

CHAMBER OF MINES OF SOUTH AFRICA

Serving South Africa's Private Sector Mining Industry since 1889



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The Secretariat
Integrated Reporting Committee of South Africa
ircomments@saica.co.za

Dear Sir/Madam,

CHAMBER OF MINES COMMENTS ON THE FRAMEWORK FOR INTEGRATED REPORTING AND THE INTEGRATED REPORT – DISCUSSION PAPER

The Chamber of Mines welcomes the opportunity to comment on the above document. The Chamber of Mines represents the private sector mining industry in South Africa, which constitutes about 33% of JSE market capitalisation.

Attached are our comments. These reflect the aspects that we support and our concerns with suggestions on how these concerns could be addressed. An overarching suggestion is that South Africa's guidelines on integrated reporting should only be finalised once the international guidelines on integrated reporting have been released and after all South African stakeholders have been afforded an opportunity to be fully engaged in the process.

We trust that you will find our comments helpful. We would welcome the opportunity to discuss our comments with you in more detail. For this purpose the undersigned may be contacted.

Yours faithfully,

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CHAMBER OF MINES COMMENTS ON THE FRAMEWORK FOR INTEGRATED REPORTING AND THE INTEGRATED REPORT – DISCUSSION PAPER

Positives:

- a) The concept of forward-looking, integrated reporting as an outcome of the integrated management of economic, social and environmental issues is welcomed.
- b) Having guidance on the issue of integrated reporting in King 3 is useful.
- c) Elements/approaches in the guideline that are supported:
 - a. The principled, rather than a prescriptive, approach.
 - b. The explanation that the integrated reporting will show how the company will create and sustain value over short, medium and long term.
 - c. The strong emphasis on opportunities.
 - d. The multi-disciplinary approach that it advocates.
 - e. The need for a statement from the board.
 - f. Annex 2: Guidance on the process of developing an integrated report.

Concerns:

1. IRG development process
 - a) The process for developing the discussion paper did not involve a broad range of stakeholders such as NGO's, SMME's, assurers beyond the established accounting firms, etc.
 - b) The leading role of South Africa in integrated reporting may have the unintended consequence of impacting negatively on the competitiveness of South African companies.
 - c) It is suggested that the South Africa's guideline on integrated reporting only be finalised after the international guidelines on integrated reporting have been released and after all SA stakeholders have been afforded an opportunity to be involved in the process of finalising the guidelines.
2. Apply/Explain Principle
 - a) King 3 emphasises that companies should apply any of its recommendation or explain why it does not. The guidelines do not go far enough to explain the difference between what companies 'must do', as compared to what a 'best case scenario' might be when it comes to integrated reporting. The document needs to provide more guidance on this issue.
3. Integrated Reporting Vs the Integrated Report
 - a) The distinction between integrated reporting and an integrated report is not emphasised enough. For many companies, the publication of one integrated report is still a longer-term aspiration. For them integrated reporting will for now be achieved through separate financial and sustainability reports.
 - b) More guidance on the distinction between integrated reporting and the integrated report should be provided.
4. Combined Assurance
 - a) The fact that South Africa currently has limited capacity to provide independent third party assurance for all listed companies is a concern.
 - b) The meaning of 'auditor' should be clarified.

- c) As far as the issue of 'combined assurance' is concerned, the document needs to clarify that combined assurance need not necessarily be provided by one auditing organisation making one assurance statement. The document should rather clarify that assurance could be provided through two statements (one for financial and another for non-financial issues). Furthermore that these statements could be done by separate assurers.

5. Stakeholder Involvement

- a) Guidance on stakeholder involvement process, provided in step 4 of the IRG Annex 2 must be cross - referenced in the main body of the document.

6. GRI Vs IRG

- a) It is suggested that the document be better aligned to the GRI as much as possible and that an explanation be provided in instances where this is not possible. Misalignment with the GRI will cause confusion and increase the reporting burden of companies without adding any value.
- b) For example, the principles of integrated reporting largely overlap with those in the GRI. Principles that have been included in the GRI have been left out e.g. 'Stakeholder Inclusiveness' with no justification. Principles that have been added to the GRI such as 'Faithful Representation' do not appear to add value. Changes to wording of reporting principles in the GRI such as materiality, comparability, etc. add little value.
- c) The reporting content largely overlaps with what is expected in the GRI. Items that may not be covered in the GRI report in the same level of detail include organisation competencies required to realise strategic objectives (under objectives, competencies, etc.) and remuneration policies. Where there is overlap, the guidelines provide insufficient guidance on how the integrated report should be different from the GRI report.
- d) Unlike the GRI that became more focused on the number of indicators rather than the materiality of indicators, the IRG must maintain its focus on materiality.