

CLAUDIA KITSIKOPOULOS

Faculty of Science, University of the Witwatersrand, South Africa

DR. UTE SCHWAIBOLD

Faculty of Science, University of the Witwatersrand, South Africa

DOUGLAS TAYLOR

Faculty of Commerce, Law and Management, University of the Witwatersrand, South Africa

GRI AND OTHER ENVIRONMENTAL REPORTING GUIDELINES IN SOUTH AFRICA: GETTING THE JOB DONE?**Abstract:**

The interest in environmental sustainability and its reporting in South Africa have steadily increased as legislators and corporations recognize the need for change in business practice to achieve good corporate governance. Assistance with such disclosure is readily available to businesses in the form of, for example, the Global Reporting Initiative (GRI) reporting guidelines and sustainability principles provided by the King Report of Corporate Governance (King III). However, to date, adequate progress in sustainability reporting has not been achieved. It is thus necessary to identify strengths and weaknesses of both the GRI and King III to guide business practice towards long-term sustainability and to obtain a better understanding where improvements could be made.

Annual reports of 30 Top 100 Johannesburg Stock Exchange (JSE) -listed companies were analysed to assess reporting quality and the presence of long-term monitoring. For this, the King III sustainability principles and the 30 environmental indicators of the GRI 3.1 guidelines were used. A scoring system assisted in determining the level of GRI reporting compliance. Interviews were conducted with the selected companies to address questions based on King III, GRI and any other issues arising from the report analysis. Financial data (such as return on equity (ROE)) will be compared with environmental performance obtained from annual report analyses to identify whether these are related and to establish how this can help to improve environmental reporting.

Analyses thus far have shown that the average percentage performance of environmental reporting increased from 22.73% (2008) to 38.85% (2013). This indicates that, despite some improvement, companies across all economic groups are still underperforming. At the same time, the manner in which sustainability issues were addressed varied widely between years and across all companies. Interviews conducted revealed that not necessarily the indicators themselves need to be addressed. Several issues recurred throughout all interviews. Firstly, all companies experience reporting fatigue. Secondly, sustainability is driven from within the company. Thus, sound internal verification processes are necessary. Finally, companies experience cost and resource constraints in the implementation and management of environmental initiatives.

Environmental reporting in South Africa has improved between 2008 and 2013, but standards are still lacking. The GRI guidelines appear to be the preferred reporting tool. Sustainability reporting is still in an early phase and South African companies are improving their reporting on the GRI and King III guidelines. Businesses now have to identify how sustainability is more holistically integrated into their daily operations.

Keywords:

Annual reports, corporate governance, environmental sustainability, GRI, JSE, King III, ROE.

JEL Classification: Q56