

# Just rewards for 'truly committed companies'

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ROYAL Bafokeng Platinum is the overall winner of this year's EY Excellence in Integrated Reporting Awards and, according to Martin Prinsloo, chief financial officer at Royal Bafokeng Platinum, while it is a little early to be able to judge the bottom line benefits, the company has certainly found that having access to integrated information when its management is making business decisions allows executives to make much better informed decisions.

He says the biggest impact of the development of integrated reporting on the South African and international corporate reporting environment so far has been that it encourages integrated thinking. "Where companies are truly committed to integrated reporting the have changed and are continuing to change their internal reporting systems to provide them with integrated information throughout the reporting year.

"They have done this not simple to be able to produce an integrated report at the end of the year but because they have seen the advantage of having an integrated view of their business available to them." Prinsloo says there are two specific advantages SA is gaining from being a leader in integrated reporting, namely always having access to an integrated view of their business throughout the year – which encourages transparency to all stakeholders – and, second, SA's integrated reports are providing investors with the sort of integrated information they need to make informed investment decisions.

Royal Bafokeng adopted the recommendations of the first draft of the international Integrated Reporting Framework as soon as it was released and the company has been using a version of the framework together with Global Reporting Initiatives G3 guidelines since 2011.

"In 2010 we produced our first annual report after listing on the JSE and we adopted the approach of identifying key performance indicators, both financial and non-financial, as a basis for our reporting. "We will continue to apply the framework and hopefully continually improve its application to our reporting," Prinsloo says.

Assurance is a major focus and he says the company has always sought independent assurance of the non-financial information in its integrated annual report.

"We believe that in addition to the external auditing of financial information it is important to seek assurance of key performance indicators as this assurance provides all our stakeholders, and in particular our shareholders and potential investors, with the comfort that the information we provide is accurate and can be used to assess the future sustainability of our business."

The company outsources its internal audit function which ensures independence. The internal audit team works with management and adopts a risk-based approach. "We have adopted a three lines of defence model in terms of our enterprise risk management framework," Prinsloo says. "Internal audit forms part of the third line of defence and plays an extremely important role in the verification and assurance process, as it provides continuous oversight of our governance systems, risk management and internal controls, while the third-party assurance only provides assurance on the accuracy of information provided in our annual reporting."

He says that while the framework proposes the focus of a report be on providers of capital Royal Bafokeng Platinum sees things differently and the company continues to work on improving its engagement with all stakeholders. Royal Bafokeng has a formal stakeholder engagement framework in place which links all stakeholders in its overall business strategy.

"To develop a strategy that can deliver the returns our shareholders are looking for and that we must ensure our business is sustainable, we need to engage with investors to understand what they expect of our business and what information

they require to be able to assess our performance,” Prinsloo says.

“We also need to engage with our internal stakeholders to establish what can be achieved and to ensure our employees understand what we want to achieve and what they need to do to ensure the business achieves its objectives. “Our integrated report is a key part of our engagement with shareholders and potential investors.

“Our engagement with local, provincial and national government and the communities in which we operate plays a key role in the development of our strategy, particularly in terms of meeting our social commitments. “Our integrated report provides these stakeholders with feedback on our compliance with legislation, our safety and environmental performance, and our delivery against our social commitments which is key to our retaining our social licence to operate,” Prinsloo says.

He says the company’s reporting is influenced by the issues that are most material to its particular industry, namely the mining industry. “We do believe we can differentiate between the six capitals as they all play a key role in the long-term sustainability of our business. “We included intellectual capital in our 2013 report for the first time and the exercise of deciding what made our intellectual capital highlighted the important role that it plays in the sustainability of our business and helped us see where we are doing well in this area and where there are opportunities to focus on innovation.”