

EXCELLENCE IN REPORTING TO BE APPLAUDED WITH THE CHARTERED SECRETARIES SOUTHERN AFRICA/JSE ANNUAL REPORT AWARDS

Chartered Secretaries Southern Africa (“the Institute”) in partnership with the JSE is currently calling for entries for the 59th Annual Report Awards. Entry offers companies an opportunity to appraise their reports against international best practice and for peer-to-peer comparison. The highly regarded awards are the longest-standing awards in the country and recognise excellence in corporate reporting across a number of categories. Entries are open to companies, both listed and unlisted, and state entities from South Africa, Botswana, Swaziland, Namibia and other SADC countries.

Sponsors include Business Day, Strate, Sappi, The Kelly Group and Profile Group.

Stephen Sadie, CEO of the Institute, underlines the increasing importance of quality annual reports. “Annual reports have always been an important tool in making investment decisions about companies,” he says. “Following the global financial crisis and tightening up of corporate governance, there is increasing emphasis on good corporate governance reporting which amplifies the importance of high standards in a company’s annual report.” Reflecting global trends a primary focus of judging is how well the annual reports integrate the triple bottom line – economic, environmental and social practices and reporting.

The awards are constantly evolving with the latest innovation being the introduction of an award for non-listed companies and a new category of Human Capital reporting. Other categories include Top 40, Mid Cap, Small Cap, Fledgling, AltX, SAPPI Award for the Best Sustainable Reporting and Regional Award for companies from countries other than South Africa.

Sadie explains that Human Capital reporting is becoming increasingly important as investors demand information about companies beyond financials. “With dire skill shortages in some fields, a company’s human capital could be critical to the future success of the company,” says Sadie. Human Capital reporting includes presentation of key human capital metrics such as people productivity, levels of absenteeism and turnover, trends in the number of people employed, employee satisfaction and loyalty to a company and what the company is doing to address areas of concern.

Judging of the awards is carried out by a panel of independent experts from the Institute, the JSE and this year includes judges from PricewaterhouseCoopers and Financial Mail. Sadie explains that with Chartered Secretaries playing the role as “gatekeepers of Corporate Governance” according to King III, the Institute is well positioned as independent adjudicators of compulsory company reporting. However, the inclusion of a wider spread of judges this year gives further depth to the adjudication.

Judging criteria include General Presentation, Sustainability Reporting, Human Capital Reporting, Corporate Governance, Financial Reporting, Director’s and Management’s Objectives and Company Information.

Chairman of the Judging Committee, Rob Furney, comments: “Over the last few years we have seen a marked increase in the amount of detail on corporate governance and risk management, especially from bigger companies.” He continues: “Sustainability reporting is another area of increased focus particularly among mid- to large-caps, although the smaller companies are getting better each year.”

Furney explains that companies are starting to realise an annual report is one of their main marketing documents. However, he cautions that there is a thin line between marketing and reporting. “Some of the reports submitted lean so far towards marketing that the content loses credibility.”

“The awards are held to encourage accurate and transparent financial reporting and full disclosure of all relevant information to shareholders as well as to set benchmarks for reporting of good corporate governance and risk management practices,” says Sadie. The Institute is the professional governance body and an expert commentator in Southern Africa on governance.

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FYI: The Institute is a division of the global Institute of Chartered Secretaries and Administrators (ICSA) which has more than 35 000 members and 27 500 students worldwide. ICSA is headquartered in London with additional divisions across the globe in Australia, Canada, China, Malaysia, New Zealand, Singapore and Zimbabwe. The Institute represents South Africa, Botswana, Lesotho, Namibia and Swaziland. Members (who are all Chartered Secretaries) work in public and private companies, corporate secretarial firms, legal practices, international accounting firms, tertiary institutions and the public sector.