An initial study of disclosures related to Broad-based Black Economic Empowerment in the integrated reports of South African mining companies.

A research report submitted by:

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Declaration

I hereby declare that this research report is my own unaided work. It is submitted in partial fulfilment of the degree of Master of Commerce by Coursework and Research Report at the University of the Witwatersrand, Johannesburg. It has not been submitted elsewhere for the purpose of being awarded another degree or for examination purposes at any other university.

Naledi Nkhi
31 March 2016
# Contents

Contents ..............................................................................................................................................................3  
I. List of tables, figures and extracts ................................................................................................................6  
i. List of tables .......................................................................................................................................................6  
ii. List of figures ....................................................................................................................................................6  
iii. List of extracts ................................................................................................................................................7  
II. List of acronyms ................................................................................................................................................7  
III. Abstract ..........................................................................................................................................................8  
1. Introduction ......................................................................................................................................................9  
1.1. Context of the study ...............................................................................................................................9  
1.2. Purpose and relevance of the study ..................................................................................................10  
1.3. Research question..................................................................................................................................11  
1.4. Limitations and delimitations of the study .......................................................................................11  
2. Literature review.............................................................................................................................................13  
2.1. Integrated reporting: taking stock of corporate behaviour...........................................................13  
2.2. Broad-based Black Economic Empowerment ..................................................................................15  
  2.2.1. The history of Broad-based Black Economic Empowerment ...............................................15  
  2.2.2. Amendments to the Broad-based Black Economic Empowerment Act .............................15  
2.3. Reporting frameworks: construction of the research instrument ...............................................17  
  2.3.1. The Charter as a reporting framework ....................................................................................18  
  2.3.2. King-lll as a reporting framework .............................................................................................22  
  2.4. Summation ..............................................................................................................................................26  
3. Research methodology .................................................................................................................................28  
  3.1. Research design .....................................................................................................................................28  
  3.1.1. Research frameworks .................................................................................................................28  
  3.2. Research approach................................................................................................................................29  
  3.3. Population size and sample ................................................................................................................33  
  3.4. Data collection .......................................................................................................................................34  
  3.5. Content analysis .....................................................................................................................................35  
  3.6. Data management ................................................................................................................................36  
  3.7. Validity and reliability ..........................................................................................................................37  
4. Results ...............................................................................................................................................................38  
  4.1. Descriptive analysis ...............................................................................................................................38  
  4.2. Theme analysis .......................................................................................................................................40  
  4.2.1. High frequency themes ..................................................................................................................40
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I. List of tables, figures and extracts

i. List of tables
Table 1: Requirements of the Charter included in study ......................................................... 18
Table 2: Locations used in the disclosure checklist ................................................................... 32
Table 3: A summary of descriptive statistics across thirty-one companies ............................. 38
Table 4: Spearman’s correlation coefficient ............................................................................. 55

ii. List of figures
Figure 1: B-BBEE disclosures per theme .................................................................................. 40
Figure 2: B-BBEE disclosures per location ............................................................................. 45
Figure 3: Location by least coverage ...................................................................................... 48
Figure 4: Location by medium coverage .................................................................................. 49
Figure 5: Location by high coverage ...................................................................................... 50
Figure 6: Location per sector .................................................................................................. 52
Figure 7: Themes per sector ................................................................................................... 53

iii. List of extracts
Extract 1: Company 7 (2014) ................................................................................................... 42
Extract 2: Company 16 (2014) ................................................................................................. 43
Extract 3: Company 2 (2014) .................................................................................................. 46
Extract 4: Company 21 (2015) ............................................................................................... 47
## II. List of acronyms

<table>
<thead>
<tr>
<th>Acronym/Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSE</td>
<td>Johannesburg Stock Exchange</td>
</tr>
<tr>
<td>King-III</td>
<td>King-III Report and Code on Governance</td>
</tr>
<tr>
<td>B-BBEE</td>
<td>Broad-based Black Economic Empowerment</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Mining Charter</td>
<td>Charter</td>
</tr>
<tr>
<td>IIRC</td>
<td>International Integrated Reporting Council</td>
</tr>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>GRI G4</td>
<td>Global Reporting Initiative G4 Reporting Guidelines</td>
</tr>
<tr>
<td>UNGCP</td>
<td>United Nations Global Compact Principles</td>
</tr>
<tr>
<td>CDP</td>
<td>Carbon Disclosure Project</td>
</tr>
<tr>
<td>SRI</td>
<td>Social Responsibility Index</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental, social and governance</td>
</tr>
<tr>
<td>HDSA</td>
<td>Historically disadvantaged South Africans</td>
</tr>
<tr>
<td>Exco</td>
<td>Executive committee</td>
</tr>
</tbody>
</table>
III. Abstract

This research takes a snap-shot look at Broad-based Black Economic Empowerment disclosures in the integrated reports of South African mining companies listed on the Johannesburg Stock Exchange. A Broad-based Black Economic Empowerment disclosure checklist, based on relevant literature, was developed by the researcher in order to analyse the basic or inherent features, characteristics or qualities – and the extent of the disclosures in the 2014/2015 integrated reports. The results reveal that listed mining companies include an adequate coverage of Broad-based Black Economic Empowerment-related disclosures in their integrated reports. The sufficient frequency of the disclosures is clouded by a lack of integration between the relevant themes. The reports also noted a considerable amount of repetition of the themes and a scarcity of disclosures linking the risks of mining operations to Broad-based Black Economic Empowerment.
1. Introduction

1.1. Context of the study

The responsibility of companies towards society has expanded and become more complicated (Frias-Aceituno, Rodríguez-Ariza, & García-Sánchez, 2013; Krzus, 2011; Solomon & Maroun, 2012) and business models have grown to include more pluralistic accounts of the business environment. Business models now take into account sustainability and business ethics and are more transparent than in the past (Frias-Aceituno et al., 2013). The basis of this type of information can be said to be the essence of the integrated report. The integrated report is a summary of both financial and non-financial information (Eccles & Serafeim, 2011; Krzus, 2011).

Integrated reporting has gained popularity in recent years due to corporate failures which left society feeling unsure of the overall condition of some of the world’s best-known organisations (Krzus, 2011). South Africa took on the first large scale adoption of integrated reporting when the Johannesburg Stock Exchange (JSE) required all listed companies to adopt the King-III Report and Code on Governance1 (King-III) in preparing their integrated reports or provide reasons for not doing so (Rensburg & Botha, 2014; Solomon & Maroun, 2012). This reflects South Africa’s intention to be at the forefront of corporate governance worldwide (Eccles & Saltzman, 2011; Maroun, Coldwell, & Segal, 2014).

South Africa has an inherently complex business environment and there has been a significant increase in the quantity of social, environmental and ethical information required due to the implementation of King-III in the annual reports of JSE-listed companies (Carels, Maroun, & Padia, 2013; Solomon & Maroun, 2012). King-III holds the view that there is “always a link between good governance and compliance with law” (King-III, 2009, p. 6). It follows that companies should aim to align corporate governance with regulations and legislation relevant to the country. A regulation tool which forms part of South Africa’s complex business environment is Broad-based Black Economic Empowerment (B-BBEE) (Pooe, 2013). B-BBEE is a post-Apartheid measure to increase the effective participation of the majority of South Africans in the economy (South African Government, 2004b). Disclosure of B-BBEE-related

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1 King-III is the corporate governance code of South Africa issued by the King Committee and chaired by retired Supreme Court judge Mervyn King. King-III adopts an “apply or explain” approach. Listed companies who do not adhere to the principles contained in the code must explain the reasoning behind their decision. This voluntary approach to King-III exists mainly because of the “cost versus benefit” argument over producing an integrated report (King-III, 2009).
practices are not mandated in the integrated report but its significance in the South African business context means it should not be overlooked by preparers.

The first Act to govern B-BBEE practices in South Africa is the Broad-based Black Economic Empowerment Act No. 53 of 2003 (prior B-BBEE Act) (South African Government, 2004a). In 2014, this Act was replaced by Broad-based Black Economic Empowerment Act No. 46 of 2013 (B-BBEE Act) (South African Government, 2014). The B-BBEE is part of the government’s mission to build on the full potential of all people across the country in order to grow the economy (South African Government, 2004b).

1.2. Purpose and relevance of the study

Several studies have examined integrated reporting with a specific focus on the extent to which companies are integrating their financial and non-financial information (Atkins & Maroun, 2015; Rensburg & Botha, 2014). Few have, however, considered the coverage of B-BBEE related disclosures in the integrated report with a specific focus on the South African mining sector.

B-BBEE is important to the integrated report because of its link to sound corporate governance (South African Government, 2004b). Improving the quality and transparency of economic activity forms a significant part of economic reform and transformation (South African Government, 2004b). Accordingly B-BBEE must be associated with the highest standard of corporate governance (South African Government, 2004b). The integrated report is a platform on which this high level of corporate governance can be displayed (King, 2010). Amendments to the B-BBEE Act, which became effective from October 2014, increase the relevance of this research as they highlight the manner in which companies choose to disclose the changes effected by government in their integrated reports. For the South African mining industry, in particular, sound corporate governance disclosures become key for signalling how organisations are aligning their own business models with changes to legislation (Carels et al., 2013).

This industry was purposefully selected because it forms an important part of South Africa’s economic environment through its significant contribution to the Gross Domestic Product (GDP) of the country (PwC, 2012, 2014, 2015). The sector is responsible for a considerable portion of the tax base of the country and has a material impact on employment and export revenues (PwC, 2014). The South African mining sector has a powerful social impact on the economy (Carels et al., 2013). The International Integrated Reporting Council (IIRC) released
an international framework for integrated reporting which emphasised the importance of enhanced stewardship with respect to social capital in the integrated report (Atkins & Maroun, 2015). As a result, the high social impact of the mining sector should be evident in the integrated report.

The Mining Charter (the Charter) is a B-BBEE framework specific to the mining industry and has been in effect since September 2010. The revised Charter includes noteworthy changes which became effective in 2014\(^2\). The revised Charter requirements were measured as at the end of 2014, with formal reporting by mining companies due in 2015 (PwC, 2014). Before this deadline, most companies reported progress towards achieving targets whilst some admitted that compliance would be a challenge (PwC, 2014). Changes to the Charter increase the relevance of the research topic as the Charter is one of many frameworks used by the mining sector in producing the integrated reports, discussed in Section 2.3 (Carels et al., 2013).

### 1.3. Research question

The purpose of this research is to explore the basic or inherent features, characteristics and qualities – and extent of B-BBEE information being included in the integrated/annual reports of JSE-listed mining companies in 2014/2015\(^3\).

These disclosures have been examined with reference to their frequency, location and theme, using a content analysis of the integrated reports (Solomon & Maroun, 2012). The study focuses on what is currently being disclosed by JSE-listed, mining companies with regard to B-BBEE and assesses the nature of these disclosures. The research quantifies the types of disclosures included in the integrated report and comments on the disclosures included in a systematic manner.

### 1.4. Limitations and delimitations of the study

The thesis examines the earliest version of the integrated report released in the 2014/2015 year of assessment by mining companies listed on the JSE. This is because the JSE requirement for compliance with King-III for listed companies was instituted on 1 March 2010 (Eccles & Saltzman, 2011). The first few years of implementation could have seen companies struggling whilst attempting to implement King-III. For these reasons the integrated reports published in 2010 and earlier have not been analysed. Furthermore, the research aims to

\(^2\)Examples of such changes include requirements for the mining industry to achieve a minimum target of twenty-six percent ownership by HDSAs by 2014.

\(^3\)The most recently published integrated reports.
provide a snap-shot of current B-BBEE related disclosures, making use of latest reports available appropriate.

The study did not focus on B-BBEE disclosures contained in the integrated reports for the financial year ending 2016 as the reports were not available for review at the time of data collection. In addition, due to a lack of access to information, the study does not include unlisted companies (JSE, 2012).

This research examines the 2014/2015 integrated reports of JSE-listed companies in the mining sector. This allows companies sufficient time (at least three years) to internalise the requirements of King-III (released in 2009), the integrated reporting framework (issued in 2013) and the provisions of the Charter (amended in 2010). In addition, this research only focuses on 2014/2015 integrated reports as the study does not claim to serve as a comparative study, in which the researcher aimed to find a statistically significant variance over a predetermined number of years. It must be noted that because only one year of the integrated report is analysed, data may be impacted by companies who have entered into large B-BBEE deals in the year considered4. As mentioned earlier, the most recently published report per company was analysed. Data analysis took place in November of 2015 and the research includes the integrated reports of companies in the mining sector which released reports by this date (see Section 3.3).

The study examines the disclosure of B-BBEE-related information in the integrated reports of JSE-listed mining companies and is not a study of any other disclosures contained in the integrated report. Complementary information (such as sustainability reports and independent company overviews) is not analysed. This delimitation is in line with the approach supported by the IIRC where the integrated report should serve as the primary means of communication with stakeholders (IIRC, 2011).

Finally, it should be noted that the process followed is inherently subjective because of to the interpretive nature of the research and the research will not generate an objective measure of the quality of B-BBEE reporting (see Section 3.1) (Creswell & Plano Clark, 2011; Leedy & Ormrod, 2013).

Section 2 provides the literature review of the content relevant to the study.

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4 The data may be skewed by large B-BBEE transactions taking place in the year analysed, however this does not compromise the research as it is mainly a descriptive study. No effort will be made to extrapolate findings in a positivist sense.
2. Literature review

Section 2 provides a brief overview of integrated reporting and its link to sound corporate governance and legislation. Next a summary of the historical relevance of B-BBEE is discussed in order to create an understanding of its significance in a South African context. This is followed by a review of the relevant corporate governance and disclosure frameworks commonly applied by South African mining companies and the consideration of how these are being used to inform B-BBEE reporting in the integrated report.

2.1. Integrated reporting: taking stock of corporate behaviour

It is generally accepted that the first company to produce a set of integrated reports was Danish bio-industrial products company, Novozymes, in 2002 (Eccles & Saltzman, 2011). Since then the popularity of integrated reporting has grown and the concept of the integrated report continues to evolve (Eccles & Saltzman, 2011; Krzus, 2011).

The foundation behind the inception of integrated reporting rests solely on the presence of stakeholders as they play the most essential role in the process of accountability (García-Sánchez, Rodríguez-Ariza, & Frias-Aceituno, 2013). Companies want to express their ‘good corporate governance’ to potential and existing investors, environmental lobbyists, government and other interested parties. Researchers have likened sustainability reporting to an outcome of social constructivism, created for political purposes (Solomon & Maroun, 2012). The need to satisfy a broad range of stakeholders (Rensburg & Botha, 2014) has led to numerous advantages for all parties involved.

Preparing a set of integrated reports exposes a company to the full picture and results in better resource allocation and a deeper engagement with stakeholders (Eccles & Saltzman, 2011; Krzus, 2011). When executed correctly, integrated reporting ensures sustainable strategy in the first place (Eccles & Serafeim, 2011), meaning that companies which are aware of stakeholder needs are more likely to get to the bottom of organisational glitches before they become disasters. The benefits are also external as integrated reports meet the needs of mainstream investors who require environmental, social and governance information (Eccles & Saltzman, 2011). Finally, preparing integrated reports correlates positively with managing regulatory risk (Eccles & Saltzman, 2011). A country’s legal system will affect the integrated report and the changes to legislation, including those dealing with B-BBEE, will need to be managed effectively by South African listed companies (Frias-Aceituno et al., 2013).

Even with the benefits attached to integrated reporting, concerns still exist about the value the report adds to society at large (Rensburg & Botha, 2014). Researchers have looked at
integrated reporting as a whole and have come across many issues with the implementation of the integrated report. A study performed on the response of integrated reporting to the introduction of King-III found that the integrated report is often filled with excessive repetition and unnecessary detail (Atkins & Maroun, 2015; Solomon & Maroun, 2012). Another issue which has come to light is the unease about the completeness and credibility of the integrated report (Adams & Frost, 2008), especially the propensity to avoid reporting negative information (Atkins and Maroun, 2015). Companies should, for example, strive to include all essential accounts of B-BBEE in their reports and not just those which show the company in a positive light.

The preparation of the integrated report cannot be a by-product of the annual report: it must flow from the heart of the organisation (IIRC, 2013; Solomon & Maroun, 2012). The information provided should be effectively communicated to users (Rensburg & Botha, 2014) in a manner that adds value and reflects the core strategies of the company to users. In reflecting core strategies, a company should understand and be aware of what is happening in its current business environment (Meyer, 2011). When changes in the business environment are not noted, this becomes an obstacle to achieving effective communication with stakeholders (Meyer, 2011). The current state of the mining sector in South Africa is volatile and this may need to be taken into account by preparers of the integrated report (Hill & Maroun, 2015; PwC, 2015). Strikes and the unstable rand have greatly affected business operations (Hill & Maroun, 2015). Furthermore, issues of non-compliance with Charter regulations are beginning to cause uncertainty within the industry (Quintal, 2015; Secombe, 2015). When judging whether issues regarding the environment of a company are material enough to be included in the integrated report, judgement and prioritisation are required by preparers (Terry, 2011).

As it is not a requirement to disclose on B-BBEE practices (including the Charter), preparers are tasked with deciding on the extent to which these matters will be disclosed in the integrated report. Guidance from certain frameworks (see Section 2.3) will inform these decisions but, ultimately, no measure exists for their inclusion in the integrated report.

This research aims to explore the basic or inherent features, characteristics and qualities – and extent - of B-BBEE information in the mining sector and in doing so the researcher hopes to better understand the priorities of the sector on with regards to B-BBEE.
2.2. Broad-based Black Economic Empowerment

2.2.1. The history of Broad-based Black Economic Empowerment

During Apartheid, the law defined people on the basis of race (Hammond, Clayton, & Arnold, 2009). In 1994, South Africa held its first democratic elections (Adler & Webster, 1995; Krüger, 2011). Obvious wealth inequalities existed between members of different races with the vast majority of the population being unable to share in the wealth of the country due to the Apartheid regime’s laws⁵ (Hammond, Clayton, & Arnold, 2012). Ownership of assets and participation in the economy was exclusive to the white minority whilst the black majority were left unable to own and participate in the economy and uplift their economic circumstances (Mbabane, 2007).

The transformation of the country into a democratic society was a challenge for the government but arguably the biggest hurdle was addressing the problems of inequality and poverty that resulted from the Apartheid Era (Krüger, 2011). The Reconstruction and Development Programme was set up to tackle this very issue and, ultimately, to aid government in building a democratic future. It was within the Reconstruction and Development Programme where ideas of Black Economic Empowerment (BEE) began (Mbabane, 2007). The BEE Commission was formed to collaborate with the Department of Trade and Industry in developing a framework of “empowerment” within the economy (Mbabane, 2007). The initial status of the Commission was non-statutory; their role was to make recommendations to companies regarding “transformation” (Mbabane, 2007). Government was soon influenced by pressure of the people (especially organised black business formations) to develop and promulgate legislature related to BEE (McEwan & Bek, 2006). It took approximately two more years for the official formalised framework to be developed and shortly thereafter the first B-BBEE Act was enacted by the Parliament of the Republic of South Africa (Krüger, 2011; McEwan & Bek, 2006).

2.2.2. Amendments to the Broad-based Black Economic Empowerment Act

Broad-based Economic Empowerment or simply Black Economic Empowerment?

It became clear that only a few individuals were becoming enriched from the implementation of the B-BBEE Act (DTI, 2012; Kim, 2010; Krüger, 2011). The policies were narrow and the implementation of the B-BBEE Act offered empowerment to only a small group of previously

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⁵ An example of an Apartheid law is the Group Areas Act No. 36 of 1966, which was an act which assigned racial groups to different residential and business sections in urban areas. (Maharaj, 1997)
disadvantaged South Africans. Critics of the prior B-BBEE Act attacked it for being narrow and ambiguous. It became imperative to refine and transform the economic policies and this formed the basis for the introduction of the revised Act (Kim, 2010). The revised B-BBEE Act placed more emphasis on broad-based empowerment, for previously disadvantaged individuals earning various levels of incomes, not just those in higher income brackets (Krüger, 2011).

Government made several amendments to the B-BBEE Act which became effective in 2014. These amendments highlight government’s intention to focus more closely on B-BBEE. Under the previous B-BBEE Act, the manner in which each company applied B-BBEE depended on its individual business practices and companies could engage in "fronting practices" without any legal consequences (Werksmans, 2014). Under the current framework, penalties are introduced in certain circumstances. This is an important departure from the previous framework and it indicates the direction of the economic transformation of the country (Werksmans, 2014).

Notable changes to the Act include the fact that applying policies "as far as reasonably possible" will no longer be acceptable. Firmer and stricter policies have taken their place. Under the B-BBEE Act, a Commission has been established to advocate transactions relating to transformation and eradicate to fronting practices (South African Government, 2014). The Commission has the power to subpoena wrongdoers to appear in court (South African Government, 2014; Werksmans, 2014). Criminal offenses have been introduced to deal with providers of false information relating to transformation activities or engaging in a fronting practice (penalties include fines of up to 10% of a firm’s annual turnover and imprisonment of up to 10 years) (South African Government, 2014; Werksmans, 2014). A statutory right now exists for government to revoke any contracts which were awarded due to false or misleading information regarding a company’s BEE status (South African Government, 2014). South African listed entities will now be obliged to report to the Commission on their compliance with B-BBEE on a regular basis (Werksmans, 2014).

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6 This group of South Africans are those with socio-political connections and knowledge or resources (Kim, 2010).
7 Previously disadvantaged individuals include black people, women and those who came from rural or underdeveloped communities who were excluded economically during Apartheid (Krüger, 2011).
8 A transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of the B-BBEE Act or the implementation of any of the provisions of the B-BBEE Act including but not limited to practices in connection with a B-BBEE initiative for example where black persons are appointed to an enterprise but are discouraged or inhibited from substantially participating in the core activities of that enterprise (South African Government, 2014).
Furthermore, the codes and weightings of the B-BBEE Act have been altered (Werksmans, 2014). Previously, if a company achieved sixty-five points, it would be level four compliant. Under the new system it is now only level seven compliant. In terms of the codes, being level four compliant is more advantageous than being level seven compliant. A company’s level of compliance is not a legal obligation which will result in penalties. However, the level of compliance does present risks related to the business operations as it affects a company’s ability to bid successfully for government tenders and obtain licenses (Verduyn, 2009; Werksmans, 2014). The consequences of these changes could be severe for industries which require a prerequisite level rating in order to obtain licences for business operations, such as the mining sector (Liebenberg, 2013).

This section focuses on the relevance of B-BBEE in a South African context. Outcomes of non-compliance are explored to give indication of the operational effects of not adhering to B-BBEE laws. Ultimately, compliance with B-BBEE from an operational standpoint affects the standing of employees. For South African companies, the largest group of items reported in the integrated report appear under the ‘social’ category (Solomon & Maroun, 2012). This is largely expected given the historic significance of social issues for South African companies which includes matters relating B-BBEE (Solomon & Maroun, 2012).

2.3. Reporting frameworks: construction of the research instrument

King-III does not prescribe the manner in which integrated reports should be compiled by providing a detailed list of disclosure requirements (Carels et al., 2013; King-III, 2009). For this reason, several reporting initiatives, including King-III, inform the content of the integrated reports of South African companies. Some of these frameworks include the Global Reporting Initiative’s G4 Reporting Guidelines (GRI G4), the United Nations Global Compact Principles (UNGCP), the Carbon Disclosure Project (CDP) and the Prince of Wales Accounting for Sustainability Project (KPMG, 2012). The JSE has also developed the Social Responsibility Index (SRI) as a measure of environmental, social and governance (ESG) reporting practises in a distinctly South African context for listed companies (Carels et al., 2013).

Of the voluntary frameworks outlined above, those most commonly applied by South African mining companies are the GRI G4, complimented by guidance provided by King-III (Carels et al., 2013; KPMG, 2012). The mining sector also draws from the provisions contained in the Charter as a ‘framework’ for integrated reporting (Carels et al., 2013). In developing a disclosure checklist, this research has only considered the GRI’s G4 framework to a limited extent as it is a general, voluntary reporting framework. The main framework which has been
used is King-III because of the requirement for listed companies to utilise King-III in preparing their integrated reports⁹ (see Section 2.3.2). The Charter will also be explored as it includes various targets for the transformation of the sector which should be achieved within a certain timeline (see Section 2.3.1) (Carels et al., 2013; South African Government, 2010). Mining companies may consider these targets material and, consequently, disclose them in their integrated reports.

2.3.1. The Charter as a reporting framework

Industry regulations play a key role in defining the nature and extent of corporate reporting (Atkins & Maroun, 2015). The South African mining sector is influenced by the Charter, which does not provide prescriptive social disclosure requirements, but creates a framework for the transformation of the mining sector (Carels et al., 2013).

The objectives of the Charter summarise an intent to promote B-BBEE in the mining sector. The Charter seeks to promote equitable access to the nations mineral resources, expand opportunities for historically disadvantaged South Africans¹⁰ (HDSAs), expand the existing skills base of HDSAs, promote the economic welfare of mining communities and promote beneficiation of mineral commodities (South African Government, 2010).

Other requirements in the Charter relate broadly to sustainability in the mining sector and do not definitively relate to the effective participation of HDSAs in the economy. Only those provisions which relate specifically to B-BBEE (through the economic participation of HDSAs) have been focused on for the purpose of this research. Table 1 shows the requirements of the Charter and whether or not they are included in the analysis of the research.

Table 1: Requirements of the Charter included in study

<table>
<thead>
<tr>
<th>Element of Charter</th>
<th>Requirements</th>
<th>Disclosure included in study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>▪ Achieve a minimum target of twenty-six percent ownership of HDSA by 2014 (South African Government, 2010)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

⁹King-III adopts an “apply or explain” approach for all JSE-listed companies (King-III, 2009)
| Procurement and enterprise development | • Procure a minimum of forty percent of capital goods annually from BEE entities\(^{11}\) by 2014.  
• Procure seventy percent of services and fifty percent of consumer goods from BEE entities by 2014 (South African Government, 2010) | Yes | Yes |
| Beneficiation\(^{12}\) | • Mining companies may offset the value of the level of beneficiation achieved by the company against a portion of it HDSA ownership requirements, not exceeding eleven percent (South African Government, 2010). | Yes |
| Employment equity | Every mining company must achieve a minimum of forty percent demographic representation at:  
• Board level  
• Senior management level  
• Core and critical skills  
• Middle management level  
• Junior management  
Each by 2014 (South African Government, 2010). | Yes |
| Human resource development | • Mining industry must invest a percentage of annual payroll in essential skills development activities, reflective of the demographics.  
• Invest a percentage of annual payroll on mining research (South African Government, 2010). | Yes | No |
| Mine community development | • Engage with communities prior to implementation of mining operations. | No | No |

\(^{11}\) A BEE entity is an entity where a minimum of twenty-five percent plus one vote of share capital is owned directly by HDSA (South African Government, 2010).

\(^{12}\) Beneficiation refers to the transformation of a mineral into a higher value product which can either be sold locally or exported (South African Government, 2010).
<table>
<thead>
<tr>
<th><strong>Mining companies must conduct an assessment to identify developmental needs of the community</strong> (South African Government, 2010).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing and living conditions</strong></td>
</tr>
<tr>
<td>▪ Mining companies must implement measures to improve standards of housing and living conditions for mine employees (South African Government, 2010).</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td><strong>Sustainable development and growth of the mining industry</strong></td>
</tr>
<tr>
<td>▪ Mining companies must improve the industry’s environmental management.</td>
</tr>
<tr>
<td>▪ Mining companies must improve the industry’s health and safety performance (South African Government, 2010).</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td><strong>Reporting (monitoring and evaluation)</strong></td>
</tr>
<tr>
<td>▪ Every mining company must report its level of compliance with the Charter annually (South African Government, 2010).</td>
</tr>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

**Items excluded from study**

The exclusion of these provisions ensures that the research will give a true account of B-BBEE disclosures in the mining sector and will not be skewed by the company’s general sustainability reporting disclosures. For example, under the Human resource development element, the requirement for mining companies to invest a percentage of annual payroll on mining research will increase the operating effectiveness of the mines in general but will not explicitly affect the economic participation of HDSAs (see Table 1). This is a contrast to the previous requirement under the same element that requires the industry to invest a percentage of annual payroll in essential skills development activities, reflective of the demographics. This provision makes specific reference to demographics, meaning that when the industry invests in skills, it will have to do this in line with the racial demographics of the country which links to B-BBEE. The link to B-BBEE is important as the Charter does not deal purely with racial transformation of the sector as is seen by the following extract:
“Additionally, the review of the Charter introduces an element of sustainable growth of the mining industry, which seeks to ensure sustainable transformation and growth of the mining industry.” (South African Government, 2010, p. i.preamble)

The concept above follows through to the exclusion of the *Mine community development* element. Engaging with communities and assessing their needs is more closely linked with sustainability than with demographics. The community is broad and does not only refer to HDSAs.

It follows that the *Housing and living conditions* element pertains to the subsidisation of mining employees. This relates to the upliftment of all mine employees who qualify as no reference is made which points to racial demographics.

*Sustainable development and growth of the mining industry* is an element which relates to environmental management and safety features within the industry. Management of the mining environment and the safety of mining operations are pervasive issues which should be objectives of the industry regardless of any legislation introduced. Following a similar concept to other scoped out items, it cannot be directly attributed to racial demographics.

**Construction of the disclosure checklist**

In open coding (see Section 3.2), phenomena are compared to obtain conceptual labels which are grouped together to form categories (Corbin & Strauss, 1990). With reference to the Charter elements, the following axial codes were identified (in bold). The open codes are headings which were located in the integrated reports of mining companies. The axial codes (elements of the Charter) were recognised as a method to group these open codes (included as bullet points).

**Ownership**

- Dividends paid to BEE shareholders
- BEE partnerships
- Mining Charter compliance targets

**Procurement**

- Broad-based stakeholder value
- Transforming our supply chain
Supply chain management

BEE procurement

Employment equity and transformation

% spend on BEE entities

**Beneficiation**

Progress towards beneficiation

**Employment equity**

Exco composition by HDSA

HDSA in management

Board members by HDSA

Employment of nationals

**Human resource development**

Stakeholder guidelines

Leadership and people

**Reporting**

Regulatory authorities

Independent Mining Charter scorecard review

Regulatory reform

For this research, open codes have been grouped according to the sections in the integrated report which most commonly include these types of disclosures (axial codes). This is discussed in more detail in Section 3.2.

### 2.3.2. King-III as a reporting framework

King I was published in 1994. The report advocated an integrated approach to reporting that included all stakeholders (Carels et al., 2013; Esser, 2009). King-III, as issued in 2009, encourages the reporting of clearly defined integrated information about an organisation's
strategies, risks and opportunities and how this relates to the social, environmental and economic challenges facing firms (King-Ill, 2009; Solomon & Maroun, 2012). The introduction of the requirement for companies listed on the JSE to produce integrated reports has been regarded as significantly adding to the credibility of the South African market (Raemaekers et al., 2015). Even so, companies have struggled to display the link between sustainability issues and the organisation’s core strategy (Atkins & Maroun, 2015; Meyer, 2011; Secombe, 2015; Solomon & Maroun, 2012). This gap in the integrated report is highlighted in King-Ill with specific reference to B-BBEE disclosures.

"Currently, the connection between sustainability and BEE is not fully understood. It is, therefore, underdeveloped which leads to a dissociation of the two." (King-Ill, 2009, p. 24)

This statement acknowledges the possibility that B-BBEE disclosure practices are an area in the integrated report which may require more meaningful integration. This is a limitation which highlights the need for additional research on B-BBEE disclosures in the integrated report. For this reason the research looks at these disclosures informed by principles on integrated reporting contained in King-Ill.

There is always a link between good governance and compliance with law (King-Ill, 2009; South African Government, 2004a). It is stated in King-Ill that social transformation and redress from Apartheid are important and should be integrated within the broader transition to sustainability (King-Ill, 2009). It is expected that listed mining companies preparing integrated reports will deal with social transformation which is a concept that is also highlighted by the B-BBEE Act. To this end, each of the nine chapters of King-Ill provides essential principles which can be applied to inform B-BBEE reporting by South African mining companies. The application of these principles for this purpose, and the determination of disclosure themes in the data collection instrument (see Section 3.2) will now be discussed in more detail.

**Construction of the disclosure checklist**

**Effective leadership**

Chapter 1 of King-Ill advocates that the board should provide effective leadership based on an ethical foundation (King-Ill, 2009). Effective leadership is displayed through responsible leaders building sustainable businesses which show regard to the company’s economic, social and environmental impact on the community in which it operates (King-Ill, 2009). Linking this

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13The JSE’s listing requirements do not explicitly mandate the preparation of an integrated report as a legal requirement but, practically, this is the outcome (Atkins & Maroun, 2015; Raemaekers, Maroun, & Padia, 2015).
principle to B-BBEE, a company should consider and disclose whether there are any social
effects on the community. A crucial element of integrated reporting is for the board of directors
to identify the sustainability factors pertinent to the business of the company and then to work
these into the long-term strategy of the company (King, 2010). Given the exploratory nature
of the study and the fact that no framework exists for B-BBEE disclosure requirements, this
requirement will be included in the disclosure checklist. The construction of the disclosure
checklist and more detail on open coding is discussed in Section 3.2. The open codes
(headings located in the integrated reports of mining companies) identified under Effective
Leadership are:

Integration of B-BBEE with the community

Details of employee demographics

Responsible corporate citizen

King-III requires that the board should ensure that the company is and is seen to be a
responsible corporate citizen (King-III, 2009). A responsible corporate citizen ensures that
strategies and policies are planned and coordinated across all sections of the company to
prevent fragmentation (King-III, 2009). A company may seek to respond to the requirements
of the Charter but fail to coordinate these efforts effectively into a broader sustainability
framework (King-III, 2009). Companies should use integrated reports to clarify the link
between sustainability and B-BBEE. Open codes include:

Integration of B-BBEE with the company’s social environment

Social transformation

Governance of risk

At the core of integrated reporting is the ability of the report to link governance and strategy
with risks and opportunities and, ultimately, their impact on the long-term sustainable
development of the company (Meyer, 2011; Ramsden, 2010). The board should be
responsible for the governance of risk and the board should appreciate that strategy, risk,
performance and sustainability are inseparable (King-III, 2009). This is achieved through the
identification of key performance and risk areas, as well as performance and risk measures
(King-III, 2009). A full assessment of risks requires a breakdown of the source and nature of
significant risks, an evaluation of the likelihood of each risk materialising and the development
of mitigating strategies (Raemaekers et al., 2015). Examples of open codes are:
Identification of risks

Mitigation of risks

BBBEE targets used as a key performance indicator measure

Actions taken by the board towards B-BBEE

Responses to B-BBEE risk

Composition of the board

The board should comprise a balance of power with a majority of non-executive, independent directors (King-III, 2009). Every board should also consider whether its diversity and demographics make it effective (King-III, 2009). Furthermore, the Charter set out requirements that, by 2014, forty percent of board representation should include HDSAs (see Table 1) (South African Government, 2010).

Diversity of board

Composition of executive committee

Governance committees (other than the board)

The board should delegate certain functions to well-structured committees without abdicating its own responsibilities (King-III, 2009). King-III assigns the board with ultimate responsibility over companies but also mandates the establishment other committees for listed companies (for example, social and ethics committees). The committees will be handed a unique set of responsibilities and B-BBEE may be one of them. The following open codes apply:

Legislative duties of the committee

Transformation report by the social and ethics committee.

Compliance with laws (binding and non-binding), codes and standards

The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards (King-III, 2009). The B-BBEE Act and the Charter (discussed in Section 2.2.1 and 2.3.1 respectively) are both laws, the compliance with which needs to be monitored. As discussed in Section 2.3.1, the Charter requires various targets for mining companies to adhere to. Provisions contained in the Charter increase the responsibility of the mining sector with reference to B-BBEE practices. For example, the
requirement for mines to achieve a minimum target of twenty-six percent ownership in mines by HDSAs by 2014 (South African Government, 2010).

Another law which will influence B-BBEE disclosures in the integrated report is Employment Equity. The Act governing Employment Equity is the Employment Equity Act No.55, 1998 (Employment Equity Act) (South African Government, 1998). This Act is designed to achieve a diverse workforce which broadly represents the demographics of South Africa and to eliminate unfair discrimination in employment practises (South African Government, 1998). The Charter includes specific quotas that outline the level of HDSAs who should represent each level of management (see Table 1) which is inspired by the Employment Equity Act. For this reason, references to the Employment Equity Act are used interchangeably with Employment Equity as per the Charter in this research. Examples of open codes under Compliance with laws are:

- Non-compliance with the B-BBEE Act
- Compliance with the B-BBEE Act

**Sustainability assurance**

Sustainability reporting and disclosure should be independently assured (King-III, 2009). Assurance does not insinuate verification and refers broadly to the integrity of the non-financial information in the integrated report (King-III, 2009).

- Independent assurance report

### 2.4. Summation

The literature review began with an explanation of social responsibility and its link to sustainable corporate strategies. The change of companies' responsibility towards the societies in which they operate was highlighted and the link between the integrated report and the regulatory risk was drawn. Section 2.1 concluded that the preparation of the integrated report cannot be seen as a by-product of financial reporting. This is especially true for the mining sector, where recent strikes have caused instability in the sector.

Section 2.2 took into account the historical context of South Africa and intentions behind initial laws related to BEE. A distinction was drawn between BEE and B-BBEE in which it was shown that B-BBEE is a result of the evolution of BEE. The catapult for change was due to the notion that the BEE laws which were in place only benefitted a small number of previously disadvantaged people. The concept of B-BBEE was an inclusive, comprehensive and wider
reaching framework for South Africans. Recent changes to the B-BBEE Act were discussed
to hone in on Government's stricter application of B-BBEE laws.

The last section looked at the reporting frameworks which inform the content of the integrated
reports of South African mining companies. The two frameworks were singled out is the
Charter and King III. The Charter is the framework for transformation in the mining sector and
was selected as industry regulations play a key role in defining the nature and extent of
corporate reporting. King III is an inclusive charter which assists companies to produce
stakeholder inclusive integrated reports. The JSE requirement for listed companies to apply
King III in producing an integrated report further highlighted the importance of King III to the
research question.

The literature related to the Charter and King III was scrutinised in order to begin the
construction of a disclosure checklist which will be finalised in Section 3.2. The next section
will outline the research methodology used to respond to the research question.
3. Research methodology

Section 3.1 contains an examination of the mainstream accounting research: what follows is a discussion of the interpretative methodology to give context to the interpretive research framework selected. In Section 3.2, a discussion is included on how the research instrument was derived by the researcher. Section 3.3 and 3.4 discuss the population and sampling methods as well as how the data was collected throughout the study. Section 3.5 details the method, used to analyse the research and the general management of the data is outlined in Section 3.6. Due to the exploratory nature of this study, a detailed analysis of validity and reliability is included in Section 3.6.

3.1. Research design

3.1.1. Research frameworks

The research makes use of qualitative methods and is inspired by an interpretive epistemology. The interpretive approach is more suitable for responding to general research questions dealing with the integrated report which is ultimately a subjectively constructed document (Carels et al., 2013; Raemaekers et al., 2015). A mismatch would occur if an objective, scientific method was designed for the purposes of capturing the idiosyncrasies contained in the integrated report. Quantitative methods will not be completely dismissed when analysing the data in this research but will be used to a lesser extent (Creswell & Plano Clark, 2011).

This study explores the basic or inherent features, characteristics or qualities – and extent - of B-BBEE disclosures in order to contribute to the growing body of integrated reporting research which exists in the South African framework (Section 1.2). The research is exploratory in nature which further suits the interpretive paradigm which has been selected. An interpretive-inspired method is appropriate in the absence of similar research of this nature. The method also assists when it is inherently difficult to develop a generally accepted disclosure framework needed for more scientific methods (Brennan & Solomon, 2008; Creswell & Plano Clark, 2011; Merkl-Davies, Brennan, & Vourvachis, 2011).

As no framework exists which prescribes a list of B-BBEE disclosures the prior literature and the integrated reports were used to construct a disclosure checklist (Creswell & Plano Clark, 2011; Leedy & Ormrod, 2013). The disclosure checklist was used as the data collection

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14 The integrated report is a socially constructed document where preparers engage with a number of stakeholders and prepare the integrated report using a combination of frameworks. In measuring such data, the use of a positivist method would cause a mismatch.
instrument and the development of the checklist will be discussed further in Section 3.2. The identification of open codes – based on a review of the prior literature – was discussed in Section 2.3.1 and Section 2.3.2.

3.2. Research approach

This research makes use of a qualitative approach (with quantitative methods being used to a limited extent) in collecting and analysing data. A detailed literature review is conducted in Section 2 which looked at integrated reporting in general, the relevant B-BBEE laws and regulations and more specifically the requirements of the Charter (Section 2.3.1) and King-III (Section 2.3.2). These elements were used to create a disclosure checklist (see Appendix A) which, in turn, became the framework from which a “score” for each integrated report was logged. The process was then complemented by an interpretive text analysis to identify key disclosure trends in the industry.

Content Analysis

Content analysis is broadly described as a comprehensive, methodical assessment of a specific framework of material for the purpose of identifying and categorising that material into patterns or themes (Leedy & Ormrod, 2013). The aim of identifying these patterns or themes is to discover a deeper understanding of the underlying subject matter (Leedy & Ormrod, 2013). Content analysis allows for certain inferences to be made from the underlying data which is why it is well-suited to the interpretive-inspired paradigm where the researcher plays a subjective role in the research (Leedy & Ormrod, 2013). Content analysis allows the researcher to provide context, knowledge and new insights to a field of study which ultimately increases the understanding of that topic (Leedy & Ormrod, 2013).

Content analysis has been used in the Accounting field of research for several years and it is the most frequently used research method within corporate reporting. In this study the actual content of the narrative has been analysed to understand the disclosure practices of JSE-listed mining companies (Carels et al., 2013; Raemaekers et al., 2015) Just as the research question and the purpose of the research will determine the selection of the research framework, it will also serve as the main consideration in determining the type of content analysis to be used (Merkel-Davies et al., 2011).
This research is inspired by a grounded approach\textsuperscript{15} and uses content analysis to analyse B-BBEE related disclosures in a detailed and systematic manner (Leedy & Ormrod, 2013).

**Development and application of the B-BBEE disclosure checklist**

Qualitative content analysis begins with a comprehensive literature review (see Section 2) and is followed by systematic and transparent procedures with the purpose of sorting the data into relevant categories (Unerman, 2000). The purpose of transparency in the process of analysing data in an interpretively designed study is to increase the level of reliance on a framework which is inherently subjective.

The first step involved an in-depth study of literature related to the research question beginning with the origins and evolution of B-BBEE. Next a detailed study of the principles of King-III and the requirements of the Charter was performed. The salient features of integrated reporting and corporate governance as a whole were consistently touched on throughout the literature review. It was through the systematic analysis of features in the literature review that the researcher began to identify preliminary disclosure themes. This is when focus was placed on the principles of King-III, together with guidance from the Charter.

For research which follows a grounded theory approach, one of the predominant challenges is understanding the abstract nature of the analysis. It is a common approach to use an open coding process in order to overcome this (Leedy & Ormrod, 2013). Open coding involves the process of reading through information a number of times in order to begin to identify tentative chunks of data which can eventually be summarised (Leedy & Ormrod, 2013). The open codes were developed in two phases. The researcher examined the provisions of King-III and the Charter in detail to identify BEE-specific disclosures. These provided a list of initial open codes. Two weeks later, the researcher re-examined the literature to ensure that the coding process was accurate and complete. The results were reviewed by an independent member of the academic staff. Finally, five mining companies' integrated reports were randomly selected and reviewed several times to get a sense of the type of B-BBEE disclosures included and to ensure that no important disclosure themes (open codes) were omitted. The following are examples of the headings (open codes) identified in the reports which related to B-BBEE (see Section 2.3.1 and 2.3.2).

\textsuperscript{15}This is in keeping with the fact that the researcher constructs a disclosure checklist using principles and requirements from a relevant body of literature. Nevertheless, the aim of this paper is not to develop a theoretical framework for explaining the extent of B-BBEE disclosure. For this reason, the research is described as 'inspired' by a grounded approach, rather than being a pure grounded study.
Open codes:

Integration of B-BBEE with the community
Integration of B-BBEE with the company's social environment

Social transformation:
Identification of risks
Mitigation of risks
B-BBEE targets used as a performance indicator measure
Diversity of board
Composition of executive committee
Duties of committees

Compliance with laws and charters for example:
Non-compliance with Mining Charter and the B-BBEE Act
Compliance with Mining Charter and the B-BBEE Act
Measurement of Mining Charter scorecard
Duties related to employee development
Details of HDSA in various levels of management
Procurement with empowerment entities
Upgrading of living quarters of lower-level employees

Independence assurance report

Axial coding consists of charactering the relationships between the codes. King-III and the Charter were a logical choice to group the axial codes. The researcher focused on King-III and read each principle on a line-by-line basis, all the while considering the link between each of the principles and B-BBEE. Following this, a decision was made to isolate each chapter of King-III and identify its possible tie with B-BBEE (the completed analysis of this exercise is
An iterative process was followed where the researcher consulted the integrated reports and substantiated the associations to King-III and the Charter until no additional disclosure themes could be identified and all principles which were found to be interdependent were combined. The final list of principles was used to provide axial codes which are shown in Appendix A.

For example a review of the integrated report meant that the researcher was familiar with the B-BBEE disclosures included (the open codes). An analysis of King-III produced the axial code as discussed above. The researcher then searched the integrated report again for themes which fell under the axial codes. Looking through the report again substantiated the axial codes and increased the integrity of the research. The open codes were developed in this manner as there is no specific framework for disclosing B-BBEE matters in the integrated report. The axial codes then become the themes which are included in the final disclosure checklist.

The B-BBEE disclosures in this study were also analysed with reference to their location. The locations of the integrated report are the sections included in the integrated reports. The locations used in this study are adapted from those developed by Carels (2013) in a study examining integrated reporting in the South African mining sector (see Table 2).

Table 2: Locations used in the disclosure checklist

<table>
<thead>
<tr>
<th>L1</th>
<th>Director's report</th>
</tr>
</thead>
<tbody>
<tr>
<td>L2</td>
<td>Chairman's statement</td>
</tr>
<tr>
<td>L3</td>
<td>Chief Executive Officer's review</td>
</tr>
<tr>
<td>L4</td>
<td>Risk management</td>
</tr>
<tr>
<td>L5</td>
<td>Strategic statement, profile and risk summary</td>
</tr>
<tr>
<td>L6</td>
<td>Corporate governance</td>
</tr>
<tr>
<td>L7</td>
<td>Social and ethics committee report</td>
</tr>
<tr>
<td>L8</td>
<td>Corporate responsibility summary</td>
</tr>
<tr>
<td>L9</td>
<td>Financial review</td>
</tr>
<tr>
<td>L10</td>
<td>Human capital review/safety and health</td>
</tr>
<tr>
<td>L11</td>
<td>Financial statements and notes</td>
</tr>
<tr>
<td>L12</td>
<td>Sustainability report (or equivalent)</td>
</tr>
<tr>
<td>L13</td>
<td>Regulatory compliance</td>
</tr>
<tr>
<td>L14</td>
<td>Group overview (and other related)</td>
</tr>
<tr>
<td>L15</td>
<td>Key performance indicators</td>
</tr>
<tr>
<td>L16</td>
<td>Operational review</td>
</tr>
<tr>
<td>L17</td>
<td>Assurance report</td>
</tr>
</tbody>
</table>

(Carels et al., 2013)
The numerical score obtained from the checklist (see Section 3.4) allowed for conclusions to be drawn regarding certain disclosure practices (Merkl-Davies et al., 2011). This analysis is a cost effective and easily replicable technique for compressing subjective text into concise and clear categories through the use of explicit rules. As categories were derived from the existing research and underlying theory, the process is considered deductive (Leedy & Ormrod, 2013) and is in line with a grounded approach to research.

### 3.3. Population size and sample

This study focuses on B-BBEE disclosures in mining companies listed on the JSE. It follows that the population would include all mining companies listed on the JSE. The most recent report released by the companies was analysed ensuring that the data collected contained the most up-to-date information available. As discussed in Section 1.4, supplementary information such as sustainability reports or independent company overviews were not analysed. This follows the approach advocated by the IIRC where the integrated report is the primary source of communication with stakeholders (IIRC, 2011).

There are fifty-six mining companies listed on the JSE and of those, eighteen are in the exploration or non-operational phase (Media, 2015). As was highlighted in Section 2.2.2, B-BBEE disclosures relate to the social branch of integrated reporting. Operational companies will generally have more employees which will increase the relevance of the B-BBEE laws in each of these companies. Non-operational mining companies will not have a significant employee base which would affect the B-BBEE disclosures and are, accordingly, excluded from the study.

Seven of the companies in the population did not have primary mining operations in South Africa. This significantly affects the frequency and nature of B-BBEE disclosures and negatively skews the data collected. For example, Glencore is a diversified and global mining company. Their operations span over a global network of more than 90 offices located in over 50 countries, employing around 181 000 people around the world. Furthermore, the company is not exclusively in the mining industry as they operate in the agricultural and energy sectors. No B-BBEE disclosures could be located in their 2014 integrated report. For these reasons, these seven companies were omitted from the study.

Lastly companies which did not produce an integrated report or which last produced a report in years prior to 2014 were excluded from the report. Some of these companies were also in the exploratory phase. Five companies fell in this category were left out of the study, leaving thirty-one companies in the final sample (see Appendix B for breakdown of companies included in study).
The final sample was thirty-one companies, representing fifty-seven percent of the population, however the reasons for excluding certain companies produced a fairer representation of operational mining companies with primary activities in South Africa to emphasise the importance of B-BBEE. Furthermore, smaller sample sizes are acceptable in this type of research due to its exploratory nature (Solomon & Maroun, 2012).

3.4. Data collection

Each company's score was calculated using the disclosure matrix which was explained in Section 3.2. A score of '0' or '1' was used to show the presence or absence of the respective B-BBEE disclosure metric. Each integrated report was read once in order to get an overview of the content of the report. During the first read through, any B-BBEE disclosures identified were highlighted (since the integrated reports were contained in an electronic, PDF format, this highlighting was done electronically). During the second reading, the B-BBEE disclosures were grouped into themes and the scores of the themes logged in the relevant location. The researcher looked for the following characteristics in grouping each of the themes:

Effective leadership

As explained in Section 2.3.2, Effective leadership is displayed by the board of a company effectively communicating B-BBEE disclosures to the users of the integrated report. Each time the directors of a company mentioned an aspect of B-BBEE, a score was logged under this theme. This usually appeared under the relevant director's reports.

Responsible corporate citizen

A score was recorded under this theme when the integrated report displayed not only a B-BBEE disclosure, but also an explanation of the link between B-BBEE and an aspect of sustainability, for example, an explanation of why reaching the Charter targets will increase the longevity of mining operations.

Governance of risk

The Governance of risk received a score whenever aspects of risk management were mentioned with specific reference to B-BBEE. This included the identification of risks, mitigating factors and strategies related to those risks and any type of risk-associated measurements.

Composition of board
King-III offers guidance pertaining to the composition of the board. Instances where mention was made of the racial diversity and make-up of the board were documented under this theme.

**Governance committees**

A score was logged under *Governance committees* whenever the report delved into the duties and responsibilities of certain governance committees in relation to B-BBEE. For example, the Social and ethics committee were generally tasked with the duty of ensuring compliance with B-BBEE legislation. The *Composition of the board* focused on the racial diversity of the actual members of the committees whilst *Governance committees* dealt with the duties of the committees with reference to B-BBEE.

**Compliance with laws**

*Compliance with laws* was the general theme for the discussion of relevant B-BBEE legislation. An example would be instances where a director mentioned the compliance with the Charter in the Directors report, instead of discussing a specific requirement of the Charter (Procurement with BEE entities for example).

**Sustainability assurance**

It was not good enough that a company include information that the overall integrated report was assured by an external party. For a score to be logged under *Sustainability assurance*, specific reference to the assurance of the B-BBEE disclosures was required. The verification of the Charter score by an independent body is an example which fits into this theme.

The Charter requirements were explained in Section 2.3.1. The remaining themes relate to mentions of these provisions which were relatively simple to identify: *Ownership, Procurement, Beneficiation, Employment equity, Human resource development* and *Reporting*.

### 3.5. Content analysis

If a paragraph of information contained a great amount of B-BBEE information, the researcher made an effort to read and re-read the disclosure to appropriately group the themes by aggregating or disaggregated the data. For example if a director considered the probability of meeting ownership targets required by the Charter in the CEO’s report, that was translated into two disclosure counts (one for *Effective leadership* and the other for *Ownership*). On the other hand, if an entire section discussed only procurement, this was considered as one count for *Procurement*, no matter how long-winded the section was. Graphs and tables displaying
B-BBEE disclosures were counted as an independent score unless they represented information which was subsequently explained in a paragraph following the graph, in which case both the paragraph and the graph/table were grouped into one disclosure count.

Using the B-BBEE disclosure scores, a disclosure frequency table was generated, showing the score for each company. Various descriptive statistics (such as the mean, median, range and standard deviation) were used to assist in analysing the data. The research is mostly qualitative but graphs and tables were formulated to provide a clearer understanding of the data presented.

As testing will be focused on the total scores per open and axial code, the data has been categorised as ordinal, consistent with the approach followed by Raemaekers et al (2015). Together with the fact that only a single period is reviewed, inferential statistical analysis is not appropriate. Instead, the descriptive statics are complemented by an interpretive text analysis of the content contained in the integrated report to draw attention to any emerging themes or trends on the manner in which companies are disclosing B-BBEE in the integrated report (Carels et al., 2013; Raemaekers et al., 2015). Throughout the analysis of the integrated report, a number of themes or patterns emerged within a particular company or throughout the total sample. The researcher made use of interpretive content analysis where the actual content of the narrative is analysed to understand the disclosure practice (Raemaekers et al., 2015). Where possible, the researcher found excerpts from the reports which demonstrated a key theme identified.

A Spearman’s Rank Order Correlation [rho] was used to calculate the strength of relationship between sets of data. This analysis measures the statistical dependence between two variables and assesses how well the between two variables can be described using a monotonic function – meaning that when the x variable increases so does the y variable and vice-versa (Cohen, 1988). Spearman’s is a non-parametric test which makes no assumption regarding the distributions of variables in the population. The strength of the correlations can be judged according to the following guidelines: \( r = .10 \) to \( r = .29 \) or \( r = -.10 \) to \( r = -.29 \) represents a little significance; \( r = .30 \) to \( r = .49 \) or \( r = -.30 \) to \( r = -.49 \) represents a medium significance and \( r = .50 \) to 1.00 or \( r = -.50 \) to \( r = -1.00 \) represents a great significance (see Section 4.5) (Cohen, 1988).

3.6 Data management

In order to protect the integrity of the research, the integrated reports of the companies included in the study were obtained directly off the relevant companies’ official websites. The integrated reports were kept in a folder and each was labelled clearly with the name of the company and the year being analysed.
3.7. Validity and reliability

Validity refers to the accuracy, meaningfulness and credibility of the research (Leedy & Ormrod, 2013). Reliability refers to the consistency of the research (Creswell & Plano Clark, 2011). To ensure that the research appropriately answers the research question, the researcher must constantly address issues related to validity and reliability. The purpose of the axial codes being derived from King-III is to ensure that the codes are grounded in prior literature which reduces the risk of the checklist being incomplete.

In some methods of research, the researcher can describe herself as being the research instrument because of the extent of her involvement (Leedy & Ormrod, 2013). This type of bias will negatively affect the research if the researcher does not acknowledge the bias and try to mitigate it (Leedy & Ormrod, 2013). The coding process is subjective and could threaten validity and reliability; this is mitigated by the fact that it is a generally accepted method for collecting data for this type of research (Carels et al., 2013; Raemaekers et al., 2015; Solomon & Maroun, 2012). Steps taken to ensure that the coding process is reasonable include the fact that the researcher was transparent in showing the method which was used to construct the checklist. An iterative process was also adopted to decrease the likelihood of the checklist being incomplete. The researcher relied on a peer review system where both supervisors analysed the checklist for completeness (Leedy & Ormrod, 2013). As a final test for credibility, a pilot study was conducted looking at a moderate number of integrated reports and the coding process was modified as necessary (Leedy & Ormrod, 2013). More specifically, during the pilot phase, an integrated report was analysed twice to ascertain if the scores attained by each company were significantly different. If major differences were found, the process was streamlined by the researcher applying the same principles going forward.

To ensure validity, the researcher included a Spearman Rho analysis to provide aggregated results. This technique provided consistent results (see Section 4.5) which gives additional assurance that the findings are relevant and reliable.

Section 4 includes an analysis of the results obtained.
4. Results

In Section 4.1, an overall descriptive review is performed on the various B-BBEE disclosures found in the sample of companies observed. This is achieved through the analysis of the summary descriptive statistics of the themes and locations developed in the Literature review (Section 2) and Methodology (Section 3).

The themes and locations are studied (Section 4.2 - 4.3) by examining their overall disclosure scores throughout the sample. Additionally, supplementary analysis of the location scores is provided by categorising the locations into predetermined groupings.

Section 4.4 presents an analysis of the mining companies by sector where the companies are grouped into their respective sectors in order to ascertain whether any sector-specific conclusions can be drawn.

Lastly the results are complemented by an analysis of Spearman's correlation coefficient which examines the relationships between the themes in more detail and attempts to link the outcomes found throughout the results section (Section 4.5).

4.1. Descriptive analysis

The descriptive analysis will look at the companies which received the lowest and highest scores and attempt to ascertain the nature of the B-BBEE disclosures provided by those companies. Table 3 shows a summary of descriptive statistics which relate to all the companies examined as part of the study.

Table 3: A summary of descriptive statistics across thirty-one companies

<table>
<thead>
<tr>
<th>Descriptive statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>28.6452</td>
</tr>
<tr>
<td>Median</td>
<td>26</td>
</tr>
<tr>
<td>Mode</td>
<td>14</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>15.8189</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>250.237</td>
</tr>
<tr>
<td>Range</td>
<td>62</td>
</tr>
<tr>
<td>Minimum</td>
<td>6</td>
</tr>
<tr>
<td>Maximum</td>
<td>68</td>
</tr>
<tr>
<td>Sum</td>
<td>888</td>
</tr>
<tr>
<td>Count</td>
<td>31</td>
</tr>
</tbody>
</table>
The average score for the B-BBEE disclosures was 29. The maximum score was 68, belonging to Company 25 and the lowest score was 6, belonging to Company 12. The range of 62 is quite high showing large disparities between the highest and lowest scoring companies. However, the standard deviation of sixteen displays a less exaggerated spread from the mean. It must be noted that Company 25 has long standing mining operations with a small scale of exploration whereas Company 12 has been actively mining minerals for a shorter period and is still highly active in the exploration of new resources. The distinctive maturity of these two companies could account for the disproportionate disclosure score between them.

From an overall perspective, it was noted that companies generally touched on all disclosures. Repetition was a key feature within the reports, with numerous companies repeating Ownership disclosures in different sections of the report, increasing the mean without adding true value to the reports. This is consistent with the trend found by researchers looking at the effect of the introduction of King-III on integrated reporting (Solomon & Maroun, 2012). This is not meant to diminish the importance of reporting on Ownership but in some cases the same information was reported with different phrasing being used numerous times throughout the report. Below, Company 25 and Company 12 are used to illustrate the point. Company 25 scored sixty-eight, but thirty-three of those disclosures related to Ownership. The company was involved in a BEE deal (the value of which approximated R 7 billion) which increased the ownership of the company by HDSA’s to around thirty-six percent. Aspects of this deal were included in numerous sections of the financial statements. Reporting items included notes on the equity-settled instruments with respect to BEE, BEE transaction costs, for example. This type of subject matter needs to be disclosed to users of the financials and legitimately increased the overall score. The report also included instances where the same aspect of the deal was discussed in varying detail in different locations which did not add value to the overall report.

Company 12 displayed only 6 counts of B-BBEE disclosures overall but it was noted that 3 of the themes logged fell under Ownership. Furthermore, all three disclosures dealt with the similar aspects of the same empowerment deal. This suggests that no matter what the overall disclosure score of a company was, many of them disclosed arbitrary requirements which may not increase value for users of the report.

In awarding companies for excellence in integrated reporting Ernst & Young found that the overall number of pages in the integrated report has decreased by eight pages from 2014 to 2015 (E&Y, 2015). A reason for this decrease has been less repetition by JSE-listed
companies. This could signal that overall companies are beginning to move towards more precise reporting.

4.2. Theme analysis
As seen in Section 3.3, data was collected from a sample of 31 JSE-listed companies in the mining industry. Figure 1 depicts the aggregate disclosure scores, per theme, of all companies.

![Figure 1: B-BBEE disclosures per theme](image)

Figure 1 reveals that the top three B-BBEE themes which were disclosed in the integrated report across all companies and locations were *Ownership*, *Compliance with laws* and *Employment equity*. The B-BBEE themes which have the least representation in the sample are *Governance of risk*, *Sustainability assurance* and *Reporting*.

4.2.1. High frequency themes
From the number of times *Ownership* was mentioned in the integrated reports, it would seem that listed mining companies are concerned with this Charter requirement. The following analysis is in line with expectations as the *Ownership* principle has been outlined as the "essence of the Charter" (Secombe, 2015). The requirement to have twenty six percent B-BBEE ownership has been met with most resistance from the mining sector and still causes
controversy today as mining companies seek to gain clarity on the interpretation of the requirement (Quintal, 2015). As stated in Section 1.2, formal reporting on the Charter was due in 2015. By June 2015, more than 300 notices had been sent to companies which had not complied with stipulations contained in the Charter (Quintal, 2015). Ownership of the mines is a main area of contention with many empowerment deals falling through as BEE partners sold their mining shares (obtained at favourable rates) for a profit (Quintal, 2015). The “once empowered, always empowered” concept led the mining sector to seek clarity from the courts on whether past deals counted towards the twenty six percent requirement even after those transactions had fallen away (Secombe, 2015).

Conversations surrounding the Charter highlight Ownership as the most topical condition. Users may be concerned with what companies are doing to ensure they remain operational as one of the consequences of non-compliance is the confiscation of the mining license (discussed in Section 2.2.2). Through analysing the integrated report, the researcher found that numerous contractual structures were put in place by mining companies to ensure compliance with Ownership and these structures were disclosed mainly through the use of structural organograms with explanations. Extract 1 from the integrated report of Company 7 shows a graphical representation of the structure of the firm with an explanation of the BEE ownership below.

---

16 BEE (Black Economic Empowerment) partners are those HDSAs who are involved in commercial business deals which are purposively structured around transformation initiatives.
17 “Once empowered, always empowered” is when an entity is allowed to recognize a portion of black ownership after a black participant has exited (Empowerdex, 2007).
18 Examples of such mechanisms include the formation of black-owned trusts, mergers with black-owned mines and broad-based employee share schemes.
Compliance with laws scored highly across all companies. As explained in Section 3.4, the requirement is an umbrella theme where any mention of overall compliance with the various B-BBEE related Acts and Charters would receive a score. The broadness of the disclosure contributed to it scoring more highly than other themes as the integrated report serves as a summary of the financial and non-financial information produced by a company (see Section 1.1) (Eccles & Serafeim, 2011; Krzus, 2011). In summarising B-BBEE disclosures, companies in the mining sector were more likely to discuss overall compliance with the relevant Acts and Charters, instead of compliance with specific provisions of those Acts and Charters.

Companies provided general reviews on compliance with specific implementation scattered across different sections of the report. For example, Company 16 (see Extract 2) stated that they have “substantially complied with the elements of the Charter” in the Chairman’s report.
(on page 15 of the report). The CEO’s report (page 27) goes deeper by explaining that the Ownership target of twenty six percent has been met. The section in the report labelled “Our Workforce”, discusses the number of HDSAs employed in total and in senior management (page 98). Lastly, a full breakdown of the Charter scorecard is provided (page 104) where every requirement of the Charter is broken down into its element (the actual element of the Charter, for example Ownership), description (what the Charter requires for each element) and measure (how the element is measured). Page 105 shows Company 16’s progress against meeting the 2014 Charter target for each element. It must be noted that this amount of detail per element was not a common occurrence throughout the sample of companies analysed.

Extract 2: Company 16 (2014)

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>DESCRIPTION</th>
<th>MEASURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>REPORTING</td>
<td>Report on the level of compliance with the Revised Charter for the calendar year</td>
<td>Documentary proof of receipt from the DMR</td>
</tr>
<tr>
<td>OWNERSHIP</td>
<td>Minimum target for effective HDSA ownership</td>
<td>Meaningful economic participation</td>
</tr>
</tbody>
</table>

**MINING CHARTER COMPLIANCE TARGET BY 2014**

**PROGRESS AGAINST 2014 MINING CHARTER TARGET**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annually</td>
<td></td>
</tr>
<tr>
<td></td>
<td>26%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Employment equity had a high score across the sample. B-BBEE disclosures related to Employment equity were displayed with a range of variability with companies discussing the issue in many contexts. For example, companies showed the number of HDSA’s in each level of management; the number of women employed by the company; details regarding affirmative action; plans to increase the number of Africans, Indians and Coloureds within the company and graphical representations of company demographics (tables, pie-charts, doughnut-charts, for example).

This disclosure was mainly found (54 counts) in L10: Human capital (or equivalent) of the integrated report which is in line with expectations (the analysis of the locations can be found in Section 4.3). From the spread of Employment equity disclosures, it appears that the mining sector sees the need for transformation within the workplace in line with the objectives of the Employment equity Act (Section 2.3.2).
4.2.2. Low frequency themes

The themes which achieved the lowest disclosure scores overall was the Governance of Risk, Sustainability assurance and Reporting (15, 17 and 23 respectively). Risk management is an essential part of corporate governance as it assists companies to identify threats and to take action. The lack of B-BBEE-related risk disclosures is of concern when the consequences of non-compliance with the relevant Acts are taken into account. The essence of integrated reporting is to link governance and strategy with risks and opportunities (see Section 2.3.2, Governance committees) (Ramsden, 2010). It would appear that the mining sector is forgoing on a fundamental opportunity to be proactive in discovering strategies and opportunities related to B-BBEE. A predominantly reactive approach has been adopted by the sector and the lack of disclosures related to risks supports this analysis.

It is a requirement for companies to report on their progress towards meeting the Charter requirements to the Minister. Many companies disclosed individual requirements of the Charter or they focused on the sections in which they achieved excellence. It was not a common occurrence for companies to conclude on whether the Charter’s targets had been met overall. Consequently, the score for Reporting was so low.

Overall the preparers of the integrated report are clearly focused on a few key aspects of B-BBEE reporting and the rest are treated as supplementary information, included in different sections of the integrated report.
4.3. Location analysis

In this section of the report, the location scores for all the companies examined are studied. Figure 2 represents a summary of the total location score across all themes and companies.

![Figure 2: B-BBEE disclosures per location](image)

**Figure 2**

4.3.1. High frequency locations

The highest scoring location was L8: Corporate responsibility summary. Examination of the integrated reports reveals that this location has a broad range of B-BBEE disclosures in various formats (graphs, tables and narratives, for example). Companies generally use this location of the integrated report to list their stakeholders and show their various levels of engagement with these stakeholders. B-BBEE is pervasive in that it affects a range of stakeholder groups. For example, internal stakeholders (employees), government (through legislation and charters), civil society (through development projects within the community), BEE business partners/suppliers and the media which report on the transformation.

Company 2 provided a thorough account of its engagements with stakeholders. In the “Achievements and Challenges” section, it is reported that the Charter targets are widely met whilst also revealing that the review of the Charter had not yet been finalised. A table has been provided, including a summary of stakeholder concerns, the impact of those concerns on the company, the impact of the concerns on the stakeholders themselves, and Company 2’s
responses to those concerns. In *Ernst & Young’s Excellence in Integrated Reporting Awards 2014*, Company 2 was rated in the top ten best integrated reports. It was specifically noted that one of the reasons for this related to:

“The section in the report that deals with stakeholder engagement clearly outlines in sufficient detail the group’s various stakeholders and their legitimate needs and concerns” (E&Y, 2014, p. 12).

Extract 3: Company 2 (2014)

<table>
<thead>
<tr>
<th>Stakeholder concerns</th>
<th>Impact on</th>
<th>Impact on stakeholder</th>
<th>‘s response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and environmental impacts</td>
<td>Safety-related operational stoppages and environmental non-compliance findings affect production and reputation</td>
<td>Increasing safety and environmental investigations</td>
<td>Technological innovations to enhance safety</td>
</tr>
<tr>
<td>Compliance with regulatory requirements</td>
<td>Lack of compliance will result in loss or suspension of mining rights</td>
<td>Government unable to meet transformation objectives</td>
<td>Revise Social and Labour Plan (SLP) targets and maintain compliance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Demonstrating excellence in compliance and reporting</td>
</tr>
</tbody>
</table>

L10: Human capital review/safety and health saw a great number of B-BBEE disclosures across all companies in the sample. This is consistent with findings by Ernst & Young on the progression of integrated reporting that in the past the financial statements were not incorporating a holistic view of the company (E&Y, 2014). This led to companies disclosing employee-related issues and corporate social responsibility activities in a separate report (sustainability, corporate social responsibility or triple bottom line reports) (E&Y, 2014). Following the publication of King-III, the focus of listed companies shifted to integrated reporting where even aspects of employee relations are included in the integrated report (E&Y, 2014). Transformation in the workplace is a contentious area for South African businesses and so it was expected that a large number of B-BBEE disclosures would be located in this section.

4.3.2. Low frequency locations

The location which saw the fewest count of B-BBEE disclosures was L9: Financial review. This is consistent with expectations as, although BEE has strong operational effects on a company, these effects are difficult to measure. B-BBEE offers mostly an intrinsic value which
cannot be quantified. When instances of B-BBEE disclosures were found in L9: Financial review, they were mainly related to deals with BEE partners, BEE trusts or other similar deals (BEE transactions). Company 21 characterises this type of disclosure when it includes the financial details of a BEE transaction in L9: Financial review. The BEE transaction fee relates to transaction costs of $14 million with $13 million being the lock-in premium\(^{19}\) paid to the BEE partners. Legal and consulting costs incurred on this transaction amounted to $1 million.

Extract 4: Company 21 (2015)

<table>
<thead>
<tr>
<th>Special operating costs</th>
<th>Year ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Impairment of non-financial assets</td>
<td>1,811</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>59</td>
</tr>
<tr>
<td>BEE transaction</td>
<td>14</td>
</tr>
<tr>
<td>Strike related costs</td>
<td></td>
</tr>
<tr>
<td>- Idle fixed production costs</td>
<td>-</td>
</tr>
<tr>
<td>- Contractors' claims</td>
<td>-</td>
</tr>
<tr>
<td>- Security costs</td>
<td>-</td>
</tr>
<tr>
<td>- Other strike related costs</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,884</strong></td>
</tr>
</tbody>
</table>

4.3.3. Location and theme analysis

This section of the research brings together the themes and locations through looking at predefined groupings of various location scores. The purpose of the groupings is to isolate certain locations to allow for more in-depth analysis. Furthermore, with seventeen locations overall it became necessary to split them into groups to provide for more meaningful examination of the results. The researcher grouped the themes based on the number of times a certain theme received a "nil" score under each location. For example, the Governance of risk only appeared in two locations, L4: Risk management and L5: Strategic statement, profile

\(^{19}\) A lock-in premium is an incentive offered to future BEE participants in order to secure the terms of a BEE deal.
and risk summary. It follows that the Governance of risk had fifteen locations where it did not make an appearance at all; on the other hand Ownership showed up in all seventeen locations. The researcher grouped the themes into those which covered the fewest locations (zero to four nil scores across all locations), those which had medium coverage (five to nine nil scores across all locations) and those that had most coverage (ten to fifteen nil scores across all location).

Figure 3: Location by least coverage

Figure 3 shows a level of isolation between the themes. Each theme is covered in two or three locations without much spread elsewhere. This finding is of concern when it comes to the Governance of risk, King-III states that a company's strategy, risk, performance and sustainability are inseparable (King-III, 2009). The assessment of risk is pervasive and it was expected that the Governance of risk would be evident throughout various locations of the report. This may indicate that companies are enlisting a reactive approach to B-BBEE risks, instead of being proactive in identifying and mitigating these risks.

The remaining themes contained in Figure 3 are in line with expectations. It is reasonable that the diversity of the board of directors would be discussed in L6: Corporate Governance. It follows that the directors would naturally discuss B-BBEE matters in the respective director
reports (L1: Director's report, L2: Chairman's statement and L3: Chief Executive Officer's review). It should also be noted that the Social and Ethics Committee were generally tasked with the responsibility of ensuring compliance with various B-BBEE disclosures and as such its isolation in L7: Social and Ethics Committee report is expected. The isolation of a disclosure score is not always a negative finding.

Figure 4: Location by medium coverage

As Figure 4 reveals, these themes show a better coverage than the first set, however there are still instances of isolation. Compliance with laws showed good coverage throughout the report: this can be attributed to the overall nature of the theme (discussed in Section 3.4 and Section 4.2.1).

A theme which showed a surprising spread in the integrated reports analysed was Beneficiation. Beneficiation is the processing of a mineral into a higher value resource which can either be sold nationally or exported to other countries (see Table 1). The link between beneficiation and B-BBEE is the provision in the Charter which allows a mining company to offset their twenty six percent HDSA ownership with the value of beneficiated resources. Effectively, mining companies could require as little as fifteen percent HDSA ownership (as a maximum of eleven percent can be offset). It was surprising that no mining companies took
advantage of this provision but only considered the operational effects of beneficiation within
the company (which were mostly disclosed in L14: Group overview (and other related). This
could indicate that companies in the mining sector are aligning their principles with real
empowerment and transformation. It is also possible that the costs associated with
beneficiation outweigh the benefits and finding a BEE partner is an easier exercise.

Figure 5: Location by high coverage

Figure 5 shows the locations with the highest coverage or spread (please note that the axes
on this figure are different from the first two figures in the subsection). The figure reveals a
finding which has been touched on throughout the subsection: the themes are disclosed in
isolated locations. Even though these themes have the greatest spread throughout the report,
there are still clear outliers which points to a lack of integration in the integrated report. This is
consistent with the findings on research which looked at the views of institutional investors
and analysts on South African integrated reports (Atkins & Maroun, 2015). Themes are being
reported in silos and this could indicate that B-BBEE disclosures are not being looked at
holistically.
4.4. Sector Analysis
The following section shows an analysis of the mining sector. The sectors contained in the sample include chrome, coal, diamond, gold, platinum, uranium and iron, steel and aluminium. The figure below shows a graphical display of the locations where each sector tended to disclose B-BBEE items.
Figure 6: Location per sector

[Graph showing location per sector for different sectors such as Iron, Steel and Aluminium, Uranium, Platinum, Multiple, Gold, Diamonds, Coal, and Chrome.]
The graph indicates that the companies in the sample are disclosing B-BBEE items in a broad range of locations. There is no link or consistency between the different sectors, it cannot be said that one specific location is favoured by the companies. It should be noted that the Diamond industry disclosed the least amount of B-BBEE information in their reports.

A study released in 2010 showed concern that the diamond sector was failing to report on the previous Charter's requirements and was generally neglecting to disclose on sustainability (Morris & Baartjes, 2010). Figure 6 draws attention to the possibility that the diamond sector may still be failing to adequately report on the Charter. It must also be noted that there is only one diamond company included in the study and this may result in the information being skewed.

![Figure 7: Themes per sector](image)

Figure 7: Themes per sector
Figure 7 shows that notable similarities can be seen between the themes on which companies in each sector focused. From this, it can be concluded that, although companies reported on B-BBEE disclosures in dissimilar locations of the report, the themes which they chose to account for were proportionately spread. Ownership, Compliance with laws and Employment equity are the areas which were most reported and the Governance of risk, Sustainability assurance and Reporting were again the worst performing disclosures (in line with findings in Section 4.2.1 and Section 4.2.2).

The platinum sector is the best performing sector, disclosing most in relation to the other sectors on majority of the themes presented. The platinum sector owns the largest slice of the industry pie, with an overall market capitalisation of thirty eight percent. It could be argued that the integrated report is a costly report to prepare and a company with enough resources will be able produce the most thorough report (Australian School of Business, 2012). The high volume of social disclosures could also be linked to the surge in labour strikes which took place in 2014. The platinum sector suffered huge losses during the protracted five month in which labour unions and industry leaders engaged in heated negotiations regarding wages (PwC, 2015). It is possible that these unfortunate events can be what is driving the industry to report on more social issues than the other sectors.
4.5. Spearman’s correlation coefficient

In order to determine whether there are relationships between pairs of the B-BBEE disclosure themes, they were subjected to a Spearman’s correlation analysis. The results are shown in Table 4.

Table 4: Spearman’s correlation coefficient

<table>
<thead>
<tr>
<th></th>
<th>Effective leadership</th>
<th>Responsible corporate citizen</th>
<th>Governance of risk</th>
<th>Composition of board</th>
<th>Governance committees</th>
<th>Compliance with laws</th>
<th>Sustainability assurance</th>
<th>Ownership</th>
<th>Procurement</th>
<th>Beneficiation</th>
<th>Employment equity</th>
<th>Human resource development</th>
<th>Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective leadership</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible corporate citizen</td>
<td>0.41**</td>
<td>1</td>
<td>0.154</td>
<td>0.226</td>
<td>0.232</td>
<td>0.326</td>
<td>0.382</td>
<td>0.398</td>
<td>0.277</td>
<td>0.302</td>
<td>0.438**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance of risk</td>
<td>0.154</td>
<td>1</td>
<td>0.109</td>
<td>0.14</td>
<td>0.227</td>
<td>0.402</td>
<td>0.279</td>
<td>0.352</td>
<td>0.405</td>
<td>0.215</td>
<td>0.223**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Composition of board</td>
<td>0.226</td>
<td>0.14</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance committees</td>
<td>0.232</td>
<td>0.227</td>
<td>0.279</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance with laws</td>
<td>0.326</td>
<td>0.352</td>
<td>0.347</td>
<td>0.158</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability assurance</td>
<td>0.382*</td>
<td>0.41**</td>
<td>0.384</td>
<td>0.14</td>
<td>0.410**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td>0.398</td>
<td>0.41**</td>
<td>0.384</td>
<td>0.14</td>
<td>0.410**</td>
<td>0.384</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>0.384**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>0.405</td>
<td>0.215</td>
<td>0.261</td>
<td>0.04</td>
<td>0.139</td>
<td>0.384</td>
<td>0.384</td>
<td>1</td>
<td></td>
<td></td>
<td>0.139</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiation</td>
<td>0.215</td>
<td>0.261</td>
<td>0.293</td>
<td>0.04</td>
<td>0.139</td>
<td>0.384</td>
<td>0.384</td>
<td>0.384</td>
<td>1</td>
<td></td>
<td>0.139</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment equity</td>
<td>0.352</td>
<td>0.41**</td>
<td>0.384</td>
<td>0.14</td>
<td>0.410**</td>
<td>0.384</td>
<td>0.384</td>
<td>0.384</td>
<td>1</td>
<td></td>
<td>0.139</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource development</td>
<td>0.398*</td>
<td>0.41**</td>
<td>0.384</td>
<td>0.14</td>
<td>0.410**</td>
<td>0.384</td>
<td>0.384</td>
<td>0.384</td>
<td>1</td>
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<td>0.139</td>
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</tr>
<tr>
<td>Reporting</td>
<td>0.384</td>
<td>0.41**</td>
<td>0.384</td>
<td>0.14</td>
<td>0.410**</td>
<td>0.384</td>
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<td>0.384</td>
<td>1</td>
<td></td>
<td>0.139</td>
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</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed)
** Correlation is significant at the 0.01 level (2-tailed)
Spearman’s correlation co-efficient measures the strength of association between two ranked variables. The themes in the integrated report serve as the variables and the pairs of themes which show medium and high associations are highlighted in red (see Section 3.4). Overall, other than the exceptions which will be discussed below, the themes do not show strong correlations with one another. Spearman’s indicated that most highlighted rho’s fell into the weak or medium range ($r=0.10$ to $r=0.49$). Since Spearman’s measures the strength of correlations between two variables, these weak correlations are in line with the lack of integration which has been identified in the reports.

*Effective leadership* displayed the most significant correlation with the other themes in the study. Nine out of twelve themes – excluding the theme being analysed – showed significant links with *Effective leadership*. This illustrates that where the integrated report discusses the other nine themes, the researcher frequently found instances of *Effective leadership* by the directors of the company, in their respective reports. Section 2.3.2 highlights the fact that there is always a strong link between good corporate governance and compliance with laws. The relationship displayed by the table gives a sense that sound leadership practices will have a trickle-down effect and will result in a report which is rich in a wide spread of B-BBEE disclosures.

This trend, however, did not follow through to the *Governance of risk* which saw a weak correlation ($r^2=0.154$) with *Effective leadership*. Overall, the count of risk disclosures in the sample was disappointing as discussed in Section 4.2.2. This could be indicative of a lack of integration between B-BBEE associated risks and other themes in the integrated report.

In addition to *Effective leadership*, *Compliance with laws* also showed noteworthy associations with a significant number of themes (eight out of twelve of the themes). As pointed out in the Section 4.2.1, *Compliance with laws* is a largely general theme. In most instances, it was followed by a more specific explanation of the applicable law at a later stage of the report. B-BBEE disclosures related to *Compliance with laws* habitually acted as a signal that more information was to follow at a later stage of the report: this explains the strong link to the other themes which are the actual representations of the type of supplementary information that would have come up under the overall theme.

The most significant association overall ($r^2=0.742$) is between *Procurement* and *Employment equity*. The correlation was significant at the 1% level, indicating a low probability that the association was measured by coincidence. Integrated reporting can be explained as being a stakeholder-driven report (Krzus, 2011). Identifying and reporting on these stakeholder relationships creates value in the integrated report. Suppliers and employees are both integral...
stakeholders for companies in the mining sector. This could suggest that where reports were focused on stakeholder reporting, it resulted in high disclosures for both of these themes. This explanation holds for the interaction between Employment equity and the other themes in the study, many of which are significant at the 1% and 5% level. As seen in Section 4.3.1, L8: Corporate responsibility summary showed the largest number of disclosures related to B-BBEE. Here, we see a summary of stakeholder/company relations. A majority of the reports which included this location generally touched on various B-BBEE themes.

It was expected that Ownership would display a significant connection with the other themes, due to the number of times the theme came up overall. Surprisingly, Ownership showed the weakest correlation with the other themes. This could support the notion that companies were over-disclosing and repeating Ownership disclosures, instead of adding value to the report by gaining coverage on other themes. The finding suggests that the theme was isolated, confirming findings related to the lack of integration in the reports analysed. Evidence of this was already seen in Section 4.2.1 where the repetition of Ownership was discussed.

It must be noted that Ownership showed a weighty relationship with Effective leadership \((r^2 = 0.520)\). This could signify the fact that directors are appropriately addressing the key issues in their respective portions of the report. Ownership has been identified as the "essence of the Charter" so it follows that the directors would need to address it in their reports. Earlier analysis revealed that Effective leadership was strongly correlated to many other disclosures, proving that the directors are not isolating Ownership as the only discussion point.

Section 5 shows the conclusion of the study as well as areas for future research.
5. Conclusion and recommendations

5.1. Summary of findings
The purpose of the study is to analyse the basic or inherent features, characteristics and qualities – and extent of B-BBEE disclosures of South African mining companies listed on the JSE. The current economic climate in the mining sector, as well as controversy in the sector regarding the implementation of B-BBEE legislation (especially the Charter), highlights the need for research in this area. The integrated report can give a holistic account of a company – much more so than what is shown by that company’s financial statements. As King-III (2009) states, a company’s strategy, risk, performance and sustainability are inseparable (King-III, 2009). An integrated report can give this full picture of a company (King-III, 2009). Legislation influences the integrated report and the relevant B-BBEE legislation should be used as a means of informing the content of the report (Frias-Aceituno et al., 2013).

Using the principles of King-III, guidance from the Charter and a comprehensive literature review, a B-BBEE disclosure checklist was developed. This checklist was used to collect data from a sample of 31 listed mining companies. This data was then analysed using detailed content analysis and supported by basic statistical and interpretive text analysis. The disclosure scores were examined to identify key themes across companies and the minerals mined.

The analysis of the scores achieved by companies in the sample showed that the average company included 29 counts of B-BBEE disclosures, with a spread around the mean of 16. The researcher identified medium coverage of the themes examined. However, excessive repetition was also noted. Certain instances of repetition were valid as they focused on adding important detail to the theme being discussed, however, most aspects of the themes being repeated were arbitrary. The repetition detracts from the objective of an integrated report as envisaged by King-III (2009). Excessive repetition was raised in the prior literature (Section 2.1) as one of the downfalls of the integrated report (Atkins & Maroun, 2015). The results of the research indicate that this remains prevalent in the mining sector.

Various key findings emerged during the analysis of the themes developed by the researcher. The themes which were reported on most by the companies in the sample were Ownership, Compliance with laws and Employment equity with the Governance of risk, Sustainability assurance and Reporting coming up least. From the literature one would expect that Compliance with laws would score highly within the mining industry as it was established that a company’s legal system will have a large effect on the integrated report (Frias-Aceituno et
The results also reveals that while it is clear that companies identified that achieving twenty six percent ownership is the essence of the Charter, they fail to focus on other areas which may warrant attention. Companies tend to focus on the requirements which they met, instead of focusing on those in which they need to improve. This finding is further proved by the low count of the Governance of risk theme. This points to the fact that a reactive approach is being taken by the industry as opposed to a proactive approach which the Governance of risk as introduced in King-III supports (King-III, 2009). Section 2.1 of the literature makes mention of the integrated report being used as a signalling tools for risks in entities (Eccles & Serafeim, 2011). The underwhelming presence of the Governance of Risk show that the trend has not followed through to the mining sector.

The analysis of the locations reveals key patterns that are displayed throughout the sample. L8: Corporate responsibility summary is the location which saw the highest number of themes. This section summarises issues related to a broad range of stakeholders and the inclusion of B-BBEE matches this mandate. B-BBEE practices are surprisingly poorly represented in areas which measure strategy and risk in the integrated report, once again showing a weak link between risks, strategy and forward looking disclosures related to B-BBEE. L9: Financial review location sees the fewest links related to B-BBEE disclosures, which may be attributed to the fact that the financial cost of compliance with the subject matter can be difficult to measure.

Locations are grouped in accordance with their coverage throughout the report. The most significant finding was the severe isolation of the subject matter in the integrated report. Themes were mainly found in singular locations with few instances of overlapping, pointing to the fact that the integrated report does not give a holistic view of B-BBEE disclosures.

The mining industry was examined with reference to the minerals which are mined in the sector. Little correlation was found between the locations where the companies chose to disclose B-BBEE but a significant link was found between the themes disclosed in the sample. It is clear that the companies in the sample prioritise the reporting of similar themes related to B-BBEE. It can be concluded that the pertinent areas of concern are generally covered by the companies.

Lastly, Spearman's correlation coefficient reveals significant correlations between various themes in the sample analysed. The most pertinent finding was displayed through Effective leadership's strong association with the rest of the themes in the study. This signalled the strong link between good corporate governance and leadership, showing that leading from the top creates a trickle-down effect to other sections of the report. This finding was in line with
expectations as the literature (Section 2.1) showed that integrated report gives stakeholders the full picture of the company which results in a deeper engagement with stakeholders (Eccles & Saltzman, 2011). Once again, the Governance of risk showed weak correlations with the other themes, proving its isolation throughout the report.

Overall, companies in the sample produced a medium coverage of B-BBEE disclosures in the integrated report. Evidence gathered saw that this coverage was weakened by excessive repetition and low importance being placed on the assessment of risk. Companies tended to focus on positive aspects of reporting as opposed to concentrating on a balanced view of their business. The integrated report should aid companies in addressing key issues which affect their operations: over time it is possible for developments in corporate finance to drive meaningful reform in corporate reporting.

5.2. Areas for future research

There are a number of recommendations for the future research of B-BBEE disclosures. No framework currently exists which measures B-BBEE disclosures for companies. It would be a significant contribution to the mining industry if such a framework were to be developed. The framework could assist the industry in disclosing all requirements which pertain to B-BBEE legislation and not just focus on the areas where they have excelled. This will force companies to provide a true account of their standing relating to transformation in corporate South Africa.

B-BBEE is an overriding legislation, it does not just affect the mining industry. An area for further research could be looking at this legislation with regards to different sectors. A comparative study could be formulated which would observe the nature of reporting on the topic throughout the relative sectors.

In order to measure the reporting of companies on the requirements of the Charter, an additional study can be performed where companies are analysed over a number of years. This study would identify the changes in B-BBEE disclosures over time and attempt to assess what changes could be attributed to.
Appendix A - Shows the construction of the disclosure checklist

<table>
<thead>
<tr>
<th>Principle</th>
<th>Explanation</th>
<th>Application</th>
<th>Axial Codes developed using King III</th>
<th>Open Codes developed by analysing the integrated report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1: The board should provide effective leadership based on an ethical foundation (King-III, 2009).</td>
<td>2. Responsible leaders build sustainable businesses by having regard to the company's economic, social and environmental impact on the community in which it operates (King-III, 2009).</td>
<td>A company should disclose the effect of BBBEE on the community in which it operates.</td>
<td>Effective leadership</td>
<td>Integration of BBBEE with the community</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Details of employee demographics</td>
</tr>
<tr>
<td>1.2: The board should ensure that the company is and is seen to be a responsible corporate citizen (King-III, 2009).</td>
<td>31. Strategies and policies should be planned and coordinated across all sections of the company. The negative consequences of fragmentation include duplication and missed opportunities for synergies. For example, a company may seek to respond to the pressing requirements of the industry’s BBBEE charter, but fail to integrate these efforts effectively into a broader sustainability framework (King-III, 2009).</td>
<td>Companies should coordinate strategies and policies of BBBEE to avoid duplication of reporting or even contradictory terms. Companies should use the integrated report to clarify the linkage between sustainability and BBBEE.</td>
<td>Responsible corporate citizen</td>
<td>Integration of BBBEE with the company’s social environment</td>
</tr>
<tr>
<td>Clause</td>
<td>Description</td>
<td>Responsible corporate citizen</td>
<td>Social transformation</td>
<td></td>
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<td>-----------------------------------------------------------------------</td>
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<td>-------------------------------</td>
<td>-------------------------------------</td>
<td></td>
</tr>
<tr>
<td>9.2: Sustainability reporting and disclosure should be integrated</td>
<td>12. Reporting should be integrated across all areas of performance and should include reporting in the triple context of economic, social and environmental issues(King-Il, 2009).</td>
<td>BBBEE should be integrated in the context of economic, social and environmental issues.</td>
<td>Social transformation</td>
<td></td>
</tr>
<tr>
<td>with the company's financial reporting(King-Il, 2009).</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2.2: The board should appreciate that strategy, risk, performance and</td>
<td>9. The board should identify key performance and risk areas as well as the associated performance and risk indicators and measures (such as compliance and sustainability)(King-Il, 2009).</td>
<td>The objectives that are set as part of the strategy should be clear, measurable and sustainable.</td>
<td>Identification of risks Mitigation of risks BBBEE targets used as a key performance indicator measure</td>
<td></td>
</tr>
<tr>
<td>sustainability are inseparable(King-Il, 2009).</td>
<td></td>
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</tr>
<tr>
<td>2.18: The board should comprise a balance of power with a majority of</td>
<td>71. Every board should consider whether its diversity and demographics make it effective. Diversity applies to nationality and race(King-Il, 2009).</td>
<td>The board must be racially diverse.</td>
<td>Governance of risk</td>
<td></td>
</tr>
<tr>
<td>non-executive directors. The majority of non-executive directors should</td>
<td></td>
<td></td>
<td>Identification of risks Mitigation of risks BBBEE targets used as a key performance indicator measure</td>
<td></td>
</tr>
<tr>
<td>be independent(King-Il, 2009).</td>
<td></td>
<td>Diversity of board Composition of executive committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.23: The board should delegate certain functions to well-structured</td>
<td>130. The board of a listed company must establish a social and ethics committee(King-Il, 2009).</td>
<td>A social and ethics committee will generally be tasked with responsibilities linked to BBBEE.</td>
<td>Legislative duties of the committee Transformation report by the social and ethics committee</td>
<td></td>
</tr>
<tr>
<td>committees but without abdicating its own responsibilities(King-Il,</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
| 4.1: The board should be responsible for the governance of risk (King-III, 2009). | 3. The board should be able to demonstrate that it has dealt with the governance of risk comprehensively (King-III, 2009). | The board should list risks related to B-BBEE and include mitigating factors to show adequate risk management. | Governance of risk | Actions taken by the board towards B-BBEE
Responses to B-BBEE risk |
| 6.1: The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards (King-III, 2009). | 1. Companies must comply with all applicable laws (King-III, 2009). | The B-BBEE Act is a law which companies must comply with. | Compliance with laws (binding and non-binding), codes and standards. | Compliance with laws and charters for example: - Non-compliance with the B-BBEE Act - Compliance with the B-BBEE Act |
| 9.3. Sustainability reporting and disclosure should be independently assured (King-III, 2009). | 17. A formal process of assurance with regard to sustainability reporting should be established (King-III, 2009). | Information disclosed regarding B-BBEE in the integrated report should be independently assured. | Sustainability assurance | Independent assurance report |

Naledi Nkhi | 2016 | Page 63 of 69
<table>
<thead>
<tr>
<th>Principle</th>
<th>Axial Codes developed using the Charter</th>
<th>Open Codes developed by analysing the integrated report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve a minimum target of twenty-six percent ownership of HDSA by 2014 (South African Government, 2010)</td>
<td>Ownership</td>
<td>Dividends paid to BEE shareholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BEE partnerships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mining charter compliance targets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Broad-based stakeholder value</td>
</tr>
<tr>
<td>Procure a minimum of forty percent of capital goods annually from BEE entities by 2014. Procure seventy percent of services and fifty percent of consumer goods from BEE entities by 2014 (South African Government, 2010)</td>
<td>Procurement</td>
<td>Transforming our supply chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supply chain management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BEE procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employment equity and transformation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% spend on BEE entities</td>
</tr>
<tr>
<td>Mining companies may offset the value of the level of beneficiation achieved by the company against a portion of it HDSA ownership requirements, not exceeding eleven percent (South African Government, 2010)</td>
<td>Beneficiation</td>
<td>Regulatory reform</td>
</tr>
<tr>
<td></td>
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<td>Progress towards beneficiation</td>
</tr>
</tbody>
</table>
Every mining company must achieve a minimum of forty percent demographic representation at:

Board level
Senior management level
Core and critical skills
Middle management level
Junior management
Each by 2014 (South African Government, 2010).

Every mining company must invest a percentage of payroll to essential development activities, representative of the demographics of the country.

Every mining company must report its level of compliance with the Charter annually (South African Government, 2010).

| Employment equity | Exco composition by HDSA
|                  | HDSA in management
|                  | Board members by HDSA
|                  | Employment of nationals

| Human resource development | Investing in our employees
|                            | Regulatory authorities
|                            | independent Mining Charter
|                            | scorecard review
|                            | Regulatory reform

<table>
<thead>
<tr>
<th>Reporting</th>
</tr>
</thead>
</table>
### Appendix B- Table showing companies in mining sector

<table>
<thead>
<tr>
<th>Name</th>
<th>Primary Operation in SA</th>
<th>Operational Integrated report for 2014/2015</th>
<th>Included in study</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Rainbow Minerals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anglo American Platinum</td>
<td></td>
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<tr>
<td>Anglo American PLC</td>
<td>×</td>
<td>×</td>
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<tr>
<td>Anglo Gold Ashanti Ltd</td>
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<tr>
<td>Aquarius Platinum Ltd</td>
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<tr>
<td>ArcelorMittal South Africa Ltd</td>
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<td>Assore Ltd</td>
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<tr>
<td>Atlatsa Resources</td>
<td>×</td>
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<tr>
<td>Bauba Platinum Ltd</td>
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<tr>
<td>BHP Billiton PLC</td>
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<tr>
<td>Buffalo Coal Group</td>
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<td>Buildmax Ltd</td>
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<td>Coal of Africa</td>
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<tr>
<td>Delrand Resources Ltd</td>
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<td>DRD GOLD Ltd</td>
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<td>Eastern Platinum Ltd</td>
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<td>Evraz Highveld Steel and Vanadium Ltd</td>
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<td>Exxaro Resources Ltd</td>
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<td>Ferrum</td>
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<td>Firestone Energy Ltd</td>
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<td>Glencore PLC</td>
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<td>Gold Fields Ltd</td>
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<td>Goliath Gold Mining Ltd</td>
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<td>Great Basin Gold Ltd</td>
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<td>Harmony Gold Mining Compnay Ltd</td>
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<td>Hulamin Ltd</td>
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<td>Hwange Colliery Company Ltd</td>
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<td>Impala Platinum Holdings Ltd</td>
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<td>Infrasors Holdings Ltd</td>
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<td>Keaton Energy Holdings Ltd</td>
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<td>Kumba Iron Ore Ltd</td>
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<td>Lonmin PLC</td>
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<td>Merafe Resources Ltd</td>
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<td>Metmar Ltd</td>
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<td>Miranda Mineral Holdings Ltd</td>
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<tr>
<td>Northam Platinum Ltd</td>
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<tr>
<td>Oakbay Resources and Energy Ltd</td>
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<tr>
<td>Pan African Resources PLC</td>
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<td>Petmin Ltd</td>
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<tr>
<td>Platfields Ltd</td>
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<tr>
<td>Randgold and Exploration Co Ltd</td>
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<td>Resource Generation Ltd</td>
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<tr>
<td>Rockwell Diamonds Inc</td>
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<tr>
<td>Royal Bafokeng Platinum Ltd</td>
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<tr>
<td>Sable Metals and Minerals Ltd</td>
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<tr>
<td>Sentula Mining Ltd</td>
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<tr>
<td>Sibanye Gold Ltd</td>
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<tr>
<td>South 32 Ltd</td>
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<tr>
<td>South African Coal Mining Holdings Ltd</td>
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<tr>
<td>Tawana Resources NL</td>
<td>×</td>
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<tr>
<td>Tharisa PLC</td>
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<tr>
<td>Trans Hex Group Ltd</td>
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<tr>
<td>The Waterberg Coal Company Ltd</td>
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<tr>
<td>Westcoal Holdings Ltd</td>
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<tr>
<td>Wesizwe Platinum Ltd</td>
<td>×</td>
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<tr>
<td>ZCI Ltd</td>
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References


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Naledi Nkhi | 2016 | Page 68 of 69


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