International Business Management 12 (1): 68-81, 2018
ISSN: 1993-5250

Corporate Governance Code in South Africa after the Adoption of Integrated Reporting, Evidence from the Mining Industry

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Abstract: The purpose of this study is to analyze in-depth the principles of the King Code of Governance Principles for South Africa 2009 (King III) in consideration of mandatory drawing up of the integrated reporting. The analysis is focused on integrated reports of mining listed companies on Johannesburg Stock Exchange. The results show that all the companies declared their willingness to apply the King III, even when providing evidence of non-implementation or incomplete implementation of some principles. The novelties introduced by the King III, especially in reference to board composition and responsibilities are subjecting companies to a range of operating difficulties and a certain period of time for the full implementation is required. The adoption of the integrated reporting therefore represents an important turning point not only in terms of a new business reporting model but also as a "driver" for potential improvements in corporate governance practices adopted by companies.

Key words: Integrated reporting, King III, corporate governance, disclosure, mining industry, South Africa

INTRODUCTION

Studies on corporate governance, i.e., on the set of principles and rules governing the coordination and control of powers and roles within the company have been characterized, particularly, since, the end of the twentieth century by an increasing development, even if entrepreneurs and managers of companies have always been interested in problems related to governance of companies. Some events such as the privatization of the industrial sector in some countries, the growing importance of institutional investors in venture capital of large companies and the globalization of international financial markets make the issue of corporate governance of great interest in many countries in the world (Kojima, 1998; Allegrini and Martini, 2006). Various issues regarding how to govern companies, exacerbated by failures of many well-known companies and the discovery of serious crimes committed by corporate managers have prompted the establishment of special committees involved in the drafting of reports on corporate governance of large companies in different countries, particularly in the UK. And just from the UK a lively debate has developed leading to the preparation of the first code of conduct: the Cadbury Code followed by the Greembury report the Hampel one the combined code and other documents until the drafting of the UK Corporate Governance Code (Anonymous, 2012a, b) by the Financial Reporting Council in September 2012. The British example has been followed by other countries (France, Canada, Holland, Italy, etc.,) where committees, composed of leading authorities of both industrial and financial sectors have been established with the task of drawing up codes of conduct or self-discipline (of best practices) on the issues of corporate governance. Therefore, these are documents aimed to design a structure of government able to limit the risk of abuse of power by top management or controlling shareholders thus creating a disadvantage for investors not involved in business management.

From this perspective and as a result of the increasing constraints that modern society requires to large companies and the statement of corporate social responsibility (Clarkson, 1995; West, 2009; Anonymous, 2012a, b; Diale, 2012), corporate governance has taken on a broader connotation. The main objective is not limited to the protection of the relations between investors (principal) and management (agent) but it extends to the guarantee of relationships between the company and the set of stakeholders through the preparation of Codes of Ethics and Codes of Conduct within which compliance with legal, social, human, institutional and ethical values emerges expression of a correct, transparent as well as consistent and efficient behaviour

The importance of these factors is revealed not only in industrialized countries but also in those countries

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belonging to the so-called emerging economies such as the BRICS countries (Borker, 2012). In particular, it has to be highlighted South Africa's position, notable for having played a pioneering role in the development of a code of conduct, since, the 90's King I in 1994 followed in later years by two other documents. The novelty of the last document, King Code of Governance Principles for South Africa (IDSA., 2009), in addition to the establishment of the necessary disclosure requirements for a correct corporate governance is the requirement from 2011 for companies listed on the Johannesburg Stock Market (JSE), to draft a new document, the integrated report (Eccles and Krzus, 2010; Anonymous, 2011a-c).

The purpose of this study is to give a deepening of the content of the King III highlighting the new features compared to King II (Kakabadse and Korac-Kakabadse, 2001) with the aim of comparative analysis with the codes adopted in other emerging countries. The principles of "good governance" are also evaluated in consideration of mandatory preparation of the integrated report. This new report differs from the traditional annual report as it is able to combine economic and financial information with non-financial one with a particular focus on issues of social and environmental sustainability and corporate governance. The empirical research will focus on the analysis of integrated reports of a sample of mining listed companies on Johannesburg Stock Exchange (JSE), especially the part devoted to the issue of corporate governance.

Corporate governance code in South Africa: the King III (2009): In September 2009 the King Committee on Corporate Governance published the third edition of the King Code of Governance Principles for South Africa 2009, (The institute of Director in Southern Africa owns the copy right in this publication titled "King Report on Governance for South Africa" and the "King Code of Governance Principle" (http://www.ecgi.org/codes/documents/king3.pdf and http://www.library.up.ac.za/law/docs/king111report.pdf) effective as from 01 March 2010, referred to in brief as King III, based on the name of the Chairman of the Editing Committee as well as on the edition number which follows King I and II passed in 1994 and 2002, respectively. At a time of deep worldwide financial crisis, South Africa sends out a signal of renewed trust in the code of self-discipline. This code of conduct is basically voluntary and represents one of the most advanced forms of self-discipline; it affected corporate law in a very specific way if we consider that the two earlier versions gave way to passing Companies Act 71 of 2008. South Africa, therefore, appears to be among the countries that tried early on to promote principles of corporate governance strongly inspired by the Anglo-Saxon Model: the basic principle of the King III stands in the "Comply or Explain" approach recalled in the Combined Code in 2012 of the United Kingdom, first introduced in 1992 with the Cadbury Report. This principle represents the essence of the code's flexibility: the code is not made up of a strict set of rules which are replaced instead by principles and provisions quite unlike the governance on a statutory basis model where the opposite "Comply" or "Comply or else" rule is followed. This kind of arrangement is adopted in the US where governance is partly regulated by the Sarbanes-Oxley Act and non-compliance is subject to sanctions. The "Comply or Explain" approach has been implemented in South Africa with even more flexibility, given that the term "apply" replaced the term "comply" in the King III, thereby, emphasizing the way that principles and recommendations can be applied, rather than focusing on compliance assessment. The directors only obligation established by law is "to act in the best interests of the company": if the reasons behind the different practice adopted are made explicit and the specifics thereof are duly illustrated, the compliance with the principles of the King III is assured (It is recommended that all entities disclose which principales and/or practies they have decided not to apply or explain. this level of disclosure will allow stakeholders to comment on and challenge the board to improve the level of governance within an organisation (Anonymous, 2009a, b). However, we shall point out that all the principles included in the Code are equally important and contribute collectively to establishing a holistic approach of governance: any "substantial application" of the code does not therefore imply achieving compliance. The main changes in the King III compared with the King II refer to the following matters:

- Applicability
- Board composition (Chapter 2)
- Audit committees (Chapter 3)
- Risk management (Chapter 4)
- IT governance (Chapter 5)
- Internal audit (Chapter 7)
- Stakeholder inclusive model (Chapter 8)
- Integrated reporting (Chapter 9)

Concerning the first matter, the King III is applicable to any type of companies (entities) regardless of the sector they belong to. Therefore, the generalised adoption of principles of governance is envisioned with regard to any company circumstances: this novelty can definitely be appreciated even though, it requires preparers and stakeholders in general to be thoroughly knowledgeable as to the technical aspects of governance, considering that the most suitable principles and recommendations will have to be chosen based on the organisation's size, peculiarities and complexity. In light of this, some aspects such as staff training, a higher level of disclosure, discussion incentives and decision-making processes transparency will be indispensable. The King III opens Chapter 1 (Ethical leadership and corporate citizenship) by putting strong emphasis on ethical leadership, stating that the board must be able to ensure that the company is and proves to be a responsible corporate citizen. The focus, therefore, continues as with the King II, to be on the board, seen as "the guardian of corporate governance" that can guarantee the expected strong cohesion within strategy, risk, performance and sustainability. Chapter 2 describes the board and the committees role and function, and the Board's structure and performance assessment methods. Concerning the structure, a majority of non-executive directors is required, also, the majority of directors shall qualify as independent. Board members qualifying as independent shall obtain a status-of-independence verification from the board especially, members who have been on the board for over 9 years. The oard can delegate some of its functions to well-structured committees but without any transfer of responsibility. Lastly, a governance framework that is widely shared within the corporate group is also necessary: in operating terms, this requires suitable disclosure of the policies adopted by the holding company in the subsidiarie's integrated report. Concerning the third aspect, establishing an audit committee appears essential for the purpose of governance: the audit committee shall be chosen with attention to independence and adequate technical knowledge. Its functions are wide-ranging and concern multiple aspects such as overseeing integrated reporting, external audit, internal audit, the risk management process and the finance function effectiveness. Notwithstanding that the King III provides a "unitary board principle", actually South Africa appears to support the two-tiered governance structure with boards and audit committees both having statutory responsibilities. The structure of the audit committees shall include qualified individuals whose experience covers a number of fields such as financial reporting, sustainability, risk, management (including IT and fraud risks), internal financial controls, audit processes and corporate law. The support provided by many audit committee members concerns the following subject matters:) integrated reporting and levels of independent assurance how the combined assurance framework addresses all significant risks and the practicalities of how the risk committee works with the audit committee.

The fourth aspect concerns achieving a stronger risk management function. Regarding this, the King III provides detailed guidelines on the roles to be fulfilled within the company: the board is in charge of governance and risk disclosure whereas management is in charge of risk management design and risk management plan implementation and monitoring. The special attention given to governance of risk because of the current financial crisis is not, however, limited to the need to adopt a risk management process which some well-known authoritative international guidelines deal with (ISO, 31000, COSO, etc.) The King III primarily points out the role of the Board which is expected to undertake a leadership position and ensure that the risk management activities are implemented within the company framework's business processes. The control activity that the board is tasked with requires setting up suitable governance structures that is: risk/revision committees risk management plan implementation, adoption of effective risk management practices and the guarantee of adequate assurance on the risk management process, to allow the Board to suitably fulfill the risk management process. The fifth aspect is a true novelty, not included in the King II: underscoring the importance of IT in that IT is conceived as an integral part of the company's routine operations and fulfills a strategic role within the perspective of governance. This is a new area that will be progressively further enhanced: this will also entail the need for more resources and a growing commitment on the part of management concerning management of procedures and practices that pertain to IT governance. The impact will be felt in different areas: risk management, assurance and reporting framework. IT is deemed a strategic asset with its specific risks and its management shall be adequately controlled, given that IT provides support to achieving specific strategic objectives crucial to company growth. The sixth aspect concerns the internal auditing function. Internal auditing is acknowledged as having a strategic role and providing risk-based guidance: in particular, one of the internal auditing's duties is to define the assurance over the company's governance, risk management and internal controls by means of coordinating between the revision committee and the assurance external parties (Combined Assurance Model). Furthermore, a statement shall be drafted, that is to say, a written assessment of the effectiveness of the company's system of internal controls and risk management similarly, the audit committee too shall draft a statement that provides a written assessment of the internal financial controls (King III differs from Sarbanes-Oxley in that no attestation is required from external auditors on internal controls on financial reporting).

Chapter 8 (Governing stakeholder relationships) represents the other major aspect of the King III, even though the adoption of the stakeholder inclusive approach to corporate governance already existed in the King II and therefore is not new. The principle requires that the interests of stakeholders such as employees, suppliers, customers, regulators, environment and community are also taken into account: the effective involvement of the aforesaid parties is deemed essential for sound governance. A series of interventions will be established which the board shall pursue, including identifying important stakeholders groupings; management shall commit to fulfilling their legitimate expectations. The truly innovative aspect as opposed to the King II is in the communication to the stakeholders: by virtue of the integrated report, a more effective and transparent disclosure will be achieved and, consequently, long-lasting relationships will be built and kept, based on mutual trust (Beer and Rensburg, 2011). This is to say, the Board will have to develop strategies and policies aimed at the stakeholders; in particular-this being a new requirement not included in the King II-the Board shall adopt specific communication guidelines that will allow achieving a responsible communication project. It can therefore be reasonably expected that the current common role of the 'Investor Relations Manager' will evolve into the role of the 'Stakeholder Relations Manager'.

The final aspect is focused on Chapter 9 (Integrated reporting and disclosure): the board fulfills a significant role in that it must guarantee that the company avails itself of information systems and processes that can issue a report which provides the stakeholders with a comprehensive description of the financial profile and the non-financial profile of the company. The recommendations provided by the King III can be fulfilled by means of an integrated reporting process that covers all company performance areas, including comprehensive information concerning the strategic choices adopted by the board and with reference to the economic, social and environmental contexts subject matters. The innovative aspect not included in the King II consists in the strong incentive to produce forward-looking information on the part of the Board, in that this represents the ideal tool to communicating the company's economic value as opposed to its book value. Drawing up the integrated report should therefore allow strengthening the ties between sustainability, strategy and control: the King III requires that the audit committee introduce an external assurance provider aimed at assuring the material aspects of the integrated report and sustainability. Auditors with special competences concerning sustainability shall therefore be present with obvious consequences in terms of external audit engagement, opinion and associated costs, as well as director liability in the event of misrepresentation (Anonymous, 2009a, b).

Literature review: A lot of studies in the international arena have analysed the evolution and characteristics of the governance model present in Africa, particularly in South Africa and the peculiarities characterizing the issued codes (Kakabadse and Korac-Kakabadse, 2001; Sonnenberg and Hamann, 2006; Painter-Morland, 2006; Vaughn and Ryan, 2006; Abdo and Fisher, 2007; Kyereboah-Coleman, 2007; Butler and Butler, 2010; Mzenda and De Jongh, 2011; Meyer *et al*., 2011; Majumder *et al*., 2012; Diale 2012; Ntim *et al*., 2012; Beer and Rensburg, 2011).

An interesting line of study examines also the relationship between the corporate governance and the process of disclosure, for the corporate governance mechanisms to be efficient it would be important the communication of information to be as transparent as possible in order to reduce the possible information asymmetries between ownership and management (Lara *et al*., 2009).

This study is placed in the field of studies on corporate governance and codes of conduct but with an eye towards the problem of the disclosure using the annual report as main tool in order to communicate the choices made with regard corporate governance.

The contribution of this study to the existing literature is represented by the fact that there is a lack of studies aimed at identifying the consequences of the adoption of a required new form of business reporting such as the integrated report, both in terms of implementation of new practices of corporate governance and improvement of disclosure with benefits for investors.

MATERIALS AND METHODS

The theoretical in-depth analysis of King III Code of Conduct requires an empirical confirmation as in the preparation of this code the King Committee on Governance has opted for a "apply or explain" model of governance thus leaving to the Board of Directors the possibility of adopting a behaviour that differs from that recommended by King III with the obligation to indicate the reasonable grounds that have led to this choice. Another interesting aspect to consider is that the framework set up by the King III is "principles-based" and not "one size fits all solutions": therefore every company can show the principles of King III that fit in a better way the nature of its business organization.

The research is focused on the analysis of integrated reports of listed companies on Johannesburg Stock Exchange (JSE), especially, the part devoted to the issue of corporate governance. The time period considered is the year 2011, since the objective is to verify the change in mind brought by the obligation of preparing the integrated report.

The sample of companies is represented by the companies belonging to the mining sector. The mining sector represents a significant portion of the South African economy. All 20 South African mining companies listed on the JSE in 2011 were included in this study. Mining companies were selected because the mining industry represents the largest market capitalization on the JSE. Consequently the financial influence of the mining industry on the South African economy is substantial.

Given the theoretical premise, it is considered appropriate on the basis of the conduct of empirical research to make the following research questions:

Has the preparation of the integrated report produced benefits in terms of compliance with the principles of corporate governance established by King III? Is there an improvement of the information on corporate governance as part of the integrated report both in quantitative and qualitative terms? Is the degree of compliance of the information in reports on corporate governance, in comparison with what required by King III, conditioned by certain factors such as the size, the status of dual listing and the value of the SRI (Social Responsible Investment) index?

Moving onward with the research requires clarifying the methods adopted and setting up a framework that allows carrying out in-depth analysis on the following aspects:

- An assessment of the level of compliance with the King III (RQ1)
- The disclosure on corporate governance (RQ2)

Concerning the first aspect (RQ1) each integrated report available on the surveyed companie's website will be assessed to verify the inclusion and content of the summary statement reporting on the principles of governance that were not implemented and the reasons for such non-implementation or partial implementation. The decision to analyse two specific innovative aspects introduced with the King III sprang from said assessment, these aspects were described at Paragraph 3. That is to say, based in particular on the content of the aforesaid integrated reports, the focus will be on:

- The Board and the Directors (Chapter 2)
- The integrated reports (Chapter 9)

The first aspect was selected because the summary statements drawn up by some of the surveyed companies showed several gaps in terms of compliance with the King III; as for the second aspect, the companie's behaviour in dealing with the new reporting guidelines appeared quite noteworthy. Certainly, during the phase of implementation, the companies had to face costs and hurdles which they weren't previously concerned with when drafting the traditional annual report. As for the disclosure of the corporate governance (RQ2), the following will be investigated:

- The presentation of the disclosure in the integrated report
- The amount of and accessibility to relevant information, in terms of its placement within the integrated report

Lastly, the results achieved (RQ3) will be assessed in order to identify the potential effects of some specific factors, such as market capitalisation, market quotation on different stock exchangesand Social Responsibility Index (SRI) value of the companies under scrutiny (Sonnenberg and Hamann, 2006).

RESULTS AND DISCUSSION

The Code of Governance King III is structured, so that each chapter contains three elements: the governance element; the principles of governance and the part dedicated to laying out the recommended practices. As was pointed out in the first part, the companies can decide to avoid implementing some of the principles ("do not apply") but making such decision requires adequate communication and the reasons thereof must be duly disclosed. Also to be made explicit on the part of the company: the case where it expresses the intention to apply a given principle but the implementation thereof is still pending (under review).

Concerning the first research question, RQ1, i.e., the assessment of the level of compliance with the King III, two lines of analysis were identified): verifying the existence of the summary statements and) verifying the implementation of the principles of governance concerning the board (Chapter 2) and concerning drawing up the integrated report (Chapter 1).

The results of the first line of investigation are laid out in the Table 1. It shall be remarked that in the section of the integrated report concerning corporate governance all the companies declared their willingness to apply the King III, even when providing evidence of non-implementation or incomplete implementation of some principles, essentially because of either of these two reasons:) a conflict with the company's best interest or) the need to complete the review process, given that the King III went into effect quite recently (as from March 2010). Only one company, Assore ltd, did not declare (No detailed disclosure) its partial or full compliance with the King III. It shall also be remarked that there were three multinational corporations that were required to comply with different codes of governance (Anglo American plc, Bhp Billiton, Coal of Africa Limited) on account of being quoted on foreign stock exchanges (i.e., Australia, UK and US); Nonetheless, two of these corporations stated their compliance with the principles of the King III as well. Given the goals of this investigation, verifying the existence of a summary statement that discloses thecircumstances of the gaps with respect to the principles of governance and the operating guidelines provided by the King III, appears definitely important. Among the companies selected for the analysis, only a limited number posted such statement: merely eight companies, therefore less than half (about 40%), supplied a summary chart. In the other cases, instead, the areas of non-acknowledgement were laid out in the form of textual exposition within a special section. As a result, users and even potential investors could not find the outline of the governance code acknowledgement process easily or rapidly. More in detail, we point out the exhaustive description offered by African Rainbow Minerals, which provided a detailed table that made specific reference to the different principles of the code, by highlighting three separate lines of action: implementation (Apply) partial implementation (Partially Apply) and non-implementation (Do Not Apply) or uncompleted implementation (Under Review). Likewise, Merafe resources drafted a similar table, listing the governance principles concerned and the

Table 1: Presence of a summary report about the King III compliance

Acronym	Compliance	Sum	Dual listing	Stock exchange: Primary	Stock exchange: Secondary	Mcap gross (at end year) rand	SRI index 2011 BP
ARM	Partial	Yes	Yes	JSE	LSE	35.356	
AAP	Partial	No	Yes	JSE	LSE	351.171	
AA	Partia	No	Yes	LSE	JSE, NASDAQ, Botswana, Namibian, Schweizer	114.075	Best performer consistent AG
AS	Partia	No	Yes	JSE	Australian, Brussels, Paris, Ghana, London, NY	101.511	Best performer consistent
ASS	No detailed	No	No	JSE	No	40.204	
BHP	Partial	No	Yes	LSE	Australian, JSE	492.519	
COA	Partial	No	Yes	ASE	JSE	2.882	
DRD	Partial	Yes	Yes	JSE	Australian, Brussels, Paris, London, Nasdaq, Port Moresby	1.770	
EXX	Partial	Yes	No	JSE	No	61.506	Best performer
GOL	Partial	Yes	Yes	JSE	Brussels, Paris, NY, London, Schweizer	72.041	Best performer consistent
HAR	Partial	No	Yes	JSE	Berlin, Brussels, Paris, London, NY	32.020	
IMP	Partial	Yes	Yes	JSE	LSE	79.903	Best performer
LON	Partial	No	Yes	LSE	JSE	18.147	Best performer
MER	Partial	Yes	No	JSE	No	1.881	Best performer
NO PL	Partial	No	No	JSE	No	9.035	
PAN	Partial	Yes	Yes	JSE, LSE	No	2.853	
PET	Partial	No	No	JSE	No	1.615	
ROY	Partial	Yes	No	JSE	No	7.910	
SEN	Partial	No	No	JSE	No	1.015	
WES	Partial	No	No	JSE	No	1.302	

African Rainbow Materials (ARM), Aglo American Platinum (AAP); Anglo American plc (AA); Anglo Gold Ashanti (AG AS); Assore Ltd. (ASS); BHP Blliton (BHP); Coal of Africa Ltd. (COA); DRD Gold (DRD); Exxaro Resources (EXX); Gold fields (GOL); Harmony (HAR); Implats Platinum (IMP); Lonmin PLC (LON); Merafe Resources (MER); Northam Platinum Ltd. (NO PL); Pan African resources plc (PAN); Petmin Ltd. (PET); Royal Bafoteng Platinum (ROY); Sentula Mining (SEN); Wesizwe Platinum (WES). The table describes the compliance of King III and the presence of the summary report within the annual report of the companies analyzed. The table indicates also the stock exchange, the market capitalization and the SRI index for each company (Best performers are companies that meet the thresholds for best performance in relation to environment and climate change, as well as all relevant core indicators in relation to both society and governance and related sustainability concerns, including independent chairperson; Best performers consistent are best performers for 5 years running 2007-2011 (www.jse co.za)

Table 2: An overview on some "crucial" principles/recommendations of the King III

Chapters	Principles/Recommendations
1.3.6	A code of conduct and ethics-related policies are implemented
1.3.8	The company's ethics performance should be assessed, monitored, reported and disclosed
2.16	The chairman of the board is an Independent non-executive director
2.16.9	The board should ensure a succession plan for the role of chairman
2.17.5	The board should ensure succession planning for the CEO and other senior executives and officers is in place
2.18	The board should comprise a balance of power with a majority of non-executive directors. The majority of non-executive directors should be independent
2.19	Directors should be appointed through a formal process
2.22	The evaluation of the board, its committeesand the individual directors should be performed every year
2.22.4	An overview of the appraisal process, results and action plans should be disclosed in the integrated report
2.25	Employment contracts should not compensate executives for severance because of change of control, however, this does not preclude payments for retaining key executives during a period of uncertainty
2.25	The Chairman and other non-executive directors should not receive share options or other incentiveawardsgeared to share price or corporate performance
2.25.1	All share-based incentives should align the interests of executives with those of shareholders and should link reward to performance over the longer term
2.25.3	shoult link reward to performance over the longer term
2.25.4	Non-executive fees should comprise a base fee as well as an attendance fee per meeting
2.6.	Companies should disclose the remuneration of each individual director and certain Senior Executives
2.26.2	The salaries of the three most highly paid employees who are not directors must be disclosed
2.27	The Company's remuneration policy is approved by its shareholders
3.1	The board should ensure that the company has an effective and independent Audit Committee
3.2.1	All members of the audit committee should be independent Non-Executive Directors
3.2.3	The chairman of the board should not be a member of the Audit Committee
3.4.4	The Audit Committee should recommend to the board to engage an external assurance provider on material sustainability issues
3.3	Chairmen of the board committees should be Non-Executive Directors
3.4	The audit committee should oversee integrated reporting
3.5	A combined assurance model is applied to improve efficiency in assurance activities
3.7.3	The audit committee should ensure that the internal audit function is subject to an independent quality review as and when the committee determines it appropriate
4.1	The board should be responsible for the governance of risk
4.9.2	Internal audit should provide a written assessment of the effectiveness of the system of internal controls and risk management to the board
5.1	The Board is responsible for IT governance
5.2	IT should be aligned with the performance and sustainability objectives of the company
5.3	Management is responsible for the implementation of an IT governance framework
5.3.3	The CEO should appoint a Chief Information Officer (CIO) responsible for the management of Information Technology (IT)
5.4	The board should monitor and evaluate significant IT investments and expenditure
5.5	IT should form an integral part of company's risk management
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards
7.1	The board should ensure that there is an effective risk based internal audit
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management
7.5	Internal audit should be strategically positioned to achieve its objectives
8.2	The board should delegate to management to proactively deal with stakeholder relationships
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company
8.4	Equitable treatment of stakeholders
8.5	Transparent and effective communication to stakeholders
8.6	Disputes are resolved effectively and timeously
9.3	Sustainability reporting and disclosure should be independently assured

Table 2 describes some principles/recommendations which have been partially applied by some companies

relevant pages. In some cases (e.g., Pan African Resources), alongside the areas of partial implementation or non-implementation, also, the required future actions aimed at filling the current gaps in order to comply with the King III were aptly highlighted. Other companies (e.g., Royal Bafokeng Platinum) described instead the improvements and enhancements which the company achieved in the year in question or even in the previous year aimed at completing the acknowledgement of the Governance Code. Based on a comprehensive assessment, it appears that the clearest and most detailed information was supplied by the following two companies: African Rainbow Minerals and Merafe Resources. As opposed to the other summary statements, the information supplied by these two companies summarised each of the governance principles by detailing the decision which the company made in reference to their implementation. Concerning the partially implemented or non-implemented principles, said companies moreover supplied the reasons thereof and, in some cases, the planned future actions aimed at achieving suitable compliance with the Governance Code over time (Table 1). Table 2 and 3 also highlight the gap areas, relatively to the King III, pointed out by the eight companies that drafted the summary tables with reference to the code chapters. This survey shows that the main issues which the companies experienced relate to the following principles: Board and Directors; Audit Committees and the Governance of Information Technology. The 2 principles with the lowest level of compliance were 2.22 and 5.1. The first of these two principles is laid out in the chapter concerning the Board and is aimed at the Board and Committees performance assessment, to be carried out once a year, the other principle represents one of the new functions of the Board: the responsibility over IT governance. The record also shows that a smaller number of companies were non-compliant also in reference to some of the principles laid out in Chapters 1, 4, 7 and 8. As for compliance with legislation, codes and standards and drafting the integrated report and related disclosure, the gap observed appeared quite small (Table 4).

The following considerations are based on the outlined situation: The novelties introduced by the King III, especially in reference to Board composition and responsibilities are subjecting companies to a range of operating difficulties and a certain period of time for the full implementation is required. In our opinion, drawing up a summary statement similar to the statement drafted by ARM and Merafe should become compulsory, so as to clearly identify the level of compliance with the King III. Moreover, it could be useful to establish a benchmark framework for drafting such statement and to introduce a scoring method, applied to the implementation of each principle, so as to achieve calculating an index with a maximum and minimum value, aimed at devising a suitable evaluation of the compliance level achieved. Concerning the areas with highly critical aspects, in order to provide an incentive to comply with the King III, rules similar to the listing requirements set forth by the JSE could be suitably established.

Moving on to the second line of investigation, it shall be noted that the governance principles applicable to the Board appeared to have some highly critical aspects; more specifically, some earlier empirical research (Allegrini and Martini, 2006) brought the attention on a number of aspects such as size, composition, top roles, activity carried out in terms of number of meetings, Board members performance assessment and remuneration of Directors and senior executives. The research highlighted the results shown in Table 5 and 6.

The size of the Board of the surveyed companies averages eleven directors with unremarkable disparities

Table 3: The analysis gaps about the King III compliance

Chapters	Company/Compliance
1.3.6	18 RO-UR
1.3.8	16 PAN-UR
2.16	1 ARM-DNA; 16 PAN-DNA
2.16.9	8 DRD-DNA; 18 ROY-UR
2.17.5	18 ROY-UR
2.18	16 PAN-DNA
2.19	16 PAN-UR
2.22	12 IMP-DNA; 16 PAN-UR; 18 ROY-UR
2.22.4	12 IMP-DNA
2.25	10 GOL-DNA
2.25	10 GOL-DNA
2.25.1; 2.25.3	12 IMP-DNA
2.25.4	12 IMP-DNA
2.6	16 PAN-UR
2.26.2	12 IMP-DNA; 16 PAN-UR
2.27	1 ARM-PA
3.1	16 PAN-UR
3.2.1	9 EXX-PA
3.2.3	8 DRD-DNA
3.4.4	8 DRD-UR
3.3	8 DRD-PA
3.4	1 ARM-PA
3.5	1 ARM-PA; 9 EXX-PA
3.7.3	18 ROY-UR
4.1	16 PAN-UR; 18 ROY-UR
4.9.2	18 ROY-UR
5.1	1 ARM-PA; 14 MER-UR; 18 ROY-UR
5.2	9 EXX-UR
5.3	1 ARM-PA
5.3.3	8 DRD-DNA
5.4	9 EXX-UR
5.5	9 EXX-UR
6.1	9 EXX-PA
7.1	14 MER-PA-UR
7.3	14 MER-PA-UR; 16 PAN-UR
7.5	14 MER-PA-UR
8.2	14 MER-PA; 16 PAN-UR
8.3	14 MER-PA
8.4	14 MER-PA
8.5	14 MER-PA
8.6	14 MER-UR; 18 ROY-UR
9.3	14 MER-UR

Table 3 describes the gaps of the King III compliance; DNA: Do Not Apply; PA: Partially Apply; UR: Under Review

Table 4: Results

Chapters	Summary	Comanies	N (%)
1	Ethical leadership and corporate citizenship	16 PAN;18ROY	2(25.0)
2	Board and directors	1ARM;8DRD;10GOL; 12 IMP;16 PAN; 18 ROY	6(75.0)
3	Audit committees	1 ARM; 8 DRD; 9 EXX; 16 PAN; 18 ROY	5(62.5)
4	The governance of risk	16 PAN; 18 ROY	2(25.0)
5	The governance of information technology	1 ARM; 8 DRD; 9 EXX; 14 MER; 18 ROY	5(62.5)
6	Compliance with laws, rules and standards	9 EXXcodes	1(12.5)
7	Internal audit	14 MER; 16 PAN	2(25.0)
8	Governing stakeholder relationships	14 MER; 16 PAN; 18 ROY	3(37.5)
9	Integrated reporting and disclosure	14 MER	1(12.5)

Table 3 describes the summary of the results

Table 5: Governance principles Chapter 2

C 2	Boards and Directors
2.1	The Board is the focal point for and custodian of corporate governance (meet at least four times per year)
2.2	Strategy, risk, performance and sustainability are inseparable
2.14	Directors act in the best interests of the company
2.16	The chairman of the Board is an Independent Non-executive Director
2.17	Framework for the delegation of authority has been established
2.18	The Board comprises a balance of power with a majority of Non-executive directors who are independent
2.19	Directors are appointed through a formal process
2.20	Formal induction and ongoing training of Directors is conducted
2.21	The Board is assisted by a competent, suitably qualified and experienced Company Secretary
2.22	Regular performance evaluations of the Board, its committees and the individual directors
2.24	An agreed governance framework between the group and its subsidiary boards is in place
2.25	Directors and executives are fairly and responsibly remunerated
2.26	Remuneration of Directors and senior executives is disclosed
2.27	The company's remuneration policy is approved by its shareholders

Table 5 describes the principles of the King III on the Boards and Directors

Table 6: Governance principles of the Chapter 2: compliance

	Companies									
C2	1	2	3	4	5	6	7	8	9	10
2.2	A	A	A	A	NR	NR	NR	NR	A	A
2.14	A	A	NR	NR	NR	NR	NR	A	NR	NR
2.16	DNA	DNA	A	A	DNA	A	A	A	A	A
2.17	A	A	A	A	NR	A	A	A	UR	NR
2.18	A	A	A	A	A	A	A	A	DNA	A
2.19	A	A	A	A	NR	A	A	A	A	A
2.20	A	A	A	A	NR	A	A	A	A	NR
2.21	A	A	A	A	A	A	A	A	A	A
2.22	A	A	A	A	A	A	A	A	A	A
2.24	A	UR	NR	NR	A	NR	NR	NR	A	NR
2.25	A	A	A	NR	A	NR	NR	A	A	DNA
2.26	A	A	A	A	DNA	A	A	A	A	A
2.27	PA	A	A	A	A	A	A	A	A	A
	Companies									
C2	11	12	13	14	15	16	17	18	19	20
2.1	A	NR	A	A	A	NR	NR	A	A	A
2.2	A	A	A	A	A	A	NR	A	A	NR
2.14	A	A	A	A	NR	A	NR	A	A	A
2.16	A	A	A	A	DNA	DNA	DNA	A	A	A
2.17	A	A	A	A	A	A	A	A	NR	A
2.18	A	A	A	A	A	DNA	A	A	A	UR
2.19	A	A	A	A	NR	UR	NR	A	A	A
2.20	A	A	NR	A	A	UR	NR	A	NR	UR
2.21	A	A	A	A	A	A	A	A	A	A
2.22	A	DNA	A	A	A	UR	A	DNA	A	A
2.24	NR	NR	NR	A	NR	NR	NR	NR	NR	NR
2.25	A	DNA	A	A	NR	DNA	A	NR	A	A
2.26	A	DNA	A	A	A	PA	A	A	A	A
2.27	A	A	A	A	A	A	A	A	A	A

A: Apply; DNA : Do Not Apply; NR : Not Reported; PA : Partially Apply; UR: Under Review

among the different companies on the other hand the analysis of the Board composition provides some interesting aspects. In particular, the balance between executive directors and non-executive directors as well as the presence of an adequate number of independent directors are generally considered key factors in the corporate governance systems. The King III dedicates substantial space to this aspect, requiring that the majority of directors be non-executive and that in turn the majority of the non-executive directors be independent (2.18.1 and 2.18.2, King III). In the sample analysed this number was six in respect of an average number of eight non-executive directors. Another aspect concerns the position of the top roles, given the essential requirement of separation between Chairman and CEO: this aspect, together with the presence of an adequate number of independent directors, has been interpreted as a "balancing mechanism" that should strengthen the corporate governance system while improving the protection of the stakeholders. Furthermore when Chairman and CEO are separate, the role and function of the Chairman becomes critically significant. Chairing the Board and fulfilling the role of corporate governance guarantor can be carried out in many ways but obviously when the Chairman is "independent" the effectiveness and credibility of their action is higher. The King III underscores such aspect by requiring the distinction of roles and for the Chairman to qualify as "independent" and "non-executive". The table provides a picture of the situation of the companies surveyed and as an exemplification we reference ARM's account detailing the reason for failing to implement the principle concerning the Chairman's independence: "ARM has an Executive Chairman and a Lead Independent Non-executive Director" and "ARM is adequately addressed by the composition of the Board and particularly by the appointment of a Lead Independent Non-executive Director, Dr. Manana Bakane-Tuoane, in accordance with and as required by King III". The King III in fact, even after establishing principle 2.16, lays down in Recommendations 2.16.3 and 2.16.4, an alternative solution aimed at protecting the stakeholders' interests. By appointing a lead independent non-executive director, having a Non-Independent Chairman running the company becomes acceptable (Table 7).

Lastly, Table 7 shows the data concerning Board performance in terms of the number of meetings held during the year: in this regard, the companies surveyed appear essentially homogeneous. The presence of the two Committees provides a similar result: the Nomination Committee and the Remuneration Committee are both required by the King III (2.23.6), even if in other codes of governance (e.g., the Preda Code in Italy) the Nomination Committee is not compulsory but merely recommended for

Table 7: Composition of Board and Committees

	Companies									
Composition and committees	1	2	3	4	5	6	7	8	9	10
Number of Directors	17	13	10	10	9	12	11	6	12	14
Executive Directors	9	2	2	2	3	1	3	2	2	2
Non Executive Directors	8	11	8	8	6	11	8	4	10	12
Non Executive Directors	8	7	5	8	4	11	5	3	4	12
Chairman Independent	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Nomination Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Remuneration Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The roles of Executive Chairman and Chief Executive Officer are separate and distinct	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Frequency of board meetings during the year	4	4	6	8	4	10	5	6	4	

	Companies											
Composition and committees	11	12	13	14	15	16	17	18	19	20	Average	Yes (%)
Number of	16	13	11	12	11	6	12	9	7	13	11	-
Executive Directors	3	3	2	3	3	2	5	3	3	2	3	-
Non Executive Directors	13	10	9	9	8	4	7	6	4	11	8	-
Non Executive Directors (whom) independent	10	8	7	6	6	2	4	5	4	4	6	-
Chairman Independent	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	-	70
Nomination Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	95
Remuneration Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	100
The roles of Executive Chairman and Chief Executive Officer are separate and distinct	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	95
Frequency of Board meetings during the year	5	7	10	4	4	5	4	5	4	5	5	-

ARM has an Executive Chairman and a Lead Independent Non-executive Director. However, the Board is aware that the code contemplates the appointment of a non-independent chairman, requiring that, in those circumstances, a lead independent Non-Executive Director should be nominated (ARM, 2011)

Table 8: Integrated reporting and disclosure principles: Chapter 9

		Companies									
C9	Integrated reporting and disclosure	1	2	3	4	5	6	7	8	9	10
9.1	The board ensures the integrity of the company's integrated annual report	A	A	A	A	NR	A	NR	NR	A	A
9.2	Sustainability reporting and disclosure is integrated with the company's financial reporting	A	A	A	A	NR	-	NR	A	A	A
9.3	Sustainability reporting and disclosure is independently assured	A	A	A	NR	NR	UR	NR	UR	UR	A

		Companies									
C9	Integrated reporting and disclosure	11	12	13	14	15	16	17	18	19	20
9.1	The Board ensures the integrity of the company's integrated annual report	A	A	NR	A	A	UR	A	A	A	A
9.2	Sustainability reporting and disclosure is Integrated with the company's financial reporting	A	A	NR	A	UR	UR	A	A	NR	A
9.3	Sustainability reporting and disclosure is independently assured	A	A	A	UR	A	UR	UR	A	NR	NR

A: Apply; DNA: Do Not Apply; NR: Not Reported; PA: Partially Apply; UR: Under Review

companies with a large share base whereas the Remuneration Committee is certainly more strongly recommended.

To finish we analyse the final Chapter, dedicated to the rules laid down in the King III concerning drawing up the integrated balance sheet and related reports. As expected, given that drawing up said documents is compulsory, a high level of compliance can be observed. (Table 8).

Concerning the results achieved in terms of disclosure of corporate governance (RQ2) in our opinion the judgement that can be expressed may not appear aligned with the high level of compliance with the recommendations laid down in Chapter 9 of the King III shown in the previous investigation. Drawing up the compulsory integrated report for quotation at the JSE represents, as expounded in the first part of this study, one of the most important novelties introduced through the King III: as a matter of fact, a commission had to be established, the Integrated Reporting Committee (IRC SA) which became the first international organisation to draw up a Discussion study (Anonymous, 2011a-c) aimed at dictating the applicable guidelines and best practices for drafting this new report. The integrated report cannot be the result of extracting data from the annual report; nor can it be a mixture of the sustainability report and the financial statements. The focal point seems to be in the proposal to integrate three different reports: Governance Report, Sustainability Report and Financial Statements; these reports are already regulated by current legislation: that is, the King III, GRI/ISAE 3000 or AA1000AS and IFRS for the first, second and third report, respectively. Obtaining the report's assurance is also based on said legislation. The IRC SA document also suggests the existence of eight elements included in the integrated report; the second, seventh and eighth such elements concern corporate governance (Anonymous, 2012a, b).

The special attention given by the IRC SA to the corporate governance component, however, does not appear supported by the assessment performed on the integrated reports of the companies selected for the survey. The situation appears substantially differentiated, when compared with 2011, the disclosure being mostly non-homogeneous and not easily comparable. More specifically, analysing the reports underscored the following facts: Variable number of reports: some companies drew up just one report (seventeen companies) whereas in other cases the reports were separate, e.g., financial statements, integrated report, sustainability report, etc. In the majority of the cases the section dedicated to corporate governance information could not be clearly and promptly identified: some information was included in one or two reports (such as in the Governance report and in the financial statement's introduction) whereas in many cases there were several sections, sometimes even located in different reports. The length (in terms of number of pages) of the part dedicated to corporate governance information ranged between 30% maximum and 8% minimum of the total length of the analysed reports (Table 9). Use of widely differentiated

Table 9: Disclosure on corporate governance

Companies	Page reference	Total pages report annual	Integr.	Page (%)	Report element/section	N. of reports
ARM	117-149 (33 page) and 151-163 (13 page)	252	0	18.25	Corporate governance report annual financial statements	1
AAP	190-205 (15 page) and 206-227 (22 page)	324	0	11.42	Accountability and Transparency Financial report	1
AA	84-104 (21 page)	110	0	19.09	Governance and administration, in particular governance and compliance	2
AG AS	109-179 (71 page) and 72-80 (9 page)	332	84	24.10	Financial statements in the annual report governance and compliance in the integrated report	2
ASS	20-27 (8 page) and 48-54 (7 page)	152	0	9.87	Remuneration; Chairman's review; Board of Directors Corporate governance and risk management report	1
BHP	104-107 (4 page), 108-127 (20 page) 128-149 (22 page) and 150-157 (8 page)	268	0	20.15	Board of Directors and Group Management Committee Corporate governance statement Remuneration report; Directors report	1
COA	2-39 (38 page)	111	0	34.23	8 different sections	1
DRD	44-61 (18 page) and 62-75 (14 page)	163	0	19.63	Governance; Financial Statement	1
EXX	42-70 (29 page) and 72-109 (38 page)	220	0	30.45	Governance Review; Financial Statements	1
GOL	22-43 (22 page), 2-6 (5 page) and e 28-41 (14 page)	172	144	12.97	Transparency and accountability different sections such as Auditor's report ecc.	2
HAR	163-201 (39 page) and 203-209 (7 page)	346	0	13.29	Governance and risk Financial and administration	1
IMP	78-96 (18 page)	220	0	8.18	corporate governance; board of directors,	
LON	63-101 (46 page)	164	0	28.05	Director's report governance Director's Report-Business Review in particular Internal control and risk management, Board of Director's, Executive Committee	2
MER	22-43 (22 page) and 109-112 (4 page)	200	0	13.00	Governance, Ethics and Engagement Annexures: King III index	1
NO PL	6-8 (3 page), 10-15 (6 page), 44-45 (2 page) and 46-53 (8 page)	138	0	13.77	Stakeholder engagement Chief executive's review; Directors; Corporate governance	1
PAN	92-107 (16 page) and 109-112 (4 page)	176	0	11.36	Board of Directors Executive management team Management Team Corporate governance and Compliance Compliance Summary and gap analysis Directors' report Statement of Directors Responsibilities Indipendent Auditor's Report	1
PET	44-46 (3 page) and 49-61 (13 page)	144	0	11.11	Stakeholder engagement corporate governance	1
ROY	20-31 (12 page) and 84-101 (18 page)	174	0	17.24	Governance; stakeholder engagement independent assurance report; statement of responsibility by the Board of Directors Audit and risk committee report Independent auditors' report Directors' report	1
SEN	8-11; 22-31 (14 page)	136	0	10.29	Directorate; Governance reports	1
WES	8-11 (4 page) and 38-59; (22 page)	128	0	20.31	Board of directors Human Capital report including remuneration report Corporate governance report Corporate affairs report including stakeholder engagement	1

Table 9 describes the situation about the quantity and quality of disclosure on corporate governance: in the third column we can see the quantity of disclosure and the last column shows the number of reports on the corporate websites terminology in reference to comparable topics (e.g., for the section concerning the Board: Board of Directors, Board of Directors and Group Management Committee, Directors, Statement of Directors Responsibilities, Directors, report, Directorate).

Lastly, the considerations expressed in reference to the two research questions require pointing out some specific factors of impact (RQ3) shown in Table 1 placed in correlation with the two lines of investigation: the compliance level and the level of disclosure on corporate governance. In particular we can observe: There is no correlation between the size (market capitalization) and the degree of compliance and of disclosure on the corporate governance: the biggest companies didn't draw up the summary document and they don't devote large parts of the integrated report to the corporate governance issue. There is some correlation (negative) between the status of dual listed company and the compliance to the King III. This is due to the fact that the dual listing companies must apply other codes (for example the UK Corporate Governance Code): in fact the most part of the dual listed companies didn't prepare the document for the analysis of gaps with the King III. There is no correlation between the company with a very high value index SRI (best performer consistent) and the degree of compliance. The three companies which are the best value of SRI index (Anglo American plc, Anglo gold Ashanti, Gold fields) did not draw up the summary and did not show a strong propensity to disclose about corporate governance issues.

CONCLUSION

Compliance with good corporate governance rules and practices has long been an essential requirement for the survival and growth of the companies, not only in the developed economies but also in the emerging countries such as South Africa which formally joined the BRICS countries group at the end of 2010. South Africa responsible for 24% of BRICS GDP in terms of PPP has a comparative advantage in agriculture, mining (world's largest producer of platinum, gold, chromium) and manufacturing products (Jhunjhunwala, 2012). Different models of corporate governance can be applied in the BRICS countries: some follow the Anglo-Saxon model (Wu and Patel, 2013; Diamond and Price, 2012) whereas others, including China and Russia, prefer adopting the dual board structure similar to the German or Japanese model (Majumder *et al*., 2012). South Africa chose instead, alongside India and Brazil, a model similar to the English model, where the Board is placed at the core of the business; the King III defines it the "custodian of corporate governance" (King III, Anonymous, 1998). Elaborating on the specifics of the governance model of one of the BRICS countries becomes even more important in reference to mining sector companies where "good corporate governance is essential. For mining entities in South Africa, good governance is the prerequisite for a mining license and therefore the continued use and stewardship of the asset for the benefit and reward of all stakeholders" (Anonymous, 2011). In addition, it is important to highlight that the mining sector, due to its nature, has exceptionally high risk with regard to ethical, social and environmental issues. Therefore, stakeholders would give due attention to the industry's environmental, social and governance performance. There is an increased demand for the disclosure of managerial, social and environmental information by individual mining companies as a means of legitimizing their existence and documenting their performance (Jenkins and Yakovleva, 2006). South Africa and more specifically, the mining sector appear therefore as the ideal context for the full implementation of a corporate governance integrated process (Anonymous, 2012a, b)where drawing up a new report model, that is the integrated report, turns out to provide a useful reporting tool that can guarantee and communicate externally, the tight correlation between strategy, risk, performance and sustainability as suggested by the King III (King III, Chapter 2). The issuance of the third version of the Governance Code and the compulsory requirement for companies listed in the Johannesburg Stock Exchange to provide an integrated report, could make achieving "a holistic approach undertaken by a governing body, often supported by professional accountants in business, to integrate governance into an organization's drivers of sustainable success" (Anonymous, 2012a, b) eventually possible.

These facts made analysing the mining sector particularly interesting, especially where aimed at understanding the level of acknowledgement of the Governance Code, typically based on the "Apply or Explain" approach (Anonymous, 2009a, b). This approach, that allows companies to be widely discretionary when implementing the different principles and related recommendations, can however entail a non-homogeneous and suboptimal situation not only with reference to the company governance framework but also in reference to the disclosure, in terms of its effective communication which is deemed essential in order to attract potential foreign investors. The centrality of the role and multiple responsibilities assigned to the Board require a binding regulation, so as to better harmonise some key aspects within the governance practices such as the specific role of the Chairman; the majority of independent non-executive Directors; the relations between the Board and the various Committees; the new Board member's appointment procedure; the Board performance assessment; the remuneration plan; etc. Amongst the many functions fulfilled by the Board, the governance of the IT constitutes one of the most critical issues (Butler and Butler, 2012), given that earlier researches have proven that "Boards have "little interest" for technology issues and "even less expertise" regarding IT and tend to delegate IT-related aspects such as its governance to lower levels of management" (Raghupathi, 2007). Another aspect that appears to be of interest for auditing companies such as KPMG, Ernst and Young, etc., is the new concept of combined assurance introduced by the King III: 'King's concept of combined assurance gets companies to create a framework that looks at the content of assurance provided by internal and external audit as well as risk management, co-ordinating all of them to ensure there's no duplication and no omissions".

The adoption of the integrated report therefore represents an important turning point not only in terms of a new business reporting model but also as a "driver" for potential improvements in corporate governance practices adopted by the listed companies. The general applicability of the code to all the entities the true novelty of the King III could, however, entail some serious acknowledgement issues for the smaller companies listed at the JSE: the new guidelines "about corporate governance issues" could become "cumbersome, costly and sometimes impractical".

The results of the present research may have implications of a practical nature such as operational indications on the actual choices made by the company regarding the application of the principles of governance suggested by King III. While considering the influence exerted by the sector, the results could also be useful in view of the Public Consultation (March 2017) issued by the IIRC about the release of the <IR> International Framework. This process is still in an early stage and, in the absence of a shared framework, it is therefore essential to monitor the perception of preparers and the choices made about the corporate governance practices.

The study shows, among others, the following limitation, i.e., the analysis concerns only a production sector, the mining one: the results of the empirical research could lead to generalizations if the analysed sample was extended to all listed companies on the Johannesburg Stock Exchange (JSE). Two shortcomings can be pointed out: the lack of a comprehensive assessment of the level of compliance with every governance principle with reference to all the companies surveyed and the lack of a rearward analysis that would allow establishing if correlations between the identified variables and the two lines of investigation indicated in research questions RQ1 and RQ2 actually exist.

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