCEPTABLE ASSURANCE STANDARDS AND APPROACHES TO SUPPORT OVER-ARCHING FRAMEWORK
- ASSURANCE WILL BE PRIMARILY BASED ON MATERIALITY AND STAKEHOLDER ENGAGEMENT
- ACCEPT THAT SUSTAINABILITY ASSURANCE NEEDS WILL VARY AND REQUIRE DIFFERENT APPROACHES



CHALLENGES OF SUSTAINABILITY REPORTING ASSURANCE

- OBJECTIVES OF ASSURANCE DIFFER AND CAN BE FRAMEWORK SPECIFIC
- CHOICE OF LEVEL OF ASSURANCE IS AN ISSUE. THERE IS NO CONSENSUS OR COMPARISON BY STANDARD SETTERS
- THE SCOPE OF ASSURANCE ENGAGEMENTS CAN VARY WIDELY

