

A MANAGEMENT CONTROL SYSTEMS APPROACH TO INTEGRATED REPORTING

by

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Soli Deo Gloria

ABSTRACT

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by

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ABSTRACT: Integrated reporting is a process based on integrated thinking which results in the periodic publication of an integrated report by an organisation. An integrated report is a report to stakeholders on the strategy, performance and activities of an organisation presented in a manner that allows stakeholders to assess the ability of the organisation to create and sustain value over time. According to prior literature, a good quality integrated report has various benefits, although the preparation of the report can be challenging. Management Control Systems (MCSs) could enhance the organisation's ability to prepare a good quality integrated report, however, it is unclear how MCSs support the processes required to prepare an integrated report. This research is motivated by literature which encourages further investigation into the interaction between MCSs and integrated reporting. This research provides case study evidence from a single case study of a South African telecommunications company, to gain a better understanding of how MCSs facilitate the preparation of an integrated report. This study uses a theoretical framework on MCSs that separates managerial intentions for controls from employee perceptions of controls. The study is embedded in the interpretive paradigm, acknowledging that a manager's reality is socially constructed, and therefore explores how those who work with integrated reporting understand and interpret the role of MCSs in the integrated reporting process. The empirical data for the study comprises in-depth semi-structured interviews with employees and documentary evidence available from the case site. The findings of this research reveal that strategy is used as a MCS in the integrated reporting process. Strategic boundary controls, such as open-plan offices, and operational boundary controls, such as organisational

culture, facilitate the preparation process of the integrated report. Operational performance controls, such as the performance management system, and strategic performance controls, such as the strategy planning process, further facilitate the preparation process of the integrated report. The significance of this qualitative study is that it provides an understanding of how strategy and the MCSs associated with strategy, support the integrated reporting process. This study gains an understanding of the role of MCSs in the preparation process of an integrated report. Furthermore, this study contributes to existing literature regarding the use of MCSs in the preparation of the integrated report. This research also enables companies to have a better understanding of the whole concept of integrated reporting through the investigation of the underlying relationships with MCSs.

Key words Accounting, Management Accounting, Integrated Reporting, Management Control Systems, Strategy

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LIST OF ABBREVIATIONS

| | |
|-----------|--|
| BSC | Balanced Scorecard |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| EBITDA | Earnings before interest, taxes, depreciation and amortisation |
| EXCO | The Executive Committee |
| EY | Ernst & Young |
| GRI | Global Reporting Initiative |
| IFRS | International Financial Reporting Standards |
| IIRC | International Integrated Reporting Council |
| IIRF | International Integrated Reporting Framework |
| IoDSA | Institute of Directors in South Africa |
| IRC | Integrated Reporting Committee of South Africa |
| JSE | Johannesburg Stock Exchange |
| King III | The King Code of Governance Principles for South Africa 2009 |
| King IV | The King Code of Governance Principles for South Africa 2016 |
| KPIs | Key Performance Indicators |
| MCSs | Management Control Systems |
| PD System | Performance Management System |

CHAPTER 1: INTRODUCTION

1.1 PREFACE

Integrated reporting is part of a developing corporate reporting system (IRF, 2021), it brings financial and non-financial information together in a single, forward-looking performance report (De Villiers, Hsiao & Maroun, 2020). An integrated report is summarising communication on how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over a period of time (IRF, 2021). Integrated reporting is important as it benefits all stakeholders interested in an organisation's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers (IRF, 2021). Preparing a quality integrated report can be challenging as generic disclosures undermine the value relevance of the reports and organisations struggle to report clearly on their strategy, risks and the management of non-financial capitals (De Villiers, Hsiao & Maroun, 2017). It is therefore, important to gain more knowledge about how to produce a quality integrated report.

The design and the implementation of an integrated report represent phases of a more complex process in which Management Control Systems (MCSs) should play an essential role (Wulf, Niemöller & Rentzsch, 2014). MCSs and accounting infrastructure must be planned and developed to assist with the monitoring of sustainability performance and, in turn, to indicate what information is included in integrated reports (McNally, Cerbone & Maroun, 2017).

Despite the growing number of contributions on integrated reporting, the analysis of the role played by MCSs with regard to its preparation and implementation remains an underexplored theme (De Villiers, Venter & Hsiao, 2017).

This thesis is a study of how MCSs can facilitate the preparation of an integrated report. This chapter establishes the context of the study, providing the background, problem statement,

research objectives and questions, the research design, as well as the structure of the thesis.

1.2 BACKGROUND

The present research is motivated by literature which encourages further investigation into the interaction between MCSs and integrated reporting (De Villiers, Rinaldi & Unerman, 2014; Kerr, Rouse & De Villiers, 2015; De Villiers, Kerr & Rouse, 2016; De Villiers *et al.*, 2017). The objective of this research is to obtain case study evidence to gain an understanding of how MCSs facilitate the preparation of an integrated report, by adopting Tessier and Otley's (2012) revised framework of Simons' (1995) Levers of Control. This section provides a background on MCSs, the Balanced Scorecard (BSC), sustainability reporting, integrated reporting and the relationship between integrated reporting and MCSs.

1.2.1 Management Control Systems

Management control is a process where managers ensure that resources are acquired and used effectively and efficiently in attaining an organisation's objectives (Anthony, 1965). Anthony (1965) concludes that MCSs influence the behaviour of organisational resources in implementing organisational strategies. MCSs can also be used to facilitate a change in strategy (Dimes & De Villiers, 2020). Simons (1995) provides a framework explaining that MCSs allow for the implementation and control of business strategy. Simons' (1995) framework identifies four levers of control to manage positive and negative tensions in organisations (Tessier & Otley, 2012). The two positive levers of control are belief systems and interactive control systems whilst the two negative levers of control are boundary systems and diagnostic control systems (Tessier & Otley, 2012). Tessier and Otley (2012) revised Simons' (1995) Levers of Control framework using positive, negative and neutral labels to describe employee attitudes towards controls instead of attaching positive or negative attributes to the control itself. Tessier and Otley (2012) portray managerial intentions in the following levels, namely: types of controls (which consist of social and technical controls); control systems (consisting of strategic performance controls, strategic boundary controls, operational performance controls and operational boundary controls)

that can be used diagnostically or interactively, and have enabling or constraining roles that can lead to either reward or punishment. This thesis uses Tessier and Otley's (2012) framework as the theoretical framework for this study.

MCSs are systems that gather and use information to evaluate the performance of different organisational resources, including human, physical, and financial, and the organisation as a whole, in light of the organisational strategies pursued (De Villiers *et al.*, 2014; Kerr *et al.*, 2015 and De Villiers *et al.*, 2016). The BSC is one such MCS (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016).

1.2.2 The Balanced Scorecard

The BSC originates from the idea of looking at strategic measures in addition to traditional financial measures to get a more 'balanced' view of performance. The concept of the BSC has evolved beyond the use of perspectives and is now a holistic system for managing strategy (BSC, 2021). The BSC aligns individual or departmental goals with the overall strategic aims of the organisation through tangible outcomes and measures (De Villiers *et al.*, 2014). The BSC is an internal performance measurement, reporting system and MCS that integrates financial and non-financial strategic measures (Kaplan & Norton, 1996b) and organisations may choose to fully incorporate the BSC into their MCSs (Kerr *et al.*, 2015).

According to Chenhall (2003), there are few published contingency theory studies on BSCs. Contingency theory is an organisational theory that claims that there is no best way to organise or lead or have a best decision-making process in an organisation. Contingency theory presumes that management accounting, which is the process of preparing reports regarding business operations to help managers make effective decisions (Hoque, 2003), is designed to accomplish pre-set purposeful organisational goals, whilst being influenced by the organisational and external environment in which they operate (Bui & De Villiers, 2017b). By studying MCSs, strategy, and their complex interactions, in-depth research can help to understand the complex nature of these relationships (Langfield-Smith, 1997).

The term 'Balanced Scorecard' was introduced in the early 1990s, but its origin is traced back to the original work of General Electric on performance measurement reporting in the 1950s, as well as the work of French process engineers, who, in the early 20th century, created the *Tableau de Bord* [dashboard] (BSC, 2016). In 1990, the Nolan Norton Institute, the research arm of KPMG, sponsored a one-year multi-company study titled "Measuring performance in the organisation of the future" (Kaplan & Norton, 1992). The reason for the KPMG study was the belief that the performance measurement approaches available at that time, which relied mainly on financial accounting measures, were becoming obsolete as the business landscape began to take on a knowledge-era configuration, rather than an industrial-era configuration. The study argues that reliance on summarised financial performance measures was hindering organisations' ability to create future economic value. The KPMG study proposed the BSC, and the findings were summarised in an article titled "The Balanced Scorecard – measures that drive performance" (Kaplan & Norton 1992). Kaplan and Norton (1992) note that the BSC is a management system (not only a measurement system) that enables organisations to clarify their vision and strategy and translate them into action. The BSC provides feedback on both the internal business processes and external outcomes, to improve strategic performance and results. The BSC is thus, an integrated tool designed to link sets of activities and outcomes by individuals and groups to broaden the strategic goals of an organisation in order to promote sustainability within an organisation (Kaplan & Norton, 1996a).

As information technology software develops over time, some types of BSCs being employed are more comprehensive and strategic in nature than those used a few years ago (Chenhall, 2003). There is a difference between the adoption of MCSs and the implementation of the systems.

Much can be learned about the success or otherwise of MCSs by examining how the control culture, organic or mechanistic, influences the processes of implementation. This becomes particularly important when studying the adoption of innovative MCSs such as activity-based accounting and BSCs which are closely linked to the organisation's control culture (Chenhall, 2003:132).

The alignment of operational goals with managerial (or official) goals is a vital aspect of strategic management. Performance hierarchies and BSCs attempt to understand the co-

operative effects of managerial goals associated with the interests of shareholders, customers, internal processes and the potential for organisations to sustain themselves by learning and innovation (Chenhall, 2003). Chenhall (2003) notes that BSCs provide a methodology to address this and may also explain why organisations that attempt to adopt BSCs have difficulty in implementing them. Chenhall (2003:141) explains that fitting control systems should be "... open and informal, include broad scope information, benchmarking, and performance measures that indicate links between strategy and operations such as BSCs and strategic integrative controls".

MCSs are management tools which are used internally in an organisation and this assertion is echoed in various studies (Kaplan & Norton, 2000; Figge, Hahn, Schaltegger & Wagner, 2002; Zingales, O'Rourke & Orsatto, 2002; Schaltegger & Wagner, 2006; Kerr *et al.*, 2015; De Villiers *et al.*, 2016), and these studies suggest that the BSC could be used as a tool for facilitating the management of social and environmental issues. A number of studies (Figge *et al.*, 2002; Schaltegger & Wagner, 2006; De Villiers *et al.*, 2016) have used the BSC as a MCS which integrates the management of social and environmental issues into mainstream business activities. This is consistent with the suggestion by Schaltegger and Wagner (2006) that a BSC would be beneficial in determining the main content for sustainability reporting. De Villiers *et al.* (2016) also note that the integration of sustainability reporting and internal MCSs can provide an advantage for organisations using the BSC.

1.2.3 Sustainability reporting

Sustainability reporting plays an important role in the integrated reporting process as can be observed when looking at the history of the development of integrated reporting. The concept of the 'triple bottom line' reporting started in the early 1990s and suggests that organisations' successes should not only be measured and reported by the financial bottom line, but also by the organisational performance regarding social and environmental aspects (Elkington, 1998). In 1997, the Global Reporting Initiative (GRI) was formed and has been a pioneer of sustainability reporting since the late 1990s. A company at the forefront of integrated reporting since 2003 is Novo Nordisk. Novo Nordisk became a leader in the pursuit to measure and report social, environmental and financial performance in a single

document (De Villiers *et al.*, 2014). The Prince's Accounting for Sustainability Project was introduced in 2004 and one of its aims is to address the disconnection in sustainability reports between social, economic and environmental impacts (Steyn, 2014). The King Code of Governance Principles for South Africa 2016, also known as the King IV (IoDSA, 2016), which is included in the listing requirements of the Johannesburg Stock Exchange (JSE) in South Africa, requires the more than 450 companies listed on the JSE to not only publish an integrated annual financial report but also to publish a sustainability report.

1.2.4 Integrated reporting

King IV (IoDSA, 2016:13) defines an integrated report as "... a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term".

Companies have to publish integrated reports to enable stakeholders to make a more informed assessment of the economic value of a company (De Villiers *et al.*, 2014) and to promote corporate governance (IoDSA, 2016). Various organisations, such as the Association for Savings and Investment SA, Business Unity South Africa, the Institute of Directors in Southern Africa, the JSE, and the South African Institute of Chartered Accountants, came together in 2010 to form the Integrated Reporting Committee of South Africa (IRC). The aim of the committee is to develop and issue guidelines on good practice in integrated reporting. On 25 January 2011, the IRC published a discussion paper, "Framework for Integrated Reporting and the Integrated Report" and noted that an integrated report should tell the "overall story" of a company (IRC, 2011:6). An integrated report is a report to stakeholders on the strategy, performance and activities of the organisation presented in a manner which allows stakeholders to assess the ability of the organisation to create and sustain value over the short-, medium- and long-term (IRC, 2011; De Villiers *et al.*, 2017; De Villiers & Sharma, 2020; De Villiers *et al.*, 2020; Dimes & De Villiers, 2020; IRF, 2021). An integrated report is therefore, the pinnacle of a process that commences with corporate values, strategy and the decision-making philosophy of a company. This includes historical financial information and operating reviews as well as information that is forward

looking, gives strategic direction and discusses targets, risks and opportunities that are addressed in the medium- to long-term (PWC, 2010).

Since 2010, the JSE has required all listed companies to publish integrated reports in compliance with the King III Code of Governance Principles for South Africa. The King III report also suggests that sustainability reporting is incorporated into each section within the framework of annual reporting and must contain information on both the financial and non-financial performance of the company (PWC, 2010).

Leaders of the GRI, the Prince of Wales Accounting for Sustainability Project and the International Federation of Accountants formed the International Integrated Reporting Council in 2010 (IIRC, 2016). Their mission is to establish integrated reporting and thinking as the norm within mainstream business practice in the private and public sectors. The IIRC published a consultation draft on integrated reporting, the final version of which was published in 2013, known as the International Integrated Reporting Framework (IIRF). On 18 March 2014, the IRC announced its endorsement of the IIRF (IIRC, 2016).

Integrated reporting is supposed to facilitate integrated thinking within organisations as integrated thinking is the ability to connect strategy, governance, past performance and future prospects, as well as the ability to connect functional departments in an integrated report (Schörger & Sewchurran, 2015). Although the IIRC uses the same basis for their definition of integrated thinking, the IIRC supports and relates it to six capitals which represent an organisation's in-and-outputs. The six capitals identified by the IIRC are financial capital, manufactured capital, intellectual capital, social and relationship capital, and human and natural capital (IRF, 2021).

Capitalism requires financial stability and sustainability and integrated reporting is designed to support both financial stability and sustainability (Steyn, 2014). However, Flower (2014) and Thomson (2015) note that there is a disconnect between what an integrated report was intended for in 2009 and what the IIRC objective has become. De Villiers *et al.* (2014), as well as Bouten and Hoozée (2015), echo this by noting that the focus of integrated reporting is changing towards a narrower focus on value creation for the shareholder as opposed to all stakeholders, due to the involvement of the IIRC. The IIRC is following an inappropriate

approach if they want to move towards a sustainable future, as sustainability is diverted into sources of corporate value (Thomson, 2015). The more integrated thinking is integrated into an organisation's activities, the more naturally the connectivity of information will flow into management reporting, analysis and decision-making and therefore, suitable MCSs must be developed in order to deal with intangible capitals.

1.2.5 Integrated reporting and Management Control Systems

Financial accounting, financial reporting, and integrated reporting do not affect corporate governance directly, but indirectly by requiring adequate MCSs (Wulf *et al.*, 2014). Management accounting will have to meet the new challenges in order to ensure a genuine implementation of integrated reporting, as the implementation of integrated reporting will affect traditional structures and business processes (Wulf *et al.*, 2014). Integrated reports share more characteristics with conventional management accounting practices, such as the BSC and strategy mapping, than with accounting-sustainability practices intended to embed sustainability into everyday business practices (Thomson, 2015). This emphasises the relationship between integrated reporting and MCSs.

Simons' (1995) Levers of Control have been used for analysing the use of the BSC to support triple bottom-line reporting, specifically referring to the beliefs and boundary components (Kerr *et al.*, 2015). MCSs are "... formal, information-based routines and procedures managers use to maintain or alter patterns in organisational activities" (Simons, 1995:5). Simons (1995) developed a framework by identifying four levers, or constructs, for organisations to control their strategy. These four levers are: belief systems; boundary systems; diagnostic control systems; and interactive control systems. Bui and De Villiers (2017a) recognise previous MCSs frameworks, although these frameworks do not identify a concrete relationship between MCSs and integrated reporting. Bui and De Villiers (2017a) acknowledge that the framework by Tessier and Otley (2012) includes operational performance controls. The operational performance controls therefore, include performance indicators. A relationship between the MCS framework of Tessier and Otley (2012) and the BSC is present as both contain performance indicators (Bui and De Villiers, 2017a). The

MCSs framework of Tessier and Otley (2012) thus forms the theoretical framework for this thesis.

Although recognising that the BSC is an internal management tool and the triple bottom line is part of external reporting, research finds evidence in support of the contention that organisations may take advantage of the integration of sustainability reporting and internal MCSs by using the BSC (Kerr *et al.*, 2015). Research provides evidence in support of a positive relationship between sustainability reporting and MCSs, such as the BSC (Chenhall, 2003; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; Maas, Schaltegger & Crutzen, 2016a, b; Stacchezzini, Melloni & Lai, 2016; Bui & De Villiers, 2017a), however, these studies do not establish the relationship between MCSs, such as the BSC, and integrated reporting, of which sustainability reporting forms part of.

There are several benefits of integrating sustainability reporting and the BSC, for example sustainability reporting objectives can be better utilised when integrated into a MCS instrument, such as the BSC (De Villiers *et al.*, 2016). However, the research by De Villiers *et al.* (2016) only focuses on the BSC and sustainability reporting, but does not investigate the role of the BSC, as an MCS, and on how it can help to prepare an integrated report. The research by De Villiers *et al.* (2016) does suggest that the BSC is an enabling framework for integrating sustainability reporting into the MCS, given its ability to operationalise sustainability reporting objectives and communicate these via a formal reporting framework. This is supported by Thomson (2015), who notes that an integrated report shares more traits with traditional management accounting practices, such as the BSC and strategy mapping, than with accounting sustainability practices meant to establish sustainability in everyday business practices.

The BSC is an internal performance measurement, reporting and MCS that integrates financial and non-financial strategic measures (Kaplan & Norton, 1996a), whilst an integrated report is a report to stakeholders on the strategy, performance and activities of an organisation (IRC, 2011). The focus of strategy is on the formulation of a plan of action about the intentions of the company (Sukhari & De Villiers, 2019). A company's strategy therefore identifies how it intends to manage risks and opportunities as it sets out strategic

objectives and strategies to achieve them (IRF, 2021). An integrated report should provide insight into a company's strategy and how it relates to the company's ability to create value in the short-, medium- and long-term (IRF, 2021). It is thus evident that strategy forms part of both the BSC and integrated reporting. Prior literature on MCSs and strategy finds evidence in support of a relationship between strategy and MCSs (Chenhall, Kallunki & Silvola, 2011; Frigotto, Coller & Collini, 2013), however, it is unclear how strategy and MCSs facilitate the preparation process of an integrated report.

Although prior literature exists on MCSs; MCSs relationship with the BSC; MCSs and sustainability reporting, which forms part of integrated reporting; and MCSs relation with an organisation's strategy, it provides little insight into how MCSs facilitate the preparation process of an integrated report. This research fills the gap in gaining an understanding of how MCSs facilitate the preparation process of an integrated report.

1.3 PROBLEM STATEMENT, RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

The problem identified for this research is that MCSs could facilitate the preparation of a good quality integrated report, however, how MCSs support the 'processes' required to prepare an integrated report is not fully understood.

The preparation of a good quality integrated report can be challenging (De Villiers *et al.*, 2017). The present research is motivated by literature that encourages further investigation of the interaction between MCSs and integrated reporting (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; De Villiers *et al.*, 2017). The purpose of this research is to obtain case study evidence in order to gain an understanding of how MCSs facilitate the preparation of an integrated report, by adopting Tessier and Otley's (2012) revised framework of Simons' (1995) Levers of Control.

Research by De Villiers *et al.* (2016), where a conceptual model was developed of influences driving sustainability, based on case evidence of a New Zealand company, of the integration of corporate sustainability management control and reporting, is applicable to the present research. Using Tessier and Otley's (2012) framework as the theoretical framework, this

research explores MCSs needed to prepare and publish an integrated report in order to achieve the following research objective: To gain an understanding on how MCSs facilitate the preparation of an integrated report.

The research objective is pursued by addressing the following research questions:

1. How do strategy and the MCSs associated with strategy facilitate the integrated reporting process?

This research question was expanded into the following questions:

- 1.1 How does an organisation's strategy facilitate the integrated reporting process?
 - 1.2 How do strategic performance controls associated with strategy facilitate the integrated reporting process?
 - 1.3 How do strategic boundary controls associated with strategy facilitate the integrated reporting process?
 - 1.4 How do operational performance controls associated with strategy facilitate the integrated reporting process?
 - 1.5 How do operational boundary controls associated with strategy facilitate the integrated reporting process?
2. How does the integrated reporting process work and how do MCSs facilitate this process?

This research question was expanded as follows:

- 2.1 Who is responsible for preparing an organisation's integrated report?
- 2.2 How do MCSs, according to the framework developed by Tessier and Otley (2012), assist the integrated report preparers to prepare an integrated report?
- 2.3 What is the process followed to prepare an integrated report and how do MCSs, according to the framework developed by Tessier and Otley (2012), facilitate the preparation process of an organisation's integrated report?

The following section provides a brief overview of this study's research design.

1.4 RESEARCH DESIGN

This research is embedded in the interpretive research paradigm which focuses on managers' interpretations and understandings rather than 'objective' facts. The study seeks to understand how MCSs play a role in preparing an integrated report. This research gains an understanding of how the internal processes within a company, housed in the company's MCS, facilitate the preparation of an integrated report. It is an exploratory and descriptive case study which relies on in-depth semi-structured interviews and documentary evidence (Chua, 1986; Henning, Van Rensburg & Smit, 2004; Mouton, 2001; Hofstee, 2006; Broadbent & Unerman, 2011; De Villiers *et al.*, 2017).

Annual reports as well as integrated reports ranging from 2005 to 2017 of companies listed on the JSE were scrutinised for references for the purposes of using the BSC in preparing their annual reports and/or integrated reports. Companies referring to the use of the BSC in their annual reports and/or integrated reports were invited via email to participate in this research study. The case site selected from these companies did not only mention the use of the BSC in the company's annual report and/or integrated report, but the company's integrated reports ranked among the top 10 in Ernst and Youngs' (EY) Excellence in Integrated Reporting (EY, 2016). This is the ideal setting because as of 1 March 2010, for South African companies listed on the JSE, have to produce an integrated report or explain why they are not (PWC, 2010). The primary data consists of in-depth semi-structured interviews conducted at the case site, complemented by secondary data in the form of other sources of information, such as the case site's annual reports, integrated reports ranging from 2005 to 2020 as well as other internal documents and notes which were made during the interviews. The interviews conducted for the purpose of this research study were recorded and transcribed. The transcribed interviews were emailed to the various interviewees who confirmed that the transcriptions are a true reflection of the interviews conducted. The transcripts were subsequently coded by using the computer software program, NVivo. Following the coding process, themes in support of the research objective were identified.

Ethical and legal clearance were obtained from the University of Pretoria as well as from the case site. The ethical clearances involve the following: that there is no risk of any harm being caused to the human participants in this research; that each interviewee signs an informed consent form before an interview commences; that the anonymity of the company and each interviewee are protected. The case site in this research was provided with a pseudonym, CellTech, and each interviewee was assigned with an interview number to ensure anonymity.

1.5 CONTRIBUTION OF THE RESEARCH

This study determines a relationship between MCSs and integrated reporting and therefore, contributes to the understanding of how MCSs facilitate the preparation process of an integrated report, as it establishes the following:

The focus of strategy is on the formulation of a plan of action regarding the intentions of the company and achieving those goals (Sukhari & De Villiers, 2019). Sukhari and De Villiers (2019) find that the mandatory introduction of integrated reporting on an apply or explain basis in South Africa led to enhanced disclosures regarding strategy, however, they do not examine the link between integrated reporting disclosures regarding strategy and MCSs. An integrated report tells the story of an organisation's value creation, referring specifically to the organisation's strategy (IRF, 2021). This is echoed by the research of De Villiers *et al.* (2017), De Villiers and Sharma (2020), De Villiers *et al.* (2020) and Dimes and De Villiers (2020). This study is consistent with the extant literature as it provides evidence that strategy supports the integrated reporting process. Research by Green and Cheng (2019) focuses on auditors' materiality judgements in an integrated reporting setting and finds that the materiality of non-financial performance information determination is affected by its relation to the company's strategy. The present study adds value to the extant literature as the research focuses on MCSs and integrated reporting. Evidence from the case study of CellTech indicates that non-financial information and materiality reporting is guided by the company's strategy. The present study further contributes to the extant literature as evidence is provided from the case study of CellTech that strategy forms part of both strategic performance controls and operational performance controls, in terms of Tessier

and Otley's (2012) framework. This study finds that strategy provides structure to the integrated report.

MCSs can support strategy (Bui & De Villiers, 2018) as well as be used to facilitate a change in strategy (Dimes & De Villiers, 2020). It is currently unclear how the strategy planning process and strategic planning meetings support the preparation process of an integrated report. The present study does not only contribute to the literature of Bui and De Villiers (2018) and Dimes and De Villiers (2020), but also makes a practical contribution for integrated report preparers as it establishes that, strategic performance controls, in terms of Tessier and Otley's (2012) framework, such as the strategy planning process and strategic planning meetings, support the preparation process of an integrated report. Evidence is provided from the case study of CellTech that Key Performance Indicators (KPIs) determined during the strategy planning process are communicated to the different departments and individuals during the strategic planning meetings. Strategic planning meetings are not only used as a strategic performance control, but also as an operational performance control, as in Tessier and Otley's (2012) framework, as these meetings control the cascading of the strategy, goals and KPIs to ensure successful strategy implementation within CellTech.

De Villiers and Sharma (2020) note that the IIRC does not require the reporting of any specific KPIs and that the IIRCs International Integrated Reporting Framework leaves the decision on what information regarding performance should be reported to management. Sukhari and De Villiers (2019) note that companies may set their KPIs without considering their strategic goals, however, companies could benefit from considering how they disclose their strategy and amend their business model disclosure to be aligned with their strategic goals, KPIs and risks. According to Tessier and Otley's (2012) framework, KPIs can be used as an operational performance control. The present research adds value to the existing literature of MCSs and integrated reporting as evidence is provided from the case study of CellTech that KPIs assist in the preparation of the integrated reports. This study also contributes to the practical understanding on how KPIs are used in the preparation of an integrated report. Evidence indicates that although CellTech may not explicitly mention the use of KPIs in their annual/integrated reports, CellTech uses KPIs as an operational

performance control to support the preparation of the company's integrated reports, as CellTech reports on the performance and achievement of their KPIs.

The use of open-plan offices to promote teamwork and communication is consistent with the findings of Hollis-Turner (2015). Dimes and De Villiers (2020) determined that organisational culture is used as a strategic boundary control, in terms of Tessier and Otley's (2012) framework, which enables integrated thinking. It is however, unclear how organisational culture supports the preparation of an integrated report. This study therefore, contributes to the literature on MCSs as evidence is provided from the case study at CellTech that organisational culture and open-plan offices are used as a strategic boundary control, in terms of Tessier and Otley's (2012) framework, to support the preparation of CellTech's integrated report. The present study finds that organisational culture and open-plan offices are used as strategic boundary controls to support the preparation process of CellTech's integrated report. CellTech's organisational culture and open-plan offices promote teamwork and communication within the company, which facilitates the preparation process of CellTech's integrated report.

Although organisational culture is used as a strategic boundary control which enables integrated thinking, according to Dimes and De Villiers (2020), this research establishes that organisational culture can also be used as an operational boundary control, in terms of Tessier and Otley's (2012) framework, in the preparation process of an integrated report. The present study adds value to extant literature as evidence is provided from the case study of CellTech that CellTech's organisational culture supports the preparation of an integrated report by clearly defining the roles and responsibilities of the preparers of the integrated report.

Very little literature exists on how feedback meetings assist in the preparation process of an integrated report. The references used in this study and a subsequent search on Google Scholar, Scopus and ResearchGate did not yield any other results in terms of the influence of feedback meetings on the preparation of an integrated report. The present research thus contributes to the literature on MCSs and integrated reporting as evidence is found from the case study at CellTech, that CellTech uses external and internal feedback meetings as

operational performance control systems, as set out in Tessier and Otley's (2012) framework, in order to facilitate the preparation process of the integrated report. CellTech's feedback meetings monitor what is needed by CellTech in order to improve on the company's previous integrated report. This study further adds value to the literature on institutional theory as it was determined that CellTech's feedback meetings serve as an example of institutional theory – institutionalisation and organisational isomorphism (DiMaggio & Powell, 1983; Lawrence & Suddaby, 2006; Venter & De Villiers, 2013).

Literature by Chenhall (2003), Kerr *et al.* (2015), De Villiers *et al.* (2016), Maas *et al.* (2016a, b) and Stacchezzini *et al.* (2016), Bui and De Villiers (2017a) find evidence in support that a positive relationship exists between MCSs, such as the performance management system in the form of the BSC, and sustainability reporting. Dimes and De Villiers (2020) find that performance measurement, which forms part of the performance management system, is used to constrain integrated thinking. The present study is not only consistent with the prior literature that a positive relationship exists between the performance management system and sustainability reporting and integrated thinking, it adds value as this study establishes how the performance management system is used as an operational performance control, in terms of Tessier and Otley's (2012) framework. Evidence is provided from the case study of CellTech that CellTech uses the performance management system as an instrument to control the cascading process of its strategy, goals and KPIs.

The contributions of this study not only add to Accounting and Management Accounting research, but also sustainability accounting and reporting research. This study therefore assists both academic research (theory and literature) and practice.

The following section provides a description of how this thesis is structured.

1.6 STRUCTURE OF THE THESIS

The structure of the thesis is as follows:

Chapter 1 – Introduction

This chapter establishes the context of the study, providing the background, problem statement, research objectives and questions, the research design, as well as the structure of the thesis.

Chapter 2 – Literature review

The chapter presents the literature review which provides the theoretical framework that underpins this research.

Chapter 3 – Research methodology and design

This chapter describes the theoretical underpinning of the research design, as it is applied to this research. This chapter describes and justifies the research approach used to address the research questions and provides a discussion of the research method undertaken, including the data and the method of analysis and interpretation of the data. The research methodology continues in Chapters 4 and 5.

Chapter 4 – Interview analysis

This chapter provides an insight into the interviews that were conducted, the interview questions that were posed, the data analysis process, the coding process and the themes identified in this study.

Chapter 5 – Documentary analysis

This chapter discusses the secondary documentary data used in this study through the collection of the documents used in this study, the documentary data analysis process and the analysis of the documentary data.

Chapter 6 – Strategy and the MCS associated with strategy that facilitate the integrated reporting process

This chapter provides findings regarding the first theme identified from the thematic analysis in Chapter 4 on how strategy and the MCS associated with strategy facilitate the integrated reporting process.

Chapter 7 – The integrated reporting process and its associated MCSs

This chapter provides findings regarding the second theme identified from the thematic analysis in Chapter 4 on how MCSs facilitate the preparation of the integrated report.

Chapter 8 – Conclusions and contributions

This chapter summarises the study, providing the conclusion of this study and its contributions.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides a critical overview of the contemporary literature related to the topic of the study. In this chapter, literature on MCSs such as the BSC, integrated reporting and the relationship between MCSs and integrated reporting are reviewed. Areas are identified in the literature which indicate gaps in existing research that form the motivation for this study.

2.2 MANAGEMENT CONTROL SYSTEMS

Management control is a process where managers in an organisation ensure that acquired resources are used optimally in the achievement of an organisation's goals (Anthony, 1965; Langfield-Smith, 1997). Simons (1995:5) defines management control as "... formal, information-based routines and procedures managers use to maintain or alter patterns in organisational activities". MCSs are defined as "... systems, rules, practices, values and other activities management put in place in order to direct employee behaviour" (Malmi & Brown, 2008:290).

The following sections discuss three frameworks associated with MCSs: Simons' Levers of Control (Simons, 1995); Tessier and Otley's revised framework of Simons' Levers of Control (Tessier and Otley, 2012); and The Sustainability Focused Management Control System Framework (Bui & De Villiers, 2018).

2.2.1 Simons' Levers of Control

Simons (1995:5) provides a framework, shown in Figure 1 below, of MCSs controlling business strategy and identifies four levers of control to manage positive and negative pressures in organisations. The two positive levers of control are belief systems that relate to the essential values of an organisation, and interactive control systems that relate to the

communication and implementation of an organisation's strategy. The two negative levers of control are boundary systems that relate to limitations of, for example employee behaviour, and diagnostic control systems that relate to the communication of vital performance variables.

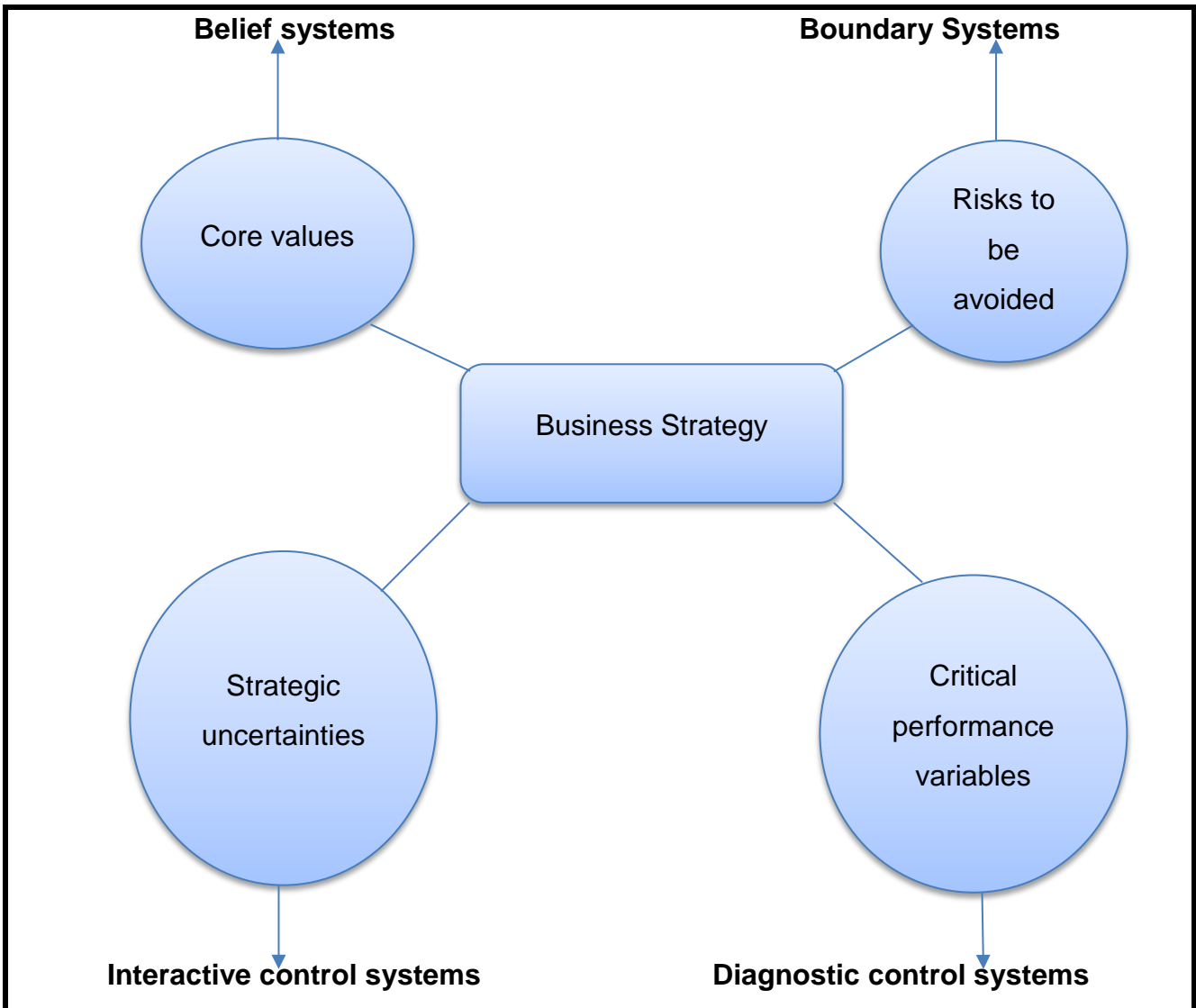


Figure 1: Simons' Levers of Control Framework
 Source: Simons, 1995:7

Contingency-based research follows a traditional outlook that perceives MCSs, such as Simons' (1995) Levers of Control, as a docile tool designed to assist in managerial decision-making. The contingency theory is an organisational theory and claims that there is no best way to organise, lead or have a best decision-making process within an organisation. Bui and De Villiers (2017b) state that contingency theory presumes that management

accounting is designed to accomplish pre-set purposeful organisational goals, whilst being influenced by the organisational and external environment in which they operate. One significant contingent variable is an organisation's strategy and objectives, and this causes different control system configurations to exist (Langfield-Smith, 1997; Otley, 1999). Langfield-Smith (1997) notes that contingency research studying the relationship between MCSs and strategy defines strategy in many ways. Strategies are the way an organisation aims to achieve its objectives (Otley, 1999). MCSs gather and use information to assess the performance of different organisational resources and an organisation as a whole, in relation to the organisational strategies pursued (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016). Langfield-Smith (1997) further identifies formal and informal controls, output and behaviour controls, market, bureaucracy and clan controls, administrative and social controls and results, and action and personnel controls. Organisations can adopt various MCSs (Bui & De Villiers, 2017a). The contingency theory of management accounting suggests that there are no general applicable MCS but that the choice of the most suitable MCS depends on the organisation's operational environment (Otley, 1999; Chenhall, 2003).

The focus of this research is to understand how MCSs influence the preparation of an integrated report. Simons' (1995) Levers of Control framework revised by Tessier and Otley (2012) and the Sustainability-Focused Management Control System Framework by Bui and De Villiers (2018) are especially appropriate for this research.

2.2.2 Tessier and Otley's revised framework of Simons' Levers of Control

The definition of MCSs evolved over the years from one focussing on supplying more formal, financially quantifiable information aiding management's decision-making process, to one that contains a broader scope of information (Chenhall, 2003). Simons' Levers of Control also evolved as it was revised and adapted by, among others, Tessier and Otley (2012), as well as Bui and De Villiers (2018).

The revised framework by Tessier and Otley (2012), shown in Figure 2 below, is the theoretical framework for this study. Tessier and Otley (2012) separate managerial intentions for controls from employee perceptions of controls. This is one of the key

differences between the framework by Tessier and Otley and Simons' Levers of Control. Tessier and Otley (2012) use positive, negative and neutral labels to describe employee attitudes towards controls, rather than giving the controls themselves positive or negative attributes (Tessier and Otley, 2012).

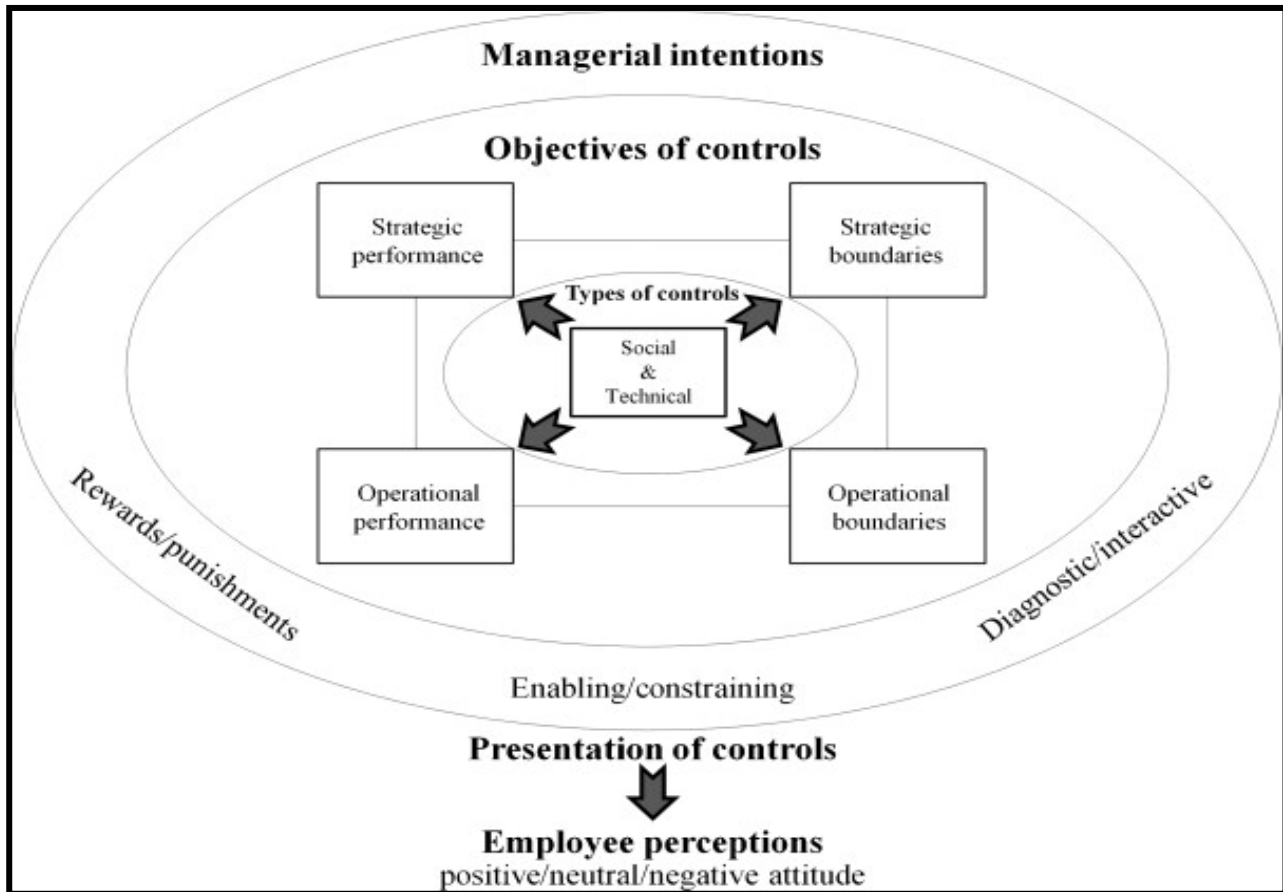


Figure 2: Simons' Levers of Control revised framework
 Source: Tessier and Otley, 2012:173

The framework by Tessier and Otley (2012) portrays managerial intentions on three levels. The first level is types of controls and consists of social controls and technical controls. Social controls appeal to employee emotions, such as values, beliefs, norms and symbols, and represent manageable aspects of organisational culture. Technical controls, however, stand in contrast as they specify how tasks are to be performed and consider the specific rules, procedures and standards that govern day-to-day decision-making, including setting and monitoring organisational goals. The framework considers both formal and informal types of control.

Tessier and Otley (2012) then organise the social and technical controls into the second level of managerial intentions, namely four control systems. The four control systems which include both social and technical controls, are namely: strategic performance controls, strategic boundary controls, operational boundary controls and operational performance controls. Strategic performance controls ensure that the strategy in place is appropriate and that the organisational strategy will ensure the attainment of its vision. This includes mission and vision statements, risk management, the strategic planning process and managerial engagement to ensure strategic alignment. Strategic boundary controls set limits at a strategic level and determine rules for project viability. These controls can include organisational culture and refer to the belief system of an organisation. Organisational culture is also used as a strategic boundary control, in terms of Tessier and Otley's (2012) framework, which enables integrated thinking (Dimes & De Villiers, 2020). Operational boundary controls prescribe unacceptable behaviour, procedures and rules at an operational level. This can include, among others, plans and policies, procedures, job descriptions, return on investment, and spending limits. Operational performance controls include controls that oversee what an organisation must do well in order to achieve its strategy. These are, for example, KPIs and feedback systems. Companies may set KPIs without taking into consideration how they disclose the company's strategy and amend their business model disclosure to be aligned with their strategic goals, KPIs and risks (Sukhari & De Villiers, 2019).

Tessier and Otley (2012), however, acknowledge that synergies can exist between the above-mentioned control systems. The outer ring of the framework represents the different choices that managers can make regarding the control systems. The labels 'enabling' and 'constraining' describe the dual role of controls in relation to creativity. 'Diagnostic' and 'interactive' describe their use, and the use may lead to possible reward or punishment. The presentation of controls describes the decisions made by managers as to how to communicate the controls with employees in terms of both the medium and the content. Therefore, Tessier and Otley's framework makes a distinction between managerial intention and employee perception, as these can differ (Tessier & Otley, 2012).

2.2.3 The Sustainability-Focused Management Control System Framework

Sustainability reporting plays an important role in the integrated reporting process as can be observed from the history of the development of integrated reporting. When integrated reporting became mandatory on an apply or explain basis in South Africa during 2010, the King III report suggested that sustainability reporting takes place in each section within the framework of annual reporting and must contain information on both the financial and non-financial performance of the company (PWC, 2010).

Bui and De Villiers (2018) use Tessier and Otley's (2012) revised framework, and adapt it further into a MCS framework to support sustainability and thereby, integrated reporting, as shown in Figure 3 below.

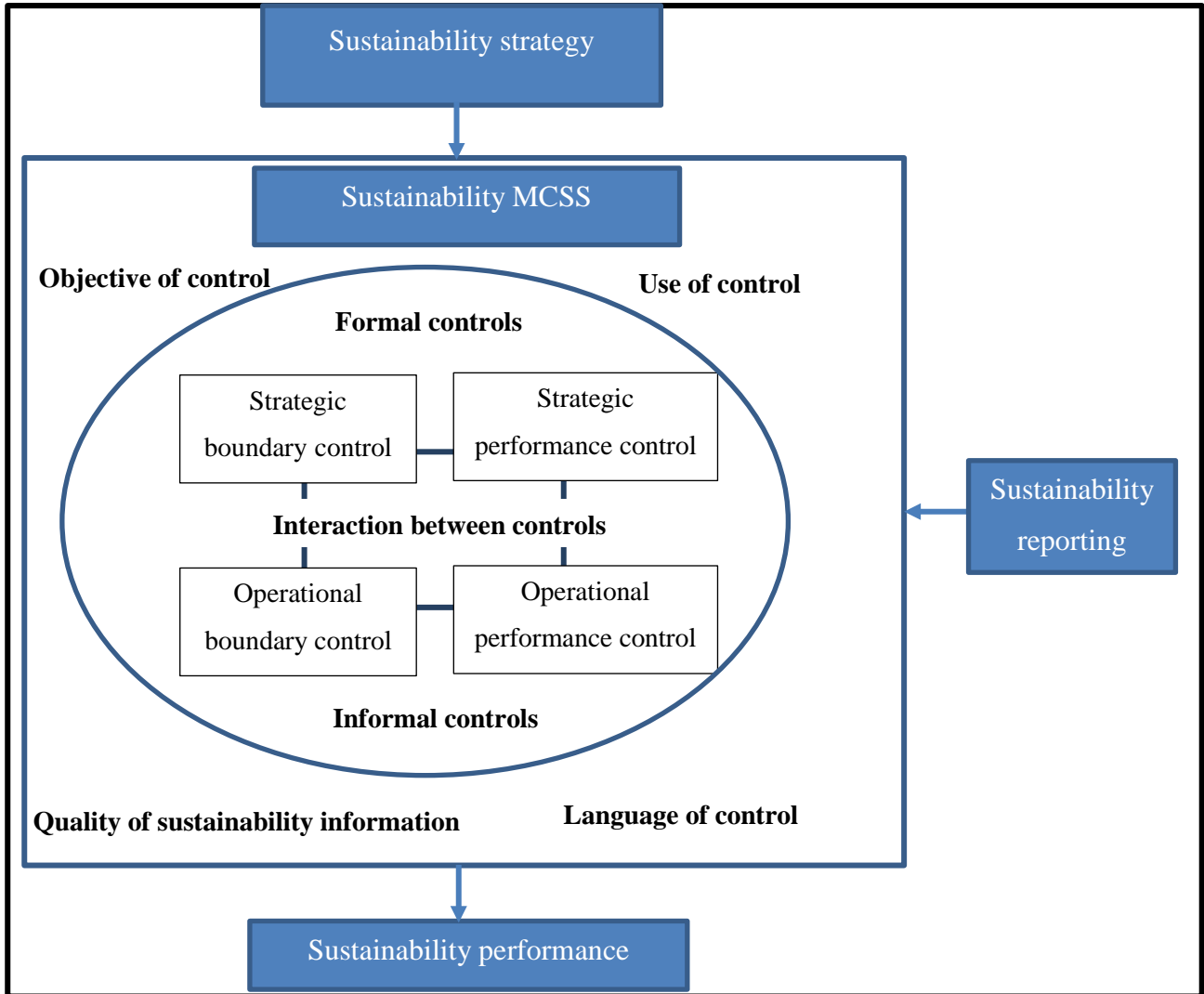


Figure 3: Sustainability-Focused Management Control System Framework
 Source: Bui and De Villiers, 2018:4

Although the frameworks of Tessier and Otley (2012) and Bui and De Villiers (2018) are similar, the framework developed by Tessier and Otley (2012) does not consider interactive controls as a control system. Interactive controls describe how control systems are used. Management uses interactive controls, among others, to stimulate dialogue and create learning opportunities about strategic uncertainties in order to identify new strategies (Bui & De Villiers, 2018). Bui and De Villiers (2018) incorporate the four controls in their framework and group them together as formal controls. Informal controls do not control behaviour through explicit and verifiable measures. Informal controls consist of shared values, beliefs and traditions, guiding the behaviour of individuals or groups (Bui & De Villiers, 2018).

MCSs provide information that is useful to managers to execute their work and to help organisations in cultivating and maintaining feasible configurations of behaviour (Otley, 1999).

MCSs influence the allocation of organisational resources to implement organisational strategies. Research provides evidence that one such MCS is the BSC. The BSC functions as an internal performance measurement as well as a reporting and management control mechanism (De Villiers *et al.*, 2014). Kerr *et al.* (2015) acknowledge this as they note that organisations can choose to incorporate the BSC into their MCS. Case study research finds evidence in support of advantages of incorporating sustainability reporting with MCSs, especially the BSC (De Villiers *et al.*, 2016). Langfield-Smith (1997) notes that literature on the BSC and performance measurement stimulates future research agendas.

2.3 PERFORMANCE MEASUREMENT SYSTEMS

This section describes the development and advantages of the BSC as an MCS.

2.3.1 The *Tableau de Bord*

The *Tableau de Bord* was introduced in France in the 1930s and was described as similar to a 'dashboard' (which is the literal translation of the *Tableau de Bord*) used by 'pilots' (or, in this case, managers) to guide organisations to their destinations. The *Tableau de Bord* was often constructed in the form of ratios or graphs that could be used by decision-makers to inform them of their current position and to enable them to guide their firms.

According to Lebas (1996), the *Tableau de Bord* is based on a representation or model of the organisation as a system, and on the relationship of that system with its surrounding environment (some elements of that environment can be managed by the organisation, while, for others, the organisation can only be reactive). The basic hypothesis, on which this system is based, is that managers need to monitor only variables about the status of the key parts of the system, including those outside of the system, such as competition, the evolution of demand and tastes, and technological innovations. Since there may be different key pro-

active as well as reactive variables for different managers and different time horizons, there will generally be several *Tableau de Bord* for a business. The variables measured relate to action variables and facilitate or guide decision-making in piloting the business or the responsibility centre. The *Tableau de Bord* approach is not limited to a set of reports that are completed and transmitted to and between managers, it also encompasses the process through which the causal model is agreed upon and the action variables selected, as well as the indicators identified to describe their status. It also includes the process of continuously challenging the relevance of the choices made, in order to be as much in line with the current situation of the firm as possible. The description of the firm and its representation by a set of key variables and the associated measures make the *Tableau de Bord* a device for the deployment and implementation of strategy, like the BSC.

Epstein and Manzoni (1997) note that the *Tableau de Bord* tended to fall short for various reasons. The French *Tableau* tends to overemphasise financial measures and contains fewer non-financial measures than the literature recommends. The *Tableau de Bord* is significantly longer than the ideal BSC and those recommended in the literature. Many organisations choose primarily internal goals and targets with comparison to the previous year's performance or the current year's budget, as opposed to systematic benchmarking of best-in-class performers. The literature on the French *Tableau de Bord* dates back many years but fails to highlight the important lessons that were learnt in the past. The measures described in literature tend to be internally influenced rather than externally. In addition, most of the literature refers to an organisation or department's mission and objectives rather than its strategy. French managers seem to have fallen into the trap of using the *Tableau de Bord* as a device to support management from a distance and management by exception, rather than using it interactively to create an agenda for discussions and meetings. This has caused the *Tableau de Bord* to lose much of its power and interest.

2.3.2 The Balanced Scorecard

The term 'Balanced Scorecard' was introduced in the early 1990s, but its origins can be traced back to the original work of General Electric on performance measurement reporting in the 1950s, as well as the work of French process engineers, who, in the early 20th century,

created the *Tableau de Bord* (BSC, 2016). Although the BSC is an innovation (an innovation whose invention and introduction has some interesting parallels with the advent of Activity Based Costing), Malo (1992) highlights that many of the concepts embodied in the BSC appeared originally with the *Tableau de Bord*.

In 1990, the Nolan Norton Institute, the research arm of KPMG, sponsored a one-year multi-company study titled “Measuring performance in the organisation of the future”. The reason for the KPMG study was the belief that the performance measurement approaches available at that time, which relied mainly on financial accounting measures, were becoming obsolete as the business landscape began to take on a knowledge-era rather than an industrial-era configuration. The study argues that reliance on summarised financial performance measures was hindering the ability of organisations to create future economic value. The KPMG study proposed the BSC, and the findings were summarised in an article titled “The Balanced Scorecard – measures that drive performance” (Kaplan & Norton 1992).

Kaplan and Norton (1996b) identify four areas of performance, namely financial, internal business processes, learning and growth, and customers. The financial perspective addresses the question of how shareholders view the organisation and what financial goals the shareholders wish to achieve. The internal business process objectives address the question of which processes are most critical for satisfying the needs of customers and shareholders. The learning and growth perspective implies measures that address the question of how the organisation must learn, improve, and innovate in order to meet its objectives. It includes employee training and corporate cultural attitudes relating to both individual and corporate self-improvement. The customer perspective addresses the question of how customers view the organisation and how well the firm is serving its targeted customers in order to meet its financial objectives.

Kaplan and Norton (1992) note that the BSC is a management system (not only a measurement system) which enables organisations to clarify their vision and strategy and translate them into action. The BSC provides feedback on both the internal business processes and external outcomes, to improve strategic performance and results. Kaplan and Norton (1996a) define the BSC as an integrated tool designed to link sets of activities

and outcomes by individuals and groups to broaden the strategic goals of an organisation in order to promote sustainability within an organisation. The BSC is, in essence, a multi-dimensional approach to performance measurement and management that is linked to organisational strategy (Otley, 1999).

Atkinson, Balakrishnan, Booth, Cote, Groot, Malmi, Roberts, Uliana and Wu (1997) suggest that the BSC has the potential to provide planners with a way of expressing and testing a sophisticated model of cause and effect in the organisation – a model that provides managers with a basis on which to manage the drivers of desired outcomes. Olve, Roy and Wetter (1999) identify various benefits of using the BSC, such as the BSC is a tool for enabling employees to understand the organisation's situation, in order for the business to be competitive in the long-run. It provides useful documentation for continually developing those measures for control which will guide the company towards achieving its goals and its vision. Employees will be more understanding and better motivated, and in turn be more open to change and forceful in implementing company decisions. The organisation becomes better at learning and more perceptive and continually develops its competence. Rohm (2004) notes that the benefit of the BSC model lies in establishing a framework in which the culture and direction of an organisation can be translated into strategies that are actionable, specific and measurable. Creelman and Makhijani (2005) identify further benefits of the BSC, in addition to those identified by Atkinson *et al.* (1997), Olve *et al.* (1999) and Rohm (2004), such as an increase in organisations' earnings per share, an increase in organisations' operating profit margins, increases in revenues, and increases in return on equity. There are also intangible benefits such as better alignment, more focus, greater accountability, and greater transparency (Creelman & Makhijani, 2005). A properly constructed BSC could also provide reliable feedback for management control and performance evaluation (Malina & Selto, 2001). The BSC is a dynamic tool, as the contents will change over time as strategies develop and key success factors change. Unfortunately, there is little guidance on how this should be managed (Otley, 1999).

Malina and Selto (2001) find evidence in support of an indirect relationship between the BSC management control function and improved performance on BSC measures. According to these authors research, managers perceived that improved performance on the BSC would

lead to improved efficiency and profitability. Improved financial performance after the implementation of the BSC relies on the identification of key leading indicators of desired financial performance. These leading indicators (usually non-financial in nature) are logically derived from establishing causal links between improved performance on non-financial measures and improved financial performance on selected financial measures. Research by Kaplan and Norton (1992; 1996a, b, c, d), however, does not specifically favour the BSC for external reporting such as integrated reporting. The history and development of integrated reporting is discussed in the following section.

2.4 INTEGRATED REPORTING

The concept of triple bottom line reporting started in the early 1990s and suggests that organisations' successes should not only be measured and reported by the financial bottom line, but also by the organisational performance regarding social and environmental aspects (Elkington, 1998).

In 1997, the GRI was formed and has been a pioneer of sustainability reporting since then. A company that is at the forefront of integrated reporting since 2003 is Novo Nordisk who became a leader in the pursuit to measure and report social, environmental, and financial performance in a single document (De Villiers *et al.*, 2014).

In 2004, the Prince's Accounting for Sustainability Project was initiated and one of its aims was addressing the disconnect in sustainability reports between social, economic, and environmental impacts (Steyn, 2014).

The King Code of Governance Principles for South Africa 2009, also known as the King III (IoDSA, 2009) and the subsequent King IV Report (IoDSA, 2016), which is included in the listing requirements of the JSE located in South Africa, requires the more than 450 companies listed on the JSE to publish an integrated annual financial and sustainability report. King IV (IoDSA, 2016:13) defines an integrated report as "a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short-, medium- and long-term". Various organisations, such as the Association for Savings and Investment SA,

Business Unity South Africa, the Institute of Directors in Southern Africa (IoDSA), the JSE, and the South African Institute of Chartered Accountants, came together in 2010 to form the IRC. The aim of the committee is to develop and issue guidelines on good practice in integrated reporting. On 25 January 2011, the IRC published a discussion paper, “Framework for Integrated Reporting and the Integrated Report”, which notes that an integrated report should tell the “overall story” of a company (IRC, 2011:6).

Prior research dealing with integrated reporting in South Africa, published between 2015 and 2020 includes, among others, research by Atkins and Maroun (2015). These authors explored initial reactions of the South African institutional investment community to the first sets of integrated reports being prepared by companies listed on the JSE by using interviews and an interpretive thematic analysis.

Baboukardos and Rimmel (2016) as well as Bernardi and Stark (2018) studied the effect on the market of exogenous shock of making integrated reports mandatory. Haji and Anifowose (2016) investigated the trend in integrated reporting practice in South African companies as to whether it is ceremonial or substantive.

Research by Barth, Cahan, Chen and Venter (2017) find that the quality of an integrated report is positively associated with both stock liquidity and a company’s value. Du Toit (2017) researched the readability of integrated reports of South African companies, whilst Du Toit, Van Zyl and Schütte (2017) reported the long-term effect of integrated reporting on the quality of information. When integrated reporting quality is higher, analysts’ forecast error is lower (Zhou, Simnett & Green, 2017). Van Zijl, Wöstmann and Maroun (2017) researched strategy disclosures by listed financial services companies and integrated reporting practices of South African companies. None of the afore-mentioned research included research on the relation between MCSs and integrated reporting. McNally *et al.* (2017), however, conducted interviews with 26 integrated report preparers at nine South African-based companies and find that MCSs as well as accounting infrastructure must be planned and developed to assist with the monitoring of sustainability performance, and in turn, to inform what information is included in an integrated report.

Sukhari and De Villiers (2019) investigated the influence of integrated reporting on business model and strategy disclosures and found that the introduction of integrated reporting on an apply or explain basis, led to enhanced disclosures regarding strategy.

Cerbone and Maroun (2020) examined the differences in integrated reporting practices in South African companies and reveal how a finance-centric market and professional logic interact with a stakeholder logic, leading to differences in the materiality determination process.

From the prior research dealing with integrated reporting, specifically in South Africa, it is evident that there is little research on the relation between MCSs and integrated reporting.

An integrated report is a report to stakeholders on the strategy, performance and activities of the organisation presented in a manner which allows stakeholders to assess the ability of the organisation to create and sustain value over the short-, medium- and long-term (IRC, 2011). An integrated report is the result of a process that starts with corporate values, strategy, and the decision-making philosophy of a company. This includes historical financial information and operating reviews as well as information that is forward looking, gives strategic direction and discusses targets, risks and opportunities which are addressed in the medium- to long-term (PWC, 2010). However, companies do not undertake thorough evaluations of their strategy, operating practices or reporting systems (McNally *et al.*, 2017). Although an integrated report should include various financial and non-financial information, McNally *et al.* (2017) find limited evidence that determinations of materiality were informed by formal identification and analysis of stakeholders and what their information requirements are. The materiality of non-financial performance information determination is affected by its relation to a company's strategy (Green & Cheng, 2019). McNally *et al.* (2017) further note that companies rely on prescriptions, such as prescriptions from the GRI, to decide what information should be regarded as material to be included in the integrated report. This is consistent with the findings of Stubbs and Higgins (2014). King IV (IoDSA, 2016) suggests that sustainability reporting takes place in each section within the framework of annual reporting and must contain information on both the financial and non-financial performance of the company (PWC, 2010). However, a disconnect exists between the various teams preparing different sections of the integrated report and therefore, sustainability reporting does not occur in each section of the integrated report (McNally *et al.*, 2017).

In 2010, leaders of the GRI formed the IIRC, the Prince's Accounting for Sustainability Project and the International Federation of Accountants. Their mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the

private and public sectors. The IIRC published a consultation draft on integrated reporting, the final version of which was published in 2013, known as the IIRF. On 18 March 2014, the IRC announced its endorsement of the IIRF.

During 2016 the King IV code of governance was released, which entails an apply and explain rationale in comparison with the King III report that had an apply or explain rationale (IoDSA, 2016). The main difference between the King III (IoDSA, 2009) and King IV report is that the 75 principles in King III were reduced to 17 basic principles. The focus of these principles is on good governance.

2.5 THE RELATIONSHIP BETWEEN MANAGEMENT CONTROL SYSTEMS AND INTEGRATED REPORTING

This section describes MCSs as a facilitating tool for sustainability reporting and integrated reporting.

2.5.1 Management Control Systems as a facilitating tool for sustainability reporting

MCSs are primarily management tools and are used internally in an organisation as they deliver information designed to be of use for managers in executing their work (Otley, 1999). This statement is echoed by various studies which suggest that the BSC could be used as a tool for facilitating the management of social and environmental issues (Figge *et al.*, 2002; Kaplan & Norton, 2001; Schaltegger & Wagner, 2006; Zingales *et al.*, 2002; Kerr *et al.*, 2015; De Villiers *et al.*, 2016). A number of studies have used the BSC as a MCS that integrates the management of social and environmental issues into mainstream business activities (Figge *et al.*, 2002; Schaltegger & Wagner, 2006; De Villiers *et al.*, 2016). The BSC can thus provide the type of information that should enable internal stakeholders to envisage how a company conducts its activities. This is consistent with the suggestion of Schaltegger and Wagner (2006) that a BSC would be beneficial in determining the main content for sustainability reporting. De Villiers *et al.* (2016) also note that the integration of sustainability reporting and internal MCSs can be an advantage to organisations when using the BSC. Kaplan and Norton's (1996a) BSC is used for numerous studies into management control

and sustainability but does not include the role played by managers, employees and other stakeholders (Dimes and De Villiers, 2020).

While the rise of integrated reporting is associated with the continuous developments in non-financial measurement systems and reporting frameworks, integrated reporting differs from sustainability reporting in terms of its audience, information contents, and the focus on disclosing strategic and forward-looking information (De Villiers *et al.*, 2014). Lai and Stacchezzini (2021) investigated the steps of the sustainability reporting evolution in terms of changes in the organisational fields and professional jurisdictions involved. These authors note that sustainability reporting was enhanced through integrated reporting during the years 2000 to 2010s and integrated even further into integrated reporting from 2020. Lai and Stacchezzini (2021), however, did not investigate the role of MCSs in sustainability reporting and integrated reporting.

2.5.2 Management Control Systems as a facilitating tool for integrated reporting

Although the IIRC uses the same basis for their definition of integrated thinking, the IIRC underpins and relates it to six capitals (resources) which represent an organisation's in-and-outputs. The six capitals identified by the IIRC are financial, manufactured, intellectual, social and relationship, human and natural. Steyn (2014) notes that capitalism requires financial stability and sustainability and that integrated reporting is to support both financial stability and sustainability. However, Flower (2014) and Thomson (2015) note that there is a disconnect between what an integrated report was intended for in 2009 and what the IIRC objective has become. De Villiers *et al.* (2014), as well as Bouten and Hoozée (2015) concur with this and note that the focus of integrated reporting is changing towards a narrower focus on value creation for the shareholder, as opposed to all stakeholders, due to the involvement of the IIRC. Thomson (2015) further notes that the IIRC is following an inappropriate approach if they want to move towards a sustainable future, as sustainability is reduced to sources of corporate value. Wulf *et al.*, (2014) note that the more integrated thinking is incorporated into an organisation's activities, the more naturally the connectivity of information will flow into management reporting, analysis and decision-making and, therefore, suitable MCSs must be designed in order to deal with intangible capitals. Wulf *et*

al. (2014) emphasise that financial accounting, financial reporting, and integrated reporting do not directly affect corporate governance but do so indirectly by imposing adequate MCSs. Wulf *et al.* (2014) further note that management accounting will have to meet the new challenges in order to ensure a genuine implementation of integrated reporting as the implementation of integrated reporting will affect traditional structures and business processes. Thomson (2015) notes that an integrated report shares more characteristics with conventional management accounting practices, such as the BSC and strategy mapping, than to accounting-sustainability practices intended to embed sustainability into everyday business practices.

Kerr *et al.* (2015) integrated sustainability reporting into MCSs by specifically focussing on the triple bottom line and BSC. These authors find that the integration of sustainability reporting into MCSs holds several advantages for organisations such as, to operationalise sustainability objectives, expand stakeholder accountability, as well as strengthening interactions with stakeholders. They further note that while frameworks such as the BSC can facilitate the implementation of sustainability reporting, some organisations may choose to fully integrate sustainability reporting into their MCS. De Villiers *et al.* (2016) construct a conceptual model of the influences that drive companies towards sustainability. The conceptual model developed by De Villiers *et al.* (2016) suggests that external stakeholders play an important role in influencing three constructs that, in turn, also influence each other, namely BSC measures, sustainability report measures, and management focus. De Villiers *et al.* (2016) also note that the advantages of integration include better operational and internal communication of sustainability principles with the BSC and a better understanding of BSC causality between the BSC perspectives. They note that the BSC is an empowering framework which allows for the integration of sustainability reporting into MCSs. Maas *et al.* (2016a) find evidence in support of advancing the integration of corporate sustainability measurement, management, and reporting. Maas *et al.* (2016b) also propose an integrated framework that can help researchers to focus more clearly on developing integrated approaches for sustainability performance measurement, management, and reporting. Maas *et al.* (2016b) note that the latest innovations, such as integrated thinking and integrated reporting, stimulate the development of linking monetary and non-monetary information by supporting company managers to integrate sustainability issues within the

organisation's vision, strategy, risk management, conventional management accounting, control and reporting systems.

Research by Stacchezzini *et al.* (2016) finds evidence in support of the conclusion that, although integrated reporting is a sustainability report, its focus on sustainability issues and the purpose of stimulating integrated thinking is clear. They also note that integrated reporting adopters are not following the IIRF in terms of communicating quantitative, forward-looking indicators of sustainability. Although the research by Kerr *et al.* (2015), De Villiers *et al.* (2016), Maas *et al.* (2016a, b) and Stacchezzini *et al.* (2016) indicate a positive relationship between sustainability reporting and MCSs such as the BSC, these studies do not determine the relationship between MCSs, such as the BSC, and integrated reporting, of which sustainability reporting forms a part of. Therefore, based on the above studies, it is still unclear how MCSs plays a role in the preparation of an integrated report.

There has been a mounting awareness of the connection between MCSs, strategy and literature on BSCs. Studying MCSs, strategy, and their complex interactions, in-depth research can help to understand the complex nature of these relationships (Langfield-Smith, 1997).

Researchers conducting research on MCSs are faced with decisions on whether to add on an existing area of research, for example the role of formal budgets, or to find emerging aspects of MCSs such as BSCs (Chenhall, 2003). Research also recognises the fact that there are few published contingency studies on the BSC, and it is unclear how BSCs should be measured within a MCS setup (Chenhall, 2003).

As information technology software develops, some BSCs being used are more comprehensive and strategic in nature than those used a couple of years ago (Chenhall, 2003). There is a difference between the adoption of MCSs and the implementation of the systems.

Much can be learned about the success or otherwise of MCS by examining how the control culture, organic or mechanistic, influences the processes of implementation. This becomes particularly important when studying the adoption

of innovative MCS such as activity-based accounting and balanced scorecards, which are closely linked to the organization's control culture (Chenhall, 2003:132).

The alignment of operational goals with managerial (or official) goals is a vital aspect of strategic management. Performance hierarchies and BSCs attempt to apprehend the cooperative effects of managerial goals associated with the interests of shareholders, customers, internal processes, and the potential for organisations to sustain themselves by learning and innovation (Chenhall, 2003). Chenhall (2003) notes that BSCs provide a methodology to address this and may also explain why organisations that attempt to adopt BSCs have difficulty in implementing them. Chenhall (2003:141) explains that fitting control systems should be "... open and informal, include broad scope information, benchmarking, and performance measures that indicate links between strategy and operations such as BSCs and strategic integrative controls".

Malmi and Brown (2008) provide a theoretical categorisation of a MCS package that identifies five types of controls that includes cybernetics. In this type of control, four basic cybernetic systems are identified: budgets, financial measures, non-financial measures, and hybrid systems. The hybrid systems include both financial and non-financial measures such as the BSC. Marx, Wortmann and Mayer (2012) echo this finding and themselves find that in the category of concept-orientated analytical application, BSC approaches are used by, for example: IBM, Oracle and SAP. Marx *et al.* (2012), however, do not establish any relationship between MCSs and integrated reporting.

Research by Chenhall *et al.* (2011) explores the relationship between strategy, MCSs and innovation. Prior research recognises this relationship, but does not address the BSC or integrated reporting, and does not establish relationships between MCSs, the BSC or integrated reporting (Langfield-Smith, 1997; Malmi & Brown, 2008).

Frigotto *et al.* (2013) discuss the MCS strategy relationship and give recognition to the research by Malmi and Brown (2008), but they do not establish a relationship with integrated reporting.

Research finds Simons' Levers of Control suitable for analysing the use of the BSC within the beliefs (essential values) and boundary (limitation) components corresponding to the triple bottom line (Kerr *et al.*, 2015). Bui and De Villiers (2017a) recognise previous MCS frameworks, although these frameworks do not identify a concrete relationship between MCSs and integrated reporting. Bui and De Villiers (2017a) acknowledge that the framework by Tessier and Otley (2012) includes operational performance controls. The operational performance controls include performance indicators. A relationship between the MCS framework of Tessier and Otley (Bui and De Villiers, 2017a) and the BSC is established, as both contain performance indicators.

Although recognising that the BSC is an internal management tool and triple bottom line reporting is part of external reporting, research finds evidence in support of the claim that organisations may take advantage of the integration of sustainability reporting and internal MCSs by using the BSC (Kerr *et al.*, 2015). Research suggests a positive relationship between sustainability reporting and MCSs, such as the BSC (Chenhall, 2003; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; Bui and De Villiers, 2017a; Maas *et al.*, 2016a, b; Stacchezzini *et al.*, 2016). These studies, however, do not determine the relationship between MCSs, such as the BSC, and integrated reporting, of which sustainability reporting forms a part of.

De Villiers *et al.* (2016), emphasise several benefits of integrating sustainability reporting and the BSC, for example that sustainability reporting objectives can be better achieved when integrated into an MCS instrument, such as the BSC. However, the research by De Villiers *et al.* (2016) only focuses on the BSC and sustainability reporting but does not investigate the role of the BSC, as an MCS, or how it can help to develop an integrated report. These authors research does, however, suggest that the BSC is an enabling framework for integrating sustainability reporting into the MCS, given its ability to operationalise sustainability reporting objectives and communicate these via a formal reporting framework. This is supported by Thomson (2015) who notes that an integrated report shares more traits with traditional management accounting practices such as the BSC and strategy mapping, than to accounting sustainability practices meant to establish sustainability in everyday business practices.

The question arises whether there is a relationship between integrated reporting and MCSs. Schörger and Sewchurran (2015:46) note: “Integrated thinking is the main capability that integrated reporting is supposed to facilitate within organisations”. They describe integrated thinking as the ability to connect strategy, governance, past performance and future prospects, as well as the ability to connect functional departments in an integrated report. McNally *et al.* (2017) suggest that more should be done to assist preparers of integrated reports to develop an integrated thinking framework. Guthrie, Manes-Rossi & Orelli (2017) explore the relationship between integrated reporting and organisations’ internal processes in the Italian public sector and find that the adoption of the IIRC’s Framework has led to integrated thinking. Integrated reporting is an extension of integrated thinking where integrated reporting reflects an organisation’s outcomes of integrated thinking and the one was not necessary to support or lead the other as they naturally aligned (Al-Htaybat and von Alberti-Alhtaybat, 2018). Dimes and De Villiers (2020) examines how MCSs can enable or constrain the successful adoption of integrated thinking in an organisation and find that the managers of organisations committed to the successful adoption of integrated reporting and integrated thinking, need to be mindful of how MCSs can both enable and constrain success. Simons’ Levers of Control model (Simons, 1995) has a strong focus on business strategy, but its focus on formal controls and senior management is limiting for a broad concept such as integrated thinking (Dimes and De Villiers, 2020). Tessier and Otley’s (2012) model allows for the differentiation between managerial intention for controls and employee perception of them. This model has been used for studies on sustainability and MCSs (Bui and De Villiers, 2018) and can be used as a framework to study the adoption of a concept as broad as integrated thinking (Dimes and De Villiers, 2020).

The process through which value is created, preserved or eroded, is influenced within an organisation by its risks and opportunities, strategy and resource allocation, performance and its outlook (IRF, 2021).

Risks and opportunities involve the continuous monitoring and analysis of the external environment in the context of an organisation’s purpose, mission and vision and identifies the risks and opportunities relevant to the organisations, its strategy and its business model (IRF, 2021). Strategic performance controls, which contains an organisation’s mission and vision statements as well as risk management (Tessier and Otley, 2012), thus forms a core

element of the risks and opportunities section of IIRC's framework to create, preserve or erode value.

Strategy and resource allocation involves an organisation's strategy which identifies how it intends to mitigate risks and opportunities. It sets our strategic objectives and strategies to achieve them, which are implemented through resource allocation (IRF, 2021). Strategic performance controls ensure that an organisation's strategy is appropriate and the organisation's strategy will ensure the attainment of its vision. Strategic boundary controls sets limits at a strategic level and determine the rules for project viability and include organisational culture as an example (Tessier and Otley, 2012). Strategic performance controls and strategic boundary controls therefore form part of the core elements of the strategy and resource allocation section of IIRC's framework to create, preserve or erode value.

An organisation needs information about its performance, which involves setting up measurement and monitoring systems to provide information for decision-making (IRF, 2021). Tessier and Otley's (2012) model provide for operational performance and operational boundary controls as operational performance controls include controls that oversee what an organisation must do well in order to achieve its strategy and operational boundary controls provide the rules, plans and policies at operational level to achieve this. Therefore, operational performance and operational boundary controls form part of the core elements of the performance section of IIRC's framework to create, preserve or erode value.

The process of creating, preserving or eroding value is not a static process and a regular review of each of the components and their interactions and a focus on an organisation's outlook, lead to revision and refinement to improve all the components (IRF,2021). All the controls, as per Tessier and Otley's (2012) model, therefore have an influence on an organisation's outlook.

2.6 CONCLUSION

This chapter reviewed literature on MCSs, performance measurement systems, integrated reporting, the relationship between MCSs and integrated reporting and institutional theory. The literature review initiated the investigation of extant literature to gain an understanding

of how MCSs facilitate the integrated reporting process. This section summarises the literature review.

MCSs do not only provide information that is useful to managers to execute their work and to help organisations in cultivating and maintaining feasible configurations of behaviour (Otley, 1999), but also influence the allocation of organisational resources to implement organisational strategies. Three MCSs frameworks were described: Simons' Levers of Control (Simons, 1995); Tessier and Otley's (2012) framework, which forms the theoretical framework for this thesis; and Bui and De Villiers' (2018) sustainability focused management control system framework.

Research provides evidence in support of one such MCS, the BSC. Kaplan and Norton (1992) note that the BSC is a management system (not only a measurement system) that enables organisations to clarify their vision and strategy and translate them into action. The BSC functions as an internal performance measurement as well as a reporting and management control mechanism (De Villiers *et al.*, 2014).

An integrated report is a report to stakeholders on the strategy, performance and activities of the organisation in a manner which allows stakeholders to assess the ability of the organisation to create and sustain value over the short-, medium- and long-term (IRC, 2011). Research suggests a positive relationship between sustainability reporting and MCSs such as the BSC (Chenhall, 2003; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; Maas *et al.*, 2016a, b; Stacchezzini *et al.*, 2016; Bui & De Villiers, 2017a).

This study responds to the mounting demands for empirical research into the 'how' rather than the 'why' of MCSs facilitation of the integrated reporting process (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; De Villiers *et al.*, 2017). In performing the literature review it became evident that currently, there is limited research into how MCSs facilitate the integrated reporting process.

The following chapter discusses the research methodology and design adopted for the present research.

CHAPTER 3: RESEARCH METHODOLOGY AND DESIGN

3.1 INTRODUCTION

Babbie and Mouton (2010) note that the designing of research involves the following: formulating a research problem; selecting a suitable research design; implementing the design in the process of the research; and drawing valid conclusions.

The objective of this study is to gain an understanding of how MCSs facilitate the preparation of an integrated report. This chapter describes the methodology of this research followed by the theoretical underpinning of the research design, as it applied to this research. The theoretical underpinning of the research design not only guided the way in which this research was conducted, but also may contribute to the research and knowledge of future researchers, especially in the field of MCSs and integrated reporting. The remainder of this chapter discusses the limitations, reliability and validity of this study as well as the ethical considerations taken into account. The research methodology is discussed in the next section.

3.2 RESEARCH METHODOLOGY

Research methodology refers to the broad approach to the study of research topics (Ahrens & Chapman, 2006). Research methodology focuses on the research process as well as the instruments and procedures to be used (Mouton, 2001).

In pursuit of the research objective, the present research adopts an interpretive paradigm as it seeks to understand, explain and compare (Babbie & Mouton, 2010: xx). This research falls within the sphere of social research as it explores how people who work with integrated reporting understand and interpret the integrated reporting process. Babbie and Mouton (2010: xxi) describe social research as "... the systematic observation of social life for the purposes of finding and understanding patterns in what is observed" with the objective of seeking "... to discover the nature of human relations". The research methodology applied

to the present research was selected with reference to the underlying ontological orientation guiding the research process, and the related theoretical and conceptual frameworks. Ontology is concerned with the researcher's "world view" in relation to the research, how social phenomena are developed and "... the form and nature of reality" (Stack, 2019:21). The ontology for the present research describes an internal reality of shared experience; 'truth' is a process of agreement; 'reality' is a construct of the human mind, created through shared cultural and social practices and a shared belief system. Multiple realities (understandings) are created (Stack, 2019).

Epistemology is concerned with knowledge in the discipline and how that is constructed. Stack (2019:21) describes this enquiry as exploring "... the relationship between the knower (the researcher, in this research) and what can be known". Stack (2019:21) explains that interpretative research is characterised by observer inter-subjectivity and empathy, and that observer closeness to the subject may affect what is observed (that is, it is not necessarily objective). The methodology is interactive, interpretative and qualitative. Stack (2019:21) observes that in an interpretivist study "... research findings are usually specific and unique and cannot be generalised", a characteristic that applies to the present research. The research will, however, develop a strategy for the application of MCSs in preparing the integrated report of a company that could be adopted by other companies.

Bryman and Bell (2014:31) indicate that "a qualitative methodology is appropriate where the principal orientation to the role of theory is inductive, and the epistemological orientation is interpretivist". This research uses a qualitative methodology as it uses words or descriptions to record aspects of the world rather than precise measurements (Bless, Higson-Smith & Sithole, 2013).

Babbie and Mouton (2010: xxvi) identify the three most common research objectives as exploration, description and explanation. This research has both a descriptive and an exploratory component. The first part of the research establishes the theoretical framework for the present research study. The second part of the research is exploratory as it seeks to understand the process of preparing the integrated report, by studying documents at the

case site and understanding the views of employees. This is a subject on which there is a limited information available.

This study follows a similar methodology as Farooq and De Villiers (2019a, b, 2020) where interviews were conducted, an interpretivist methodology was followed and a thematic analysis was used.

3.3 RESEARCH DESIGN

A research design is a plan on how a researcher intends to conduct the research (Mouton, 2001). The research design for the present research follows the framework described by Bless *et al.* (2013) and the stages are described in the sections that follow.

3.3.1 Area of study and the research questions

This research is in the field of Accounting. The research objective of the present research is to gain an understanding on how MCSs play a role in facilitating the preparation of an integrated report. The research objective was pursued by addressing the following research questions which were developed using Tessier and Otley's (2012) framework as a theoretical framework for this study:

1. How do strategy and the MCSs associated with strategy facilitate the integrated reporting process?

This research question was expanded into the following questions:

- 1.1 How does an organisation's strategy facilitate the integrated reporting process?
- 1.2 How do strategic performance controls associated with strategy facilitate the integrated reporting process?
- 1.3 How do strategic boundary controls associated with strategy facilitate the integrated reporting process?
- 1.4 How do operational performance controls associated with strategy facilitate the integrated reporting process?

1.5 How do operational boundary controls associated with strategy facilitate the integrated reporting process?

The first research question and its expanded questions, as mentioned above, are addressed as part of the findings in Chapter 6.

2. How does the integrated reporting process work and how do MCSs facilitate this process?

This research question was expanded as follows:

2.1 Who is responsible for preparing an organisation's integrated report?

2.2 How do MCSs, according to the framework developed by Tessier and Otley (2012), assist the integrated report preparers to prepare an integrated report?

2.3 What is the process followed to prepare an integrated report and how do MCSs, according to the framework developed by Tessier and Otley (2012), facilitate the preparation process of an organisation's integrated report?

The second research question and its expanded questions, as mentioned above, are addressed as part of the findings in Chapter 7.

3.3.2 Literature study

The documentary data used for the literature review consists of online publications, articles in accredited journals and textbooks and other writings.

The documents were obtained through extensive internet and library searches, making use of the library of the University of Pretoria, research databases and search engines such as EBSCO-Host, Google Scholar and Emerald Insight.

3.3.3 Research method

This research comprises an exploratory case study from a single case study of a South African telecommunications company, in which in-depth semi-structured interviews with

employees and documentary evidence available from the case site are analysed. The analysis of the interviews together with a thematic analysis of the themes that emerged from the interviews conducted are discussed in Chapter 4. The documentary analysis follows in Chapter 5.

An exploratory and descriptive case study relies on in-depth semi-structured interviews and documentary evidence and is ideal for exploring the research objective of the present research, because of the open-ended and exploratory nature (Chua, 1986; Henning *et al.*, 2004; Mouton, 2001; Hofstee, 2006; Broadbent & Unerman, 2011; Bui & De Villiers, 2017a). Case study research has the possibility for a deeper investigation into the processes involved in the preparation of the integrated report and the relationship between MCSs and strategy formulation and interpretation. Case studies also provide helpful insights (Langfield-Smith, 1997). Langfield-Smith (1997:221) notes that the purpose of case study research is not only "... to identify the best fit between MCS, strategy and other variables, but to study the interactions between MCS and strategy". Case studies allow the study of a wide range of organisational controls, including those which are difficult to measure with surveys (Langfield-Smith, 1997).

The case site was identified by determining from published integrated reports and annual financial statements of companies listed on the JSE whether the company has advocated the use of MCSs, such as the BSC, in the compilation of the company's integrated report. The case site for this research is a South African telecommunications company that was incorporated in 1993 and launched one of Africa's first cell phone networks in South Africa in 1994. The case site was listed on the JSE during 2009. The company's integrated report was rated among the top ten in South Africa (EY, 2016). The company was using the BSC as mentioned in their published annual financial reports. This is the ideal setting because as of 1 March 2010, for South African companies listed on the JSE, have to produce an integrated report or explain why they are not (PWC, 2010). This company employs integrated reporting practices and the collection of information is thus simplified. For the purpose of this research, the pseudonym of the company is CellTech.

3.3.4 Data collection

The primary data consists of semi-structured interviews, complemented by secondary data in the form of other sources of information, such as the company's integrated report and other internal documents. Babbie and Mouton (2010) suggest that a researcher is often interested in determining the degree to which respondents hold a particular viewpoint. This information is obtained by asking a question and expecting an answer or by making a statement and interpreting the respondents' attitude towards the statement. Both questions and statements can be used to the researcher's advantage as it will allow flexibility in the design of items and can make interviews more interesting.

A total of twenty-seven interviews were conducted at one case site, using telephone and face-to-face modes of interviewing. Names of interviewees were provided by the office of the Chief Financial Officer (CFO) as well as the case site's Investor Relations Department.

The interview time was between 32 and 75 minutes with an average duration of 52 minutes. The list of interviews conducted, and the duration are provided in Table 1 in Chapter 4. The interview guide was loosely structured using a series of primary open-ended questions. The questions were amended according to the flow of the interviews. A list of the semi-structured interview questions and the origin of the questions are provided in Appendix A.

The secondary data collected consists of the case site's annual as well as integrated reports from 2005 to 2020. The procedures applied to collect the documentary data are discussed in Chapter 5.

3.3.5 Data analysis

Chapter 4 provides a detailed discussion of the interview analysis and the themes identified from the analysis of the interviews. The interview data were transcribed and verified by the interviewees and the use of NVivo enabled the researcher to code, analyse and interpret the data in order to find evidence in order to address the research objective. The data contained in the interview transcripts were analysed using coding to identify themes (Bryman

& Bell, 2014) that emerged from the collective responses as recorded in the interview transcripts. Saldana (2015:4) describes coding as "... the transitional process between data collection and more extensive data analysis". The transcriptions were coded using thematic analysis, which is a flexible method of qualitative data analysis that seeks to "... identify, analyse and describe patterns, or themes, across the data set" (Bryman & Bell, 2014:350). The objective of the analysis was to allow the data, drawn from the voices of the interviewees, to speak for itself and for themes to emerge in a process of analytic induction. Analytical induction is "... the systematic examination of similarities within and across cases to develop concepts, ideas, or theories" (Brinkmann, 2013:9). The process of analytic induction involves the researcher commencing without any predetermined codes and inductively coding the data as they (the respective researcher) read and reread the material in a cyclical, iterative fashion to identify themes and patterns. The codes thus, develop in an inductive manner from the interview transcripts. In the present research, the interview transcripts were analysed by using the computer software program, NVivo. Predominant themes were highlighted and the responses of the interviewees were compared to find similarities that indicated shared perceptions regarding integrated reporting and MCSs. A thematic analysis is a method of analysing qualitative data. It is usually applied to a set of texts such as interview transcripts to identify, analyse and interpret patterns of meaning or themes (Braun & Clark, 2013).

Chapter 5 discusses the analysis applied to the documentary data. Bowen (2009:28) defines document analysis as "... a systematic procedure for reviewing or evaluating documents – both printed and electronic (computer-based and internet transmitted) material". Bowen (2009) notes that documentary analysis, as a research method, is especially appropriate for qualitative case studies. Yin (1994) suggests that qualitative case studies are concentrated studies which produce rich descriptions of a single phenomenon, event, organisation, or program. Documentary material can be used for various purposes, such as: to provide data on the context for a research topic; to help generate new questions to be asked; to provide supplementary research data; to provide a means of tracking change and development; and to verify findings (Bowen, 2009).

Bowen (2009) identifies the following benefits of using document analysis in relation to other qualitative research methods, such as: document analysis is less time-consuming and more efficient as it requires the selection of data and not the collection of data; documents are readily available since many documents are available in the public domain; it is less costly than other research methods; documents are unaffected by the research process; the presence of the researcher does not alter what is being studied; documents are exact in providing names and details of events; and documents provide a broad coverage. Documents, however, also have limitations, with the following limitations noted by Bowen (2009) which are associated with document analysis: documents may contain insufficient detail as they are produced for some purpose other than research; documents may sometimes be difficult to retrieve; and available documents can be biased as they are aligned with corporate policies and procedures.

Document analysis involves casual examination, thorough examination, and interpretation (Bowen, 2009). Documents can be analysed through a quantitative content analysis, which focuses on word and phrase count, or by a qualitative (interpretative) approach which involves focusing on the context in which the documents emerged. The present study involved the qualitative interpretation of the documentary data.

3.4 LIMITATIONS

The following limitations are identified to this study:

- interviews were conducted at one case site only;
- the case site operates in the telecommunication industry and only the one industry is represented in this study;
- interviewer bias; and
- interviewee bias.

Given what this research aims to achieve, depth is favoured over breadth. The results may therefore, not be generalisable to a wider population but could be used to build theory (Scapens, 1990; Yin, 1994). The discussion of reliability and validity of the study follows next.

3.5 RELIABILITY AND VALIDITY OF THE STUDY

Bryman and Bell (2014) identify trustworthiness as the main condition for evaluating qualitative research and define trustworthiness using four underlying criteria: credibility, transferability, dependability and objectivity. Each of these criteria is discussed below, with a description of how each was addressed in the research design.

3.5.1 Credibility

Bless *et al.* (2013) describe credibility, also referred to as internal validity, as the measure of whether the way data is collected and the analysis address the research question sufficiently and whether the researcher can develop a persuasive argument in answer to the research question.

In this research, credibility was maintained by developing a carefully planned approach, ensuring that the research was conducted in accordance with "... the canons of good practice" (Bryman & Bell, 2014:44). Various points of validation existed throughout this research. In each part, the research objective was kept as the main point of reference, ensuring that all readings, enquiries and comparisons are related to the research objective.

The need for credibility in the research and the conclusions were taken into account by ensuring a comprehensive review of the literature and by conducting a reasonable number of interviews. There were both benefits and risks in using interviews in order to obtain the data for this study, with the risks being: prone to bias; time-intensive; dependent upon the suitability of the interviewer; and whether the results are generalisable (Boyce and Neale, 2006). The risk of bias was mitigated in the interview design. The interview questions were designed with close integrity and with the objective of answering the research questions. Interview questions were sent to the interviewees ahead of the interviews, providing them with the opportunity to read and understand the questions and to think about their answers. Personal, in-depth interviews were conducted to ensure that valuable information was obtained in order to provide a rich pool of data. The researcher was cautious not to introduce

bias in any way. The interviews provided a unique opportunity for the interviewer to communicate with the interviewees and the quality of the interaction during the interviews contributed to the depth of responses and added to the richness of the data produced by the interviews. The interview process was designed to ensure that the researcher did not influence the interviewees' responses in order to obtain the data as objectively as possible. An element of interviewee bias may have been present as interviewees would have been aware of the researcher's interest in the topic and may have given the response, they thought the researcher wanted. However, as the interviewees had nothing to lose or gain in the process, this bias was likely to be negligible. Validation was done by checking the transcripts against the interview recordings to ensure that all responses which relate to the research questions were considered in the analysis of the data. The interview process is discussed in greater detail in Chapter 4.

Bias problems were further reduced by the use of data coding, and the triangulation between sources of evidence through the verification of interview data with documentary evidence and other interviews (De Villiers *et al.*, 2016). In this study, the robustness of the quality data analysis is demonstrated by the triangulation of the interview data, documentary data and the theoretical framework of Tessier and Otley (2012).

3.5.2 Transferability

Bryman and Bell (2014:43 & 44) acknowledge that external validity may not be achieved by qualitative researchers "... because of their tendency to employ case studies and small samples" and note that "... qualitative findings therefore tend to be orientated to the contextual uniqueness and significance of the aspect of the social world being studied". This describes the present research appropriately, as the focus is on a small group of interviewees whose viewpoints cannot necessarily be representative of all companies or organisations.

3.5.3 Replicability

This research is replicable as it describes the data and research in sufficient detail to enable another researcher to carry out the same research at a different case site, using a similar methodology, in order to address the same research question.

3.5.4 Dependability

Bryman and Bell (2014:45) suggest that “... researchers should adopt an ‘auditing’ approach” by maintaining “... complete records ... of all phases of the research process ... in an accessible manner”. This was achieved by documenting how interviewees were contacted to request interviews, how and where the interviews were conducted, and the questions asked during the interviews. The interview process was documented as it progressed, which included keeping copies of email correspondence, making notes of any obstacles and other experiences that were encountered in the field work process. The interviews were recorded, subject to an agreement by the participants. The interview transcripts were fully checked and validated as the interview transcripts were sent back to the interviewees to validate them. No participant refused to be recorded. Notes were made during the interviews to ensure that what was said by the interviewees, and any other indicators such as body language, were fully and accurately documented. The recordings and transcripts were securely saved in an electronic format.

3.5.5 Objectivity

In order to achieve the aim of objectivity the researcher did not allow own ideas or personal values to interfere with the integrity of the research. Bryman and Bell (2014:43 & 44) recognise that, whilst “... complete objectivity is impossible in social research”, the researcher should demonstrate that he/she “... has not knowingly allowed personal values or theoretical inclinations to influence the research”. As the present research explored a practical problem, value judgments or the personal viewpoints of the researcher were not involved. An element of interviewee bias may have been present as interviewees would have been aware of the researcher’s interest in the topic and may have given the response, they thought the researcher wanted. However, as the interviewees had nothing to lose or gain in the process, this possible bias was likely to be negligible.

During the process of each interview, the researcher read the interview questions from the list of questions provided. The researcher did not share any personal values or opinions in the interviews. This allowed the voice of the interviewees to be heard. The integrity of the transcribing and coding processes allowed the interview responses to be reported factually with no alterations. A clear audit trail was maintained to show the flow from the full, original transcript to the final coded analysis, so that any content that was reorganised or moved could be identified. The research design has ensured that all the quality control criteria have been adequately addressed. The ethical considerations of this research are discussed in the next section.

3.6 ETHICAL CONSIDERATIONS

All documentary data used in this research is publicly available and therefore, no ethical considerations arose in relation to their use. Ethical considerations arose in the section of this research that used interviews as these were conducted with human participants.

The ethical policy of the University of Pretoria was used as the benchmark for the ethical considerations in this research. The necessary ethical clearance from the university was obtained and adhered to. Ethical and legal clearance were also obtained from the case site and adhered to.

The ethical clearances obtained involve the following:

- that there was no risk of any harm being caused to the human participants in this research;
- each interviewee signed an informed consent form before an interview commenced;
- the anonymity of each interviewee as well as the company are protected, in terms of the legal consent from the university and the case site, as each interviewee was assigned a number to ensure anonymity and the case site identified by a pseudonym;
- full disclosure of what the interviews entailed and the process in dealing with the information obtained were explained at the beginning of each interview to ensure that there was no risk of deception.

3.7 CONCLUSION

This chapter set out the approach that was followed in this research, following guidelines from the literature and the policies of the University of Pretoria. This research is described as qualitative and falls in the sphere of social research. The method selected is appropriate for the research goal and all quality control concerns have been addressed.

This research involves a literature review followed by an analysis of relevant company documentation and semi-structured interviews with certain staff employed by the case site. The analysis of the interviews together with a thematic analysis of the themes that emerged from the interviews conducted is discussed in Chapter 4. A documentary analysis follows in Chapter 5. In the final phase of the analysis, the results of the interviews are compared with the findings from the literature to provide a basis for the concluding chapter.

The limitations of this research have been described and are considered to be acceptable. All ethical considerations have been addressed and the policy of the University of Pretoria's Ethical Clearance Committee as well as that of the case site have been complied with.

The following chapter discusses the analysis of the interviews conducted together with a thematic analysis of the themes that emerged from the interviews.

CHAPTER 4: INTERVIEW ANALYSIS

4.1 INTRODUCTION

To address the research objective, which is to gain an understanding of how MCSs facilitate the preparation of an integrated report, this chapter provides an insight into the interviews which were conducted, the interview questions that were posed, the data analysis process, the coding process and the themes identified in this study. The primary data consists of in-depth semi-structured interviews, complemented by secondary data in the form of other sources of information, such as CellTech's annual reports, integrated reports and an internal document. The analysis of the secondary data is discussed in Chapter 5. The following section discusses the interview process followed in this study.

4.2 THE INTERVIEW PROCESS

Interviews are used to collect data in qualitative research in order to gather information about interviewees' experiences, views and beliefs regarding specific research questions (Farooq & De Villiers, 2017). This information is obtained by asking a question and expecting an answer or by making a statement and interpreting the respondent's attitude towards the statement. Both questions and statements can be used to the researcher's advantage as it will allow flexibility in the design of items and can make interviews more interesting.

The researcher approached the head of CellTech's Investor Relations department to gain the necessary permission and clearances to conduct interviews at their premises. The researcher was dependent on CellTech to provide the names of possible interviewees. An agreement was reached that the Investor Relations department together with the office of the CFO, would supply names of employees who were involved with the preparation of the company's integrated reporting and their performance management system.

A total of thirty-seven names and email addresses of potential interviewees were received from both the office of the CFO and the Investor Relations department. Invitations to

participate were sent to all thirty-seven persons. Nine possible interviewees declined outright. Six possible interviewees did not respond and were sent follow-up invitations; however, no responses were received from them. The total number of responses equated to a response rate of 59% (22 responses out of 37 invitations). Five interviewees were contacted a second time after the first round of interviews to have follow-up interviews and new interview numbers were allocated to these follow-up interviews. To ensure that all interviewees had the opportunity to answer all interview questions, follow-up interviews were necessary in order to pose questions that were not addressed during the first round of interviews. Each interview was allocated an interview number to identify interviewees and to protect interviewees' anonymity. The interview numbers are used in the chapters in which the findings are presented (Chapters 6 and 7), where quotes from the interviews are used to illustrate the findings. All the interviews were recorded and filed. Table 1 below, contains the list of interviews that were conducted, the interviewees' positions and the duration of each interview. The interview time was between 32 and 75 minutes with an average duration of 52 minutes.

Table 1: List of interviews conducted

| Interview Number | Position | Duration (min) |
|-------------------------|--|-----------------------|
| 1 | Manager: Investor Relations | 51 |
| 2 | Specialist: CellTech Foundation: Specialist Projects | 36 |
| 3 | Investor Relations: Specialist: Integrated Reporting | 35 |
| 4 | Corporate Affairs: Specialist: Sustainability | 62 |
| 5 | Manager: Business Intelligence | 54 |
| 6 | Manager: Data Analytics | 53 |
| 7 | Manager: Compensation | 56 |
| 8 | Manager: Technology Strategy and Planning | 53 |
| 9 | Assistant: Technology Strategy and Planning | 48 |
| 10 | Specialist: Company Secretary | 39 |
| 11 | Manager: Marketing Regulation | 53 |
| 12 | Chief Financial Officer (CFO) | 58 |
| 13 | Manager: Investor Relations (follow-up) | 62 |
| 14 | External Consultant: Integrated Report (Telephone interview) | 46 |
| 15 | Manager: Business Intelligence (follow-up) | 63 |

| Interview Number | Position | Duration (min) |
|------------------|--|----------------|
| 16 | Manager: Compensation (follow-up) | 57 |
| 17 | Investor Relations: Specialist: Integrated Reporting (follow-up) | 36 |
| 18 | Manager: Media Relations | 46 |
| 19 | Manager: Business Risk | 63 |
| 20 | Corporate Affairs: Specialist: Sustainability (follow-up) | 67 |
| 21 | Specialist: Human Resources, Performance Development | 62 |
| 22 | Manager: Human Resources | 63 |
| 23 | Manager: Supply Chain Management | 49 |
| 24 | Investor Relations: Co-ordinator | 52 |
| 25 | Investor Relations: Integrated Reporting Specialist Assistant | 32 |
| 26 | Investor Relations: General Assistant | 33 |
| 27 | Manager: Strategy Team | 75 |

Source: Own design

The positions held by the interviewees were two top managers, twelve senior managers, five middle managers, one line manager and two employees. The questions posed to the interviewees during the interviews are discussed in the following section.

4.3 INTERVIEW QUESTIONS

An exploratory and descriptive case study relies on in-depth semi-structured interviews and documentary evidence and because of the open-ended and exploratory nature, is ideal for exploring the research objective of the present research (Chua, 1986; Henning *et al.*, 2004; Mouton, 2001; Hofstee, 2006; Broadbent & Unerman, 2011; Bui & De Villiers, 2017a). Appendix A contains the questions posed to each interviewee and indicates whether the question emerged from literature or from the interview process. Questions that emerged from the interviews that were not addressed during the first round of interviews, were followed up in order for all interviewees to answer all the questions as listed in Appendix A.

The recorded interviews were transcribed and emailed to the various interviewees who then confirmed that the transcriptions were a true reflection of the interviews conducted. The transcripts were subsequently coded and analysed. The data analysis process is discussed next.

4.4 INTERVIEW DATA ANALYSIS PROCESS

The data contained in the interview transcripts were analysed using coding to identify themes (Bryman & Bell, 2014) that emerged from the collective responses as recorded in the interview transcripts. Saldana (2015:4) describes coding as "... the transitional process between data collection and more extensive data analysis". The transcripts were coded using thematic analysis, which is a flexible method of qualitative data analysis that seeks to "... identify, analyse and describe patterns, or themes, across the data set" (Bryman & Bell, 2014:350). The objective of the analysis was to allow the data, drawn from the voices of the interviewees, to speak for itself and for themes to emerge in a process of analytic induction. Brinkmann (2013:9) describes analytical induction as "... the systematic examination of similarities within and across cases to develop concepts, ideas, or theories". The process of analytic induction involves the researcher commencing without any predetermined codes and inductively coding the data as they (the researcher) read and reread the material in a cyclical, iterative fashion to identify themes and patterns. The codes thus develop in an inductive manner from the interview transcripts. In the present research, the interview transcripts were analysed by using the computer software program, NVivo. Predominant themes were highlighted and the responses of the interviewees were compared to find similarities which indicated shared perceptions regarding integrated reporting and MCSs. Later in this analysis, the themes are discussed in more detail and evaluated against the literature review in Chapter 2. The coding process is described in detail in the next section.

4.5 THE CODING PROCESS

The objective of the data analysis was to find themes in the interview transcripts that would provide an understanding of how MCSs play a role in facilitating the preparation of an

integrated report. The use of NVivo enabled the researcher to code, analyse and interpret the data in order to find evidence so as to address the research objective.

The coding process commenced after the transcription of the interviews was completed. A multi-phase approach was followed during the coding process. The first phase entailed a careful read through of the first three transcripts from start to finish without doing any coding. The researcher was immersed in the transcript, contemplating what the interviewee was really saying and, making use of notes made during the interview. The interviewee's emotions and body-language during the interview were also recalled and taken into consideration. Long paragraphs of text were broken into smaller excerpts comprising one or two sentences or even part of a sentence, so that each part would contain just one idea or key point. This was done to obtain separate ideas, which could otherwise be clouded or lost if they were included in a paragraph that had two or more different ideas. This process is also known as the splitting of data (Saldana, 2015). Breaking the text down into discrete pieces resulted in many individual responses, referred to as data points, however, the extra effort involved in analysing these data points was justified as the researcher was confident that data was not lost or overlooked in the analysis.

The second phase involved identification of any portions of the text that were not relevant to the research objective and the allocation of descriptors to summarise the statement made by the interviewee into a few words which could be easily referred to during the coding process. Codes were then identified and allocated to the areas which best described the theme of the statement. Saldana (2015:3) describes a code in this context as "... a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data". If a statement in the transcript was not relevant to the research objective, no code was assigned to that statement.

Files were stored in two folders, namely 'Interviews transcribed' for original transcripts, and 'Transcripts coded' to provide a clear audit trail from the original transcript through to the coded version of the transcript, thus preserving the integrity of the coding process.

During the third phase of the coding process, the remaining twenty-four transcripts were coded in the same way as discussed above.

The themes identified from the coding process are discussed next.

4.6 THEMATIC ANALYSIS

This section provides an insight into the themes identified in this research. A thematic analysis is a method of analysing qualitative data. It is usually applied to a set of texts such as interview transcripts to identify, analyse and interpret patterns of meaning or themes (Braun & Clark, 2013).

Tessier and Otley (2012) identify four control systems, namely: strategic performance control systems which include mission and vision statements, risk management, strategic planning process and management engagement to ensure strategic alignment; strategic boundary control systems which include organisational culture and the belief systems of an organisation; operational performance control systems which include KPIs and feedback systems; and operational boundary control systems which include plans and policies, procedures, job descriptions, return on investment and spending limits. These control systems form the foundation for identifying the themes applicable for this research.

In this research, broad themes were identified after the coding process was completed. This section of the chapter also describes the sentiments of the interviewees associated with the broad themes identified. Subsequently the broad themes identified had to be narrowed down and subthemes that were associated with the narrowed down themes, were identified. As there were overlaps of subthemes, a further narrowing down of themes occurred, and the two main themes and their subthemes were identified, and the research questions associated with those themes were isolated.

4.6.1 Broad themes

All interviewees participated and provided answers to all the questions presented to them and Table 2 below displays the list of broad themes identified from the transcripts of interviews, after the coding process in the NVivo program was completed.

Table 2: Broad themes identified

| |
|------------------------|
| Business |
| Company |
| Goals |
| Integrated report |
| Management |
| Performance |
| Performance management |
| Perspective |
| Point |
| Policy |
| Process |
| Relations |
| Report |
| Risk |
| Score |
| Strategy |
| System |
| Team |
| Things |

Source: Own design

The responses to the various themes were added up and ranked in the order of frequency as per Table 3 below.

Table 3: Theme results frequency and ranking

| Theme Results | Frequency | Ranking |
|------------------------|-----------|---------|
| Report | 3096 | 1 |
| Management | 2532 | 2 |
| Performance | 1979 | 3 |
| System | 1561 | 4 |
| Integrated Reporting | 1494 | 5 |
| Business | 1240 | 6 |
| Process | 1015 | 7 |
| Goals | 968 | 8 |
| Strategy | 945 | 9 |
| Things | 923 | 10 |
| Risk | 828 | 11 |
| Team | 820 | 12 |
| Company | 790 | 13 |
| Relations | 783 | 14 |
| Point | 778 | 15 |
| Score | 762 | 16 |
| Perspective | 707 | 17 |
| Policy | 631 | 18 |
| Performance management | 622 | 19 |

Source: Own design

MCSs are systems which gather and use information to evaluate the performance of different organisational resources, including human, physical, and financial, and the organisation as a whole, in light of the organisational strategies pursued (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016). An integrated report is a summary of the communication on how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over a period of time (IRF, 2021). It is therefore, noticeable that the themes: business; integrated report, management; performance; process, and strategy ranked high as per Table 3. The importance of these themes is further illustrated in Figure 4 below, a word cloud of the words most used during interviews, generated through the NVivo coding software.



Figure 4: Words most used during interviews
 Source: NVivo

The documentary analysis in Chapter 5 further explores the context in which these words were used, however, the following section discusses the sentiments surrounding the broad themes identified.

4.6.2 Sentiments about the broad themes identified

Sentiment analysis is a process that categorises a body of textual information to determine feelings, attitude and emotions towards a particular issue or object. Sentiment analysis is the field of study that analyses people's opinions, sentiments, evaluations, attitudes, and emotions from written language (Liu, 2010). Identifying sentiments is relevant to the present research as this research gains an understanding on how MCSs play a role in facilitating the preparation of an integrated report, based on Tessier and Otley's (2012) revised framework of Simons' (1995) Levers of Control. The revised framework by Tessier and Otley (2012) separates managerial intentions for controls from employee perceptions of controls. In order to address the second research question on how the integrated reporting process works and how MCSs facilitate this process, the present research explores interviewees' sentiments towards the MCSs used by CellTech. The sentiments identified were validated along with the sentiments noted during the interviews.

Based on the transcripts it was found that interviewees displayed mostly neutral sentiments towards all the themes originally identified, as is displayed in Figures 5 and 6 below. Figure 5 displays the colour keys associated with the sentiments, where the colour red represents negative sentiments.

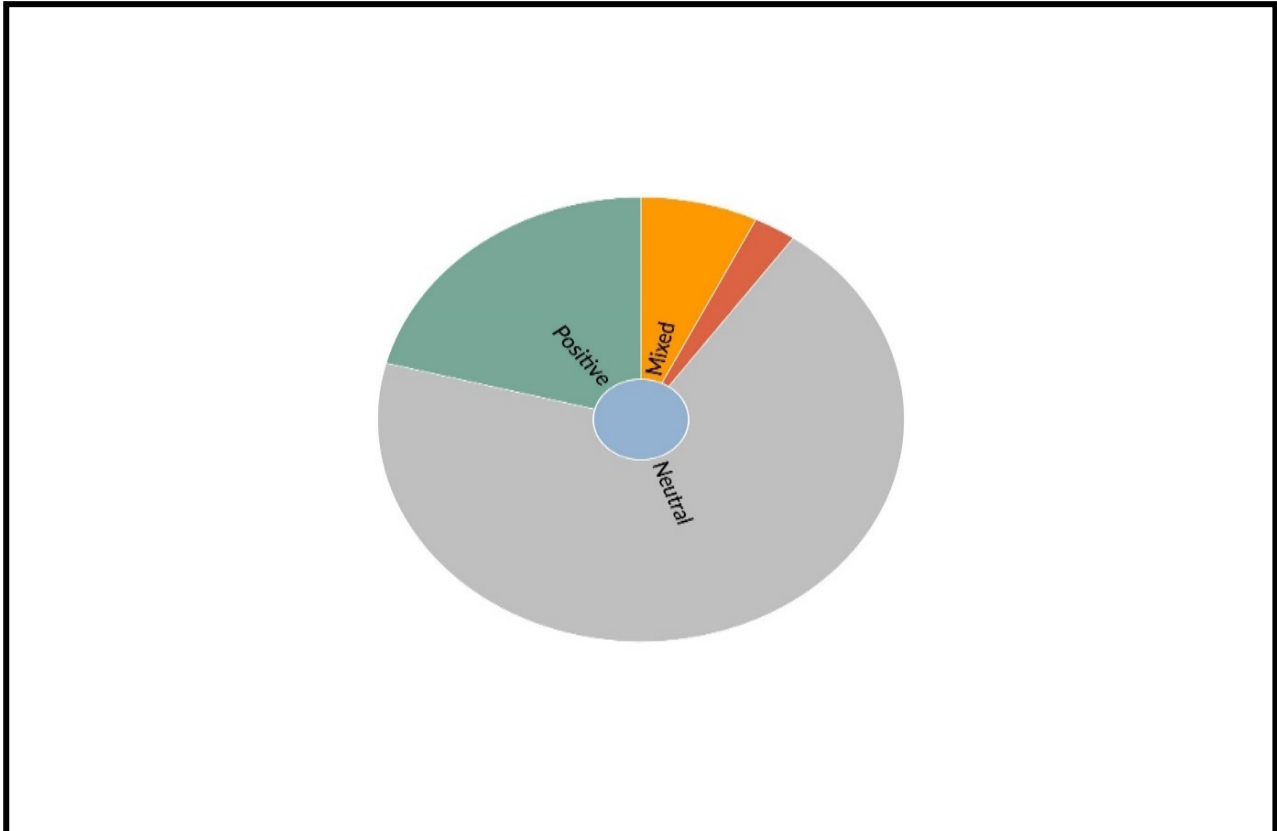


Figure 5: Interviews compared by number of sentiment coding references in general
Source: NVivo

Figure 6 below, illustrates the sentiments of interviewees towards the broad themes identified. The two most positive interviewees were the Head of Department of the Investor Relations department and the Head of Department for Strategy.

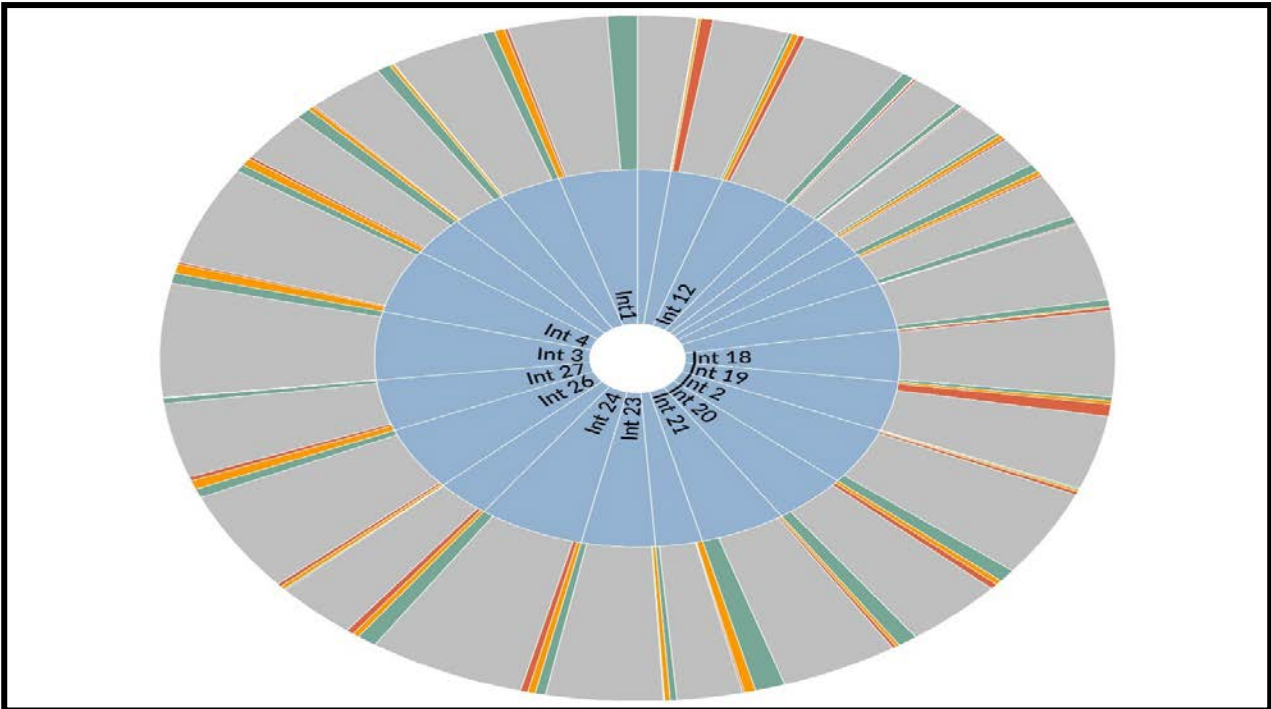


Figure 6: Interviews compared by number of sentiment coding references related to broad themes

Source: NVivo

The themes were compared with the sentiments disclosed by the interviewees through the transcripts as per Figure 7 below.

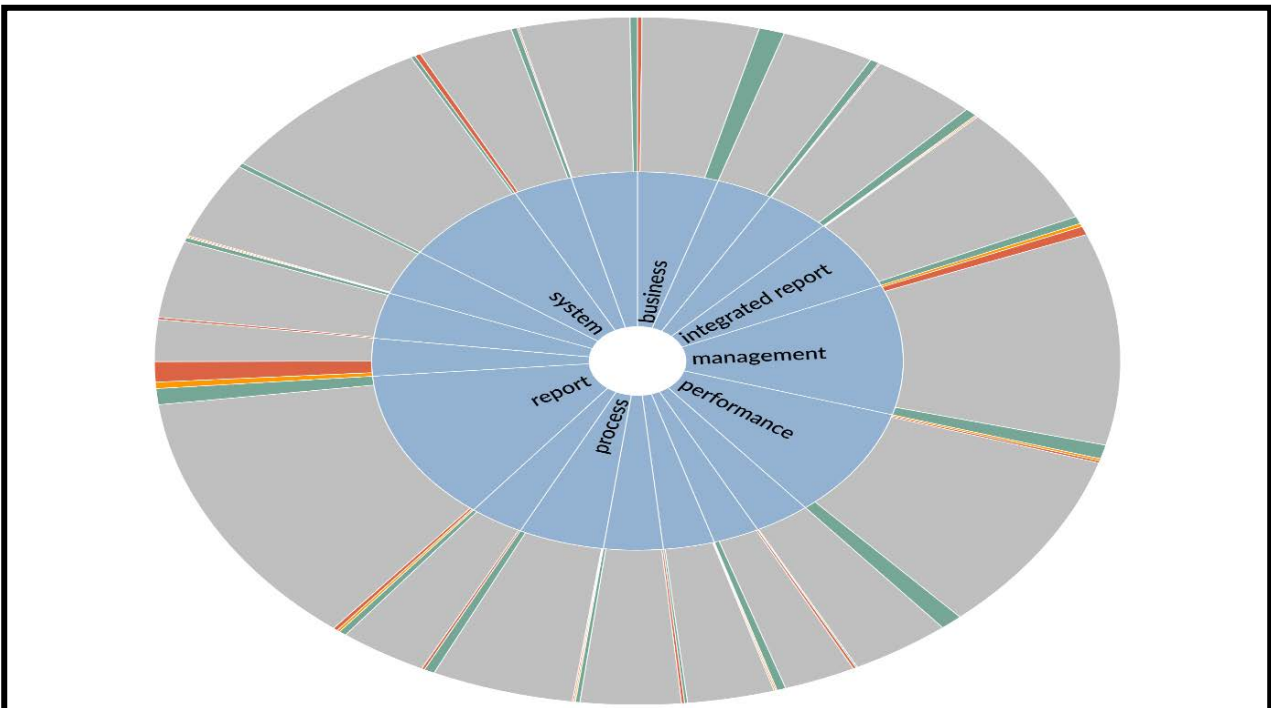


Figure 7: Themes compared by number of sentiment coding references

Source: NVivo

The most negative sentiments were displayed towards the risk theme, in particular by the Head of Department of Business Risk. When asked “How do you go about to decide what information should be included in an integrated report?” the the Head of Department of Business Risk replied:

“I don’t think from a company’s perspective especially the risks side we are as transparent as we can be”.

This risk-negative sentiment is displayed in Figure 8 below:

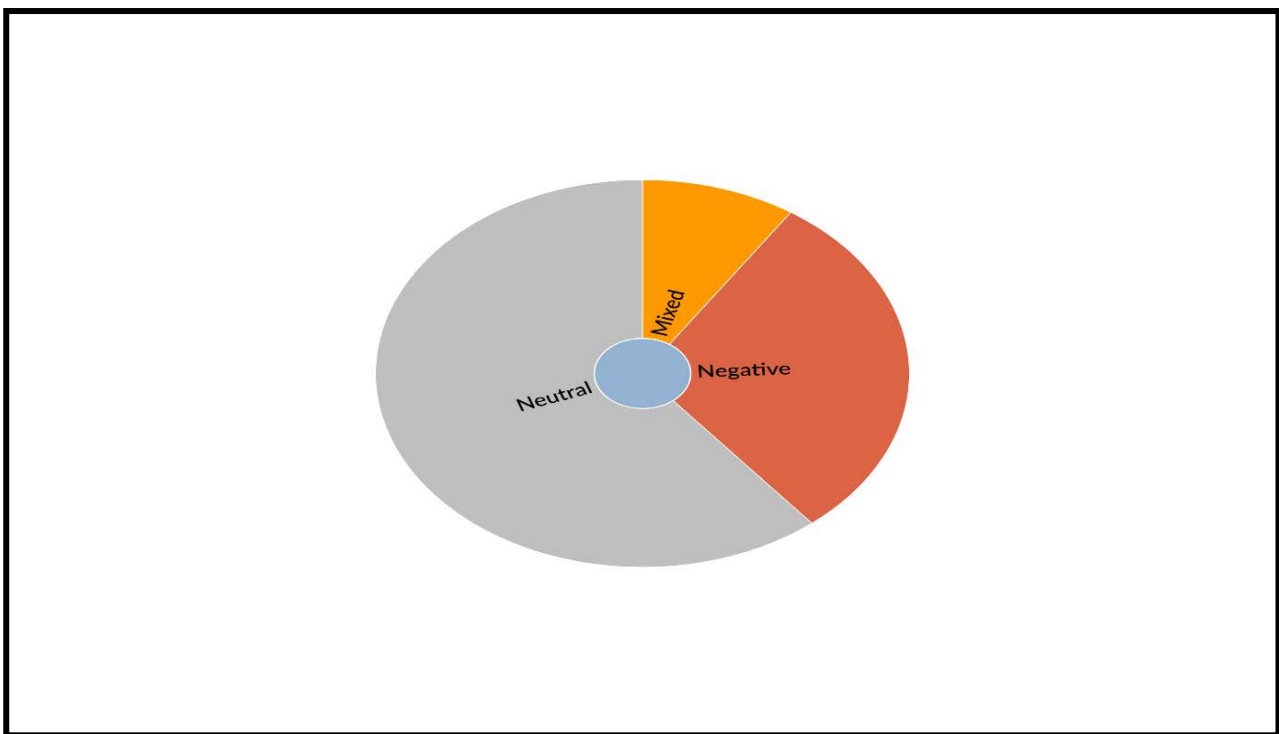


Figure 8: Risk theme compared by number of sentiment coding references
Source: NVivo

The narrowing down of the broad themes is discussed in the following section.

4.6.3 Narrowing down of broad themes

In order to address the research objective, the broad themes had to be narrowed down to be more specific. The broad themes identified in the literature review were compared to the broad themes identified from the transcribed interviews as per Table 4 below.

Table 4: A comparison between the broad themes from literature and transcriptions

| Broad Themes from Literature | Broad Themes from Interviews |
|------------------------------|--|
| Behaviour | Company |
| Boundary | Goals |
| Business | Business |
| Controls | Perspective |
| Employee | Point |
| Management | Management; Performance management |
| Performance | Performance; Performance management |
| Process | Process |
| Reporting | Report; Integrated report |
| Research | Policy |
| Strategies | Strategy |
| Sustainability | Relations |
| Systems | System |
| Variables | Risk |
| | Score |
| | Team |
| | Things |

Source: Own design

The themes highlighted in red in Table 4 above, are themes which emerged from both the literature as well as from the transcripts of the interviews conducted. These themes were then narrowed down to the themes listed in Table 5 below, in order to address the research objective.

Table 5: Themes narrowed down

| |
|-------------------|
| Business |
| Integrated report |
| Management |
| Performance |
| Process |
| Strategy |

Source: Own design

The narrowed down themes are consistent with the themes identified in Section 4.6.1 of this chapter where the ranking of the broad themes identified from the transcripts of interviews are discussed. Each of the narrowed down themes, in Table 5 above, contain subthemes, as were identified from the coded transcripts. These themes and subthemes are listed in Table 6, below.

Table 6: Subthemes

| Main Themes | Subthemes |
|-------------------|---|
| Business | Business units Business strategy |
| Integrated report | Internal processes Integrated reporting process Strategy |
| Management | Management's strategy Line managers Performance management system Management control systems |
| Performance | Performance management system Performance management dialogue Performance dialogue system Performance dialogue Performance development system Strategy KPIs |
| Process | Internal processes Integrated reporting process Continuous process |
| Strategy | Strategy team Customer experience strategy Annual strategy review Annual group strategy CellTech's strategy Strategy team |

Source: Own design

As there were still subthemes which overlapped and in order to answer the research questions, the above themes were narrowed down further to two main themes which this study addresses.

In pursuit of the research objective which is to gain an understanding of how MCSs facilitate the preparation of an integrated report, the framework by Tessier and Otley (2012) together with literature, which provides little insight into how MCSs facilitate the preparation of an integrated report, the following two main themes emerged from the interviews that were conducted:

- Strategy and the MCSs associated with strategy that facilitate the integrated reporting process; and
- The integrated reporting process and its associated MCSs.

Table 7 below, contains the two main themes of this study, their subthemes and the research questions associated with each theme. The research questions stem from Tessier and Otley's (2012) framework as it serves as the theoretical framework for this study.

Table 7: Main themes, subthemes and research questions

| Main Themes | Subthemes | Research Questions |
|--|--|--|
| 1. Strategy and the MCSs associated with strategy that facilitate the integrated reporting process | Business strategy Annual strategy review Annual group strategy Customer experience strategy CellTech's strategy KPIs Management Performance management system Performance management dialogue Performance dialogue system Performance dialogue Performance development system | 1. How do strategy and the MCSs associated with strategy facilitate the integrated reporting process? 1.1 How does an organisation's strategy facilitate the integrated reporting process? 1.2 How do strategic performance controls associated with strategy facilitate the integrated reporting process? 1.3 How do strategic boundary controls associated with strategy facilitate the integrated reporting process? 1.4 How do operational performance controls associated with strategy facilitate the integrated reporting process? 1.5 How do operational boundary controls associated with strategy |

| Main Themes | Subthemes | Research Questions |
|---|--|---|
| | | facilitate the integrated reporting process? |
| 2. The integrated reporting process and its associated MCSs | Continuous process Internal processes Integrated reporting process | 2. How does the integrated reporting process work and how do MCSs facilitate this process? 2.1 Who is responsible for preparing an organisation's integrated report? 2.2 How do MCSs, according to the framework developed by Tessier and Otley (2012), assist the integrated report preparers in preparing an integrated report? 2.3 What is the process involved in preparing an integrated report and how do MCSs, according to the framework developed by Tessier and Otley (2012), facilitate the preparation process of an organisation's integrated report? |

Source: Own design

Strategy forms a vital part of Tessier and Otley's (2012) framework as two of the four control systems are strategy related, namely: strategic performance control systems; and strategic boundary control systems. From the interviews conducted, it was established that strategy also forms a vital part of CellTech's integrated reporting process. When interviewees were asked what process or processes are currently followed in preparing an integrated report, the CFOs response in particular was:

“Strategy... That is basically where it all starts”.

Therefore, strategy was aptly identified as the first theme that emerged from the interviews conducted.

Tessier and Otley (2012) note that synergies can exist between all the different control systems. The second theme of this study which emerged from the interviews conducted is the integrated reporting process and the associated MCSs. This theme is relevant not only in relation to the research objective, but also stems from the lack of extant literature (Chapter 2) providing an understanding on how MCSs facilitate the preparation of an integrated report.

4.7 CONCLUSION

This chapter provided an insight into the primary data used in this research. The primary data consists of in-depth semi-structured interviews. This chapter discusses the interview process and provides a list of the interviews conducted (Table 1). These interviews had an average duration of 52 minutes. As an exploratory and descriptive case study relies on in-depth semi-structured interviews, this chapter also provides a list of the interview questions and the origin of the questions (Appendix A). The interviews were coded by using NVivo computer software. This enabled not only the coding of the interview transcripts but also the analysing and interpretation of the data in order to identify themes that address the research objective. The broad themes identified (Table 2) were also analysed for interviewees' sentiments. Tessier and Otley's (2012) framework separates managerial intentions for controls from employee perceptions of controls. This research explores interviewees' sentiments towards the MCSs that CellTech use and it was possible to validate the sentiments identified with the sentiments noted during the interviews. Interviewees displayed mostly neutral sentiments towards all the themes originally identified, as is displayed in Figures 5 and 6. After narrowing down the broad themes, this chapter identifies the two main themes applicable to this research.

Tessier and Otley (2012) divide control systems into four groups, namely:

- strategic control systems, which include mission and vision statements, risk management, the strategic planning process and management engagement to ensure strategic alignment;
- strategic boundary control systems, which include the organisational culture and the belief systems of an organisation;

- operational performance control systems, which include KPIs and feedback systems; and
- operational boundary control systems, which include plans and policies, procedures, job descriptions, return on investment and spending limits.

These control systems, together with the assertion that extant literature provides little insight into how MCSs facilitate the preparation of an integrated report, formed the basis for identifying the two main themes that emerged from the interviews conducted. These themes are:

- strategy and the MCSs associated with strategy that facilitate the integrated reporting process; and
- the integrated reporting process and its associated MCSs.

The main themes together with their subthemes and the research questions associated with each main theme are listed in Table 6.

The findings of the two main themes and their associated research questions are discussed in Chapter 6 and Chapter 7 respectively.

The primary data discussed in this chapter was complemented by secondary data in the form of CellTech's annual reports from 2005 to 2010, integrated reports from 2011 to 2020, and an internal document, a presentation to employees on their performance management year-end review process. The analysis of the secondary data is discussed in the chapter that follows.

CHAPTER 5: DOCUMENTARY ANALYSIS

5.1 INTRODUCTION

Extant literature (paragraph 2.5.2) is unclear on how MCSs facilitate the preparation of an integrated report. This research follows an interpretivist paradigm (Stack, 2019) which seeks to understand how MCSs play a role in preparing an integrated report. This research gains an understanding on how the internal processes within a company, housed in the company's MCSs, facilitate the preparation of an integrated report. It is an exploratory and descriptive case study which relies on in-depth semi-structured interviews and documentary evidence (Chua, 1986; Henning *et al.*, 2004; Mouton, 2001; Hofstee, 2006; Broadbent & Unerman, 2011; De Villiers *et al.* 2017). The primary data in this study consists of the in-depth semi-structured interviews and is complemented by secondary documentary data.

Chapter 4 describes the thematic analysis process which culminated in the establishment of the main themes and sub-themes revealed by the interviews. These broad themes, together with the theoretical framework of Tessier and Otley (2012), determined the keywords which are used in the documentary analysis presented in this chapter. Chapter 6 completes the analytical process by presenting the interview data in relation to the research questions. This therefore, represents the process followed in drawing up integrated reports, while the documentary analysis represents the outcome of the process.

The secondary data consist of CellTech's annual reports from 2005 to 2010, integrated reports from 2011 to 2020, and a presentation to employees on their performance management year-end review process. This chapter discusses the procedures applied to collect the secondary data used in this study, the documentary data analysis process, and the analysis of the documentary data.

This research uses interpretative content analysis as it allows the investigation on how MCSs, as per Tessier and Otley's (2012) framework, to facilitate the preparation and publication of CellTech's integrated report by using the documents as a vantage point to gain insight into

the concept of the preparation of an integrated report. The collection of the documents used is discussed in the next section.

5.2 DOCUMENTS COLLECTED

In search of a case site, a Google search was carried out on BSCs mentioned in integrated reports. This is in accordance to this study's research objective as well as the findings of Kerr *et al.* (2015), De Villiers *et al.* (2016), Maas *et al.* (2016a, b) and Stacchezini *et al.* (2016) who find that there is a positive relationship between sustainability reporting and MCSs such as the BSC as it holds advantages for organisations, such as to operationalise sustainability objectives, broaden stakeholder accountability as well as intensify interactions with stakeholders, formalise organisation beliefs and improve the communication of sustainability measures (Kerr *et al.*, 2015). Part of the search results was EYs Excellence in Integrated Reporting Awards, (2016). All of the companies listed in this report were sent an email inviting them to take part in this study. The only response received from this invitation was from CellTech. To ensure that CellTech is a valid case site for this study, the company's website was searched to determine whether the use of the BSC is mentioned in the annual reports and/or integrated reports. From this search, it was found that CellTech did mention the use of the BSC in their 2005 Annual Report, therefore qualifying it as a valid case site. As the research objective is to gain an understanding of how MCSs facilitate the preparation of an integrated report, CellTech's reports were then used as part of the documentary data for this study. In addition, the 2019 employee information session presentation on the performance management system for employees was made available.

Due to CellTech's strict confidentiality agreement, no other documents were volunteered for the purpose of this research. The documents used in this study are listed in Table 8 below.

Table 8: List of documents collected

| Documents collected | Years |
|--|-------------|
| Annual reports | 2005 – 2010 |
| Integrated reports | 2011 – 2020 |
| Employee information session presentation on the performance management system for employees | 2019 |

Source: Own design

Prior to 2011, CellTech published annual reports. Since 1 March 2010 it became mandatory on an apply or explain basis for South African companies listed on the JSE to produce integrated reports (PWC, 2010). CellTech’s first integrated report was published in 2011.

The following section discusses the documentary analysis process.

5.3 DOCUMENTARY DATA ANALYSIS PROCESS

CellTech’s annual reports and integrated reports are available in .pdf format, and contain ample images as well as text. Each of these documents was read through searching for keywords that align with the main themes as identified in Chapter 4, namely:

- strategy and the MCSs associated with strategy that facilitate the integrated reporting process; and
- the integrated reporting process and its associated MCSs.

CellTech’s power point presentation on the 2019 performance development year-end review was studied for keywords which align with the main themes and their subthemes as identified in Chapter 4. The theoretical framework for this study, the framework of Tessier and Otley (2012), assisted in determining the keywords identified for this research. The broad themes identified in Chapter 4 were used as the keywords for the search of the documents. Table 9 below, lists the keywords used in the search as well as the relationship of each keyword with the theoretical framework.

Table 9: List of keywords searched

| Keywords | Relation to Theoretical Framework |
|-------------------------------|---|
| Balanced scorecard | Strategic and Operational performance control |
| Budget | Strategic and Operational boundary control |
| Goals | Operational performance control |
| Incentives | Operational performance control |
| KPIs | Operational performance control |
| Management engagement | Strategic performance control |
| Mission | Strategic performance control |
| Organisational culture | Strategic boundary control |
| Performance | Operational performance control |
| Performance management system | Strategic and Operational performance control |
| Performance measurement | Operational performance control |
| Policy | Operational boundary control |
| Process | Operational boundary control |
| Risk management | Strategic performance control |
| Risk report | Operational performance control |
| Score | Operational performance control |
| Strategy | Strategic performance control |
| Rewards | Operational performance control |
| Team | Strategic boundary control |
| Vision | Strategic performance control |

Source: Own design

CellTech's reports were read and reread in order to analyse them in terms of the keywords. The keywords found in the documents were interpreted in the context used in the documents collected, using the framework of Tessier and Otley (2012) as foundation. This analysis was done in order to establish whether the context in which the keywords were used, supports the themes identified in the thematic analysis in Chapter 4. An example of this analysis is displayed in Tables 10 to 12 below. The full analysis of all the reports is included as Appendix B. The first example relates to the period prior to the date when integrated reports were prepared and the second relates to the period when integrated reports were prepared.

Table 10: Documentary analysis – Annual Report 2005

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-------------------------|-------------------------------|-------------------------|---|
| Annual Report 2005 | Balanced scorecard | Preparing and reporting | Adherence to principles of the BSC. |
| | Budget | Reporting | Spending occurred according to budgets allocated. |
| | Goals | Reporting | Achievement of goals; Alignment of individual goals with company goals occurred; Goals were set against strategy of company. |
| | Incentives | Reporting | Remuneration of incentives is leveraged to performance and linked to company's and individual's results. |
| | KPIs | Reporting | <i>Financial indicators</i> – Profit from operation margins, net profit margins, debt margins, capital expenditure; <i>Customer indicators</i> – Contract and pre-paid values in monetary terms, customers per employee ratio, monitoring of customer satisfaction indicators mentioned but no indication of specific indicators; <i>Environmental indicators</i> – Mentioned monitoring thereof but no mention of specific indicators; <i>Impairment indicators</i> – Mentioned monitoring thereof but no mention of specific indicators. |
| | Management engagement | None | None |
| | Mission | Reporting | Statement of company's mission. |
| | Organisational culture | None | None |
| | Performance | Reporting | <i>Employee performance</i> – Rewarded according to performance; Operational performance; Financial performance. |
| | Performance management system | None | None |
| Performance measurement | None | None | |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------|-------------------|-----------------------|--|
| Annual Report 2005 | Policy | Reporting | Adherence to policies. |
| | Process | Reporting | <i>BEE process</i> ; <i>Quick decision-making process</i> – Responding to regulatory legislation changes; <i>Business processes</i> – Supporting customer satisfaction |
| | Risk management | Reporting | Spending according to budgets allocated; Material risks identified and addressed. |
| | Risk report | None | None |
| | Score | Reporting | Customer satisfaction score; Brand relationship score; Best supplier score. |
| | Strategy | Reporting | Explaining strategy of the company; Mentions that goals were set against the strategy of company but strategic goals are not available and no comparison was made. |
| | Rewards | Reporting | <i>Human resources</i> – Employees rewarded according to performance. |
| | Team | Reporting | Management team defines new performance standards; Team efforts. |
| | Vision | Reporting | Statement of vision of company. |

Source: Own design

The 2005 Annual Report is broadly representative of the later annual reports. Table 11 below, summarises the themes identified in the annual reports.

Table 11: Summary of themes identified in annual reports

| THEME | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------------|------|------|------|------|------|------|
| Balanced scorecard | √ | -- | -- | -- | -- | -- |
| Budget | √ | √ | √ | √ | √ | √ |
| Goals | √ | √ | √ | √ | √ | √ |
| Incentives | √ | √ | √ | √ | √ | √ |
| KPIs | √ | -- | √ | √ | -- | √ |
| Management engagement | -- | -- | -- | -- | -- | -- |
| Mission | √ | √ | -- | -- | -- | -- |
| Organisational culture | -- | -- | -- | -- | √ | -- |
| Performance | √ | √ | √ | √ | -- | √ |
| Performance management system | -- | -- | -- | -- | -- | √ |
| Performance measurement | -- | -- | -- | -- | -- | -- |
| Policy | √ | √ | √ | √ | √ | √ |
| Process | √ | √ | √ | √ | √ | √ |
| Risk management | √ | √ | √ | √ | √ | √ |
| Risk report | -- | -- | √ | -- | -- | -- |
| Score | √ | √ | √ | √ | √ | √ |
| Strategy | √ | √ | √ | √ | √ | √ |
| Rewards | √ | √ | √ | √ | √ | √ |
| Team | √ | √ | √ | √ | √ | √ |
| Vision | √ | √ | √ | -- | √ | √ |

Source: Own design

Although the BSC is only referred to explicitly in the 2005 Annual Report, the indicators in the KPIs reflect the elements of the BSC. Management engagement is not referred to in the annual reports, but undoubtedly management would have to be engaged in the process. Neither a performance management system nor performance measurement appears in the reports, however, KPIs can only be measured in terms of a performance management system. CellTech's 2009 Annual Report is the first annual report since 2005 in which the strategic objectives are listed and the company's achievements are compared against them. Although not explicitly stated that strategy and the strategic objectives were used to prepare

CellTech's 2009 Annual Report, the strategic objectives were clearly used to prepare all their annual reports.

Table 12 below, summarises the themes identified in the integrated reports.

Table 12: Summary of themes identified in integrated reports

| THEMES | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| Balanced scorecard | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Budget | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Goals | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Incentives | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| KPIs | √ | √ | √ | √ | √ | √ | √ | √ | -- | -- |
| Management engagement | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Mission | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Organisational culture | √ | √ | √ | -- | -- | -- | -- | √ | √ | -- |
| Performance | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Performance management system | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Performance measurement | √ | -- | -- | -- | -- | -- | -- | -- | √ | √ |
| Policy | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Process | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Risk management | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Risk report | √ | √ | √ | √ | √ | -- | √ | -- | -- | -- |
| Score | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Strategy | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Rewards | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Team | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Vision | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |

Source: Own design

Comments similar to those in relation to the annual reports regarding themes which are not specifically referred to are also relevant in relation to the integrated reports. The next section discusses the analysis of the various reports.

5.4 DOCUMENTARY DATA ANALYSIS

Tessier and Otley (2012) divide control systems into four groups, namely: strategic performance controls; strategic boundary controls; operational boundary controls; and operational performance controls. Strategic performance controls ensure that the strategy in place is appropriate and that the organisational strategy will ensure the attainment of its vision. This includes mission and vision statements, risk management, the strategic planning process and managerial engagement to ensure strategic alignment. Strategic boundary controls set limits at a strategic level and determine rules for project viability. These controls can include organisational culture and refer to the belief system of an organisation. Operational boundary controls prescribe unacceptable behaviour, procedures, and rules at an operational level. This can include, among others, plans and policies, procedures, job descriptions, return on investment, and spending limits. Operational performance controls include controls that oversee what an organisation must do well in order to achieve its strategy. Examples of these are KPIs and feedback systems.

From the documentary analysis it was established that CellTech mentions the use of the BSC in their 2005 Annual Report, thereby qualifying it as a valid case site. The BSC was subsequently never mentioned again in their reports, however, elements usually present in a BSC, such as strategy, goals and KPIs, were used to compile CellTech's annual and integrated reports.

CellTech's integrated reports are used for reporting purposes and although CellTech's reports do not explicitly state that the strategy and the strategic objectives were used to facilitate the preparation of their reports, it was established that in accordance to the context in which strategy and strategic objectives were used (Appendix B), that CellTech uses its strategy and strategic objectives to assist in the preparation of their integrated reports.

According to Tessier and Otley (2012), a company's vision is part of strategic performance controls. CellTech includes their vision in their reports and therefore, according to the context in which 'Vision' was used in CellTech's reports (Appendix B), CellTech's vision did facilitate in the preparation of their reports. These deductions support the theme identified

in the thematic analysis in Chapter 4 that strategy and the MCSs associated with strategy, facilitate the integrated reporting process.

Tessier and Otley (2012) note that KPIs are part of operational performance controls. The keyword search in CellTech's reports was for 'KPIs'. CellTech did not always specifically mention KPIs in their reports. At times Key Performance Indicators, not using the acronym, or Indicators were used in their reports. From the context in which they were used (Appendix B), it was evident that, although CellTech's reports may not explicitly mention that KPIs assist in the preparation of their reports, KPIs did facilitate the preparation of the company's reports.

According to the context in which the other keywords searched were used in CellTech's reports (Appendix B), comments similar to those in relation to the annual reports regarding the themes that are not specifically referred to, are relevant to the integrated reports.

In analysing the PowerPoint presentation on the 2019 performance development year-end review for keywords that align with the main themes and subthemes as identified in Chapter 4, it was established that this internal document did not facilitate the preparation of CellTech's annual and integrated reports.

Figure 9 below, illustrates how the theoretical framework relates to the keywords searched and how the keywords searched relate to the themes identified from the thematic analysis in Chapter 4. The context in which the keywords were used in the various documents does not only relate to the themes identified, but also lend support to answering the research questions. Tessier and Otley (2012) note that synergies can exist between the different control systems. This is indicated by the cross-arrows in Figure 9 below.

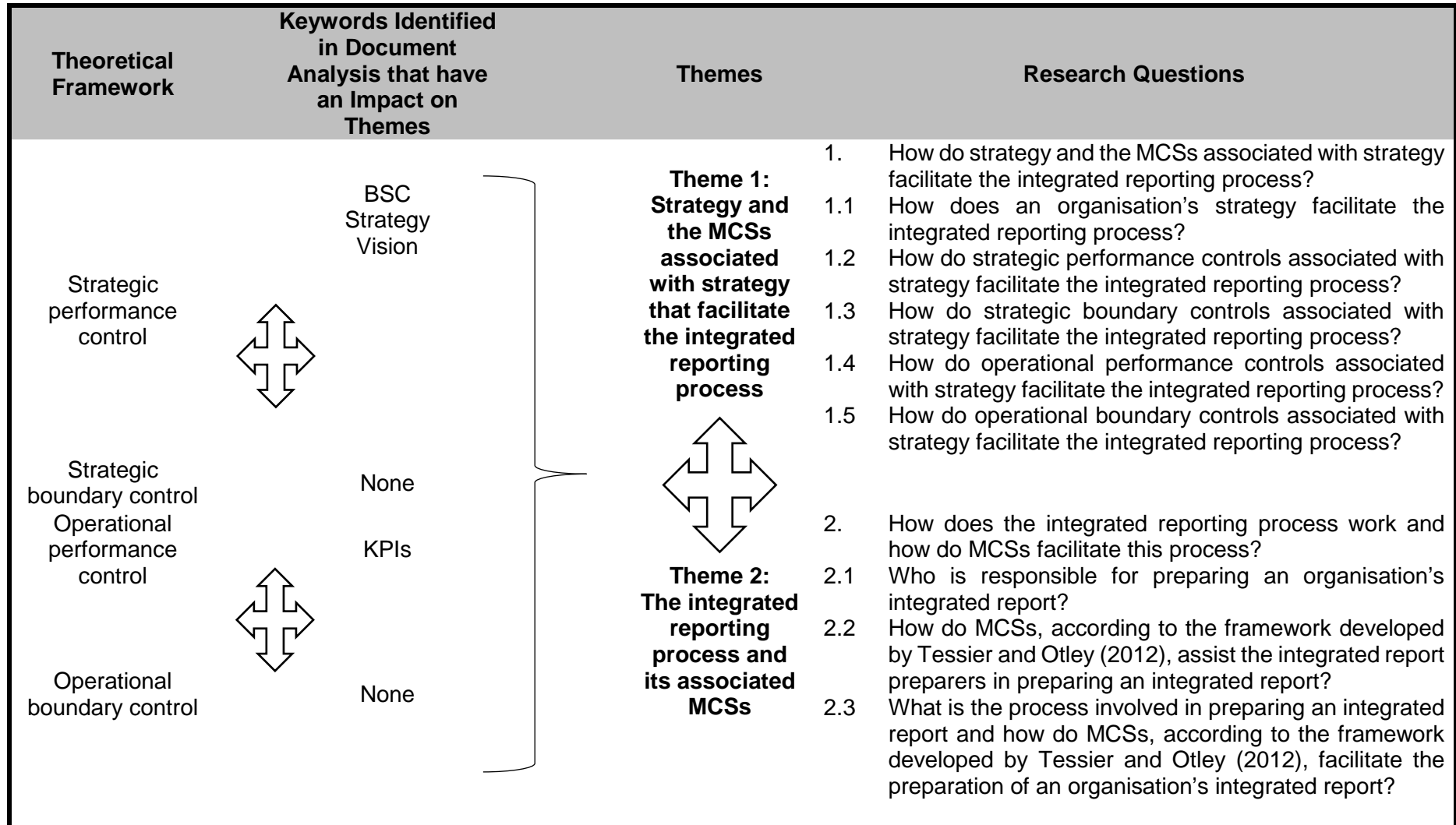


Figure 9: Keywords impacting themes

Source: Own design

5.5 CONCLUSION

This research follows an interpretivist paradigm (Stack, 2019) that seeks to understand how MCSs play a role in preparing an integrated report. This chapter provides an insight into the secondary data which was used in this research in the form of a documentary analysis. This research uses an interpretative content analysis approach as it allows the investigation on how MCSs, as per Tessier and Otley's (2012) framework, to facilitate the preparation and publication of CellTech's integrated report by using the documents as a vantage point to gain an insight into the concept of the preparation of an integrated report.

For the purposes of the present research study, CellTech's annual reports from 2005 to 2010 as well as its integrated reports from 2011 to 2020 were collected. These documents were not only collected in search of a suitable and valid case site but also to search for keywords in support of the theoretical framework and to triangulate the primary data. The keywords that were found in the documents were then interpreted in the context used in those documents in order to establish whether the document analysis supports the themes identified in the thematic analysis in Chapter 4. This analysis is available in Appendix B. The interpretation of the context in which these keywords were used, supplements the themes identified from the thematic analysis in Chapter 4.

This chapter establishes that CellTech mentions the use of the BSC in the company's 2005 Annual Report, thereby qualifying it as a valid case site. Although the balanced scorecard is only referred to explicitly in the 2005 Annual Report, the indicators in the KPIs reflect the elements of the balanced scorecard. Management engagement is not referred to in the annual reports, but clearly management would have to be engaged in the process. Neither a performance management system nor performance measurement appears in the reports, but KPIs can only be measured in terms of a performance management system. CellTech's 2009 Annual Report is the first annual report since 2005 in which the strategic objectives are listed and the company's achievements are compared against them. Although not explicitly stated that strategy and the strategic objectives were used to prepare CellTech's 2009 Annual Report, the strategic objectives were clearly used to prepare all of CellTech's annual reports.

Through the documentary analysis it was further established that CellTech includes the

company's vision in their reports and therefore, according to the context in which the word 'Vision' was used (Appendix B), CellTech's vision does facilitate in the preparation of their reports.

This supports the theme identified from the thematic analysis of the interview data in Chapter 4 that 'Strategy' and the MCSs associated with strategy facilitates the integrated reporting process.

Through the documentary analysis this chapter established that although CellTech's reports may not explicitly mention that KPIs assisted in the preparation of the company's reports, but KPIs as an operational performance control (Tessier & Otley, 2012) do facilitate the preparation of CellTech's integrated reports.

The next chapter discusses the interview findings on the theme, 'Strategy and the MCSs associated with strategy', that facilitate the integrated reporting process, as identified in Chapter 4.

CHAPTER 6: STRATEGY AND THE MANAGEMENT CONTROL SYSTEMS ASSOCIATED WITH STRATEGY THAT FACILITATE THE INTEGRATED REPORTING PROCESS

6.1 INTRODUCTION

Prior research encourages further investigation of the interaction between MCSs and integrated reporting (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; De Villiers *et al.*, 2017). Extant research focuses on integrated reporting, sustainability reporting and MCSs and a combination thereof, but very little literature exists on how strategy and the MCSs involved with strategy play a role in facilitating the preparation of an integrated report (Langfield-Smith, 1997; Otley, 1999; Chenhall, 2003; Malmi & Brown, 2008; Chenhall *et al.*, 2011; Marx *et al.*, 2012; Tessier & Otley, 2012; Frigotto *et al.*, 2013; Kerr *et al.*, 2015; Bui & De Villiers, 2017a, 2018; Chiucchi, Montemari & Gatti, 2018; Barros and Ferreira, 2019; Dimes, 2019).

This chapter addresses the first main theme, as identified in the thematic analysis in Chapter 4 which emerged from the interviews and the gap in prior research, of strategy and the MCSs associated with strategy which facilitate the integrated reporting process. The present chapter provides an understanding of how MCSs, according to Tessier and Otley's (2012) framework, employed by the case site selected for the research (CellTech), facilitate the preparation of the integrated report. This chapter provides a description of how strategy facilitates the integrated reporting process, how strategic control systems employed by CellTech facilitate the preparation of the integrated report, and how operational control systems facilitate the preparation of the integrated report.

To gain an understanding on how MCSs play a role in facilitating the preparation of an integrated report, this chapter provides a broad understanding of how CellTech's strategy and the MCSs, as identified by interviewees of CellTech, and supported by the documentary analysis, facilitate the preparation of the company's integrated report. This chapter answers the research question: How do the strategy and the MCSs involved facilitate the integrated reporting process?

In order to answer the research question on how an organisation's strategy and the MCSs associated with strategy facilitate the integrated reporting process, this chapter discusses the following expanded questions through the sections and subsections to follow:

- How do strategic performance controls associated with strategy facilitate the integrated reporting process?
- How do strategic boundary controls associated with strategy facilitate the integrated reporting process?
- How do operational performance controls associated with strategy facilitate the integrated reporting process?
- How do operational boundary controls associated with strategy facilitate the integrated reporting process?

Although interviewees conveyed mostly neutral sentiments towards the themes identified in Chapter 4, it was established during each interview that a positive organisational culture exists when it comes to preparing CellTech's integrated report. For the purpose of this thesis, the sentiments of interviewees were only considered as part of the findings where appropriate and applicable.

The broad scope of this chapter is narrowed down to a more specific focus in Chapter 7, which provides an understanding of the preparation process of the integrated report and the MCSs involved. According to the framework developed by Tessier and Otley (2012), by specifically focussing on the preparers of the integrated report, the preparation process and the MCSs involved. A summary of the findings from the interviews is provided at the end of this chapter.

The remainder of this chapter discusses this study's first research question on how the organisation's strategy facilitates the integrated reporting process.

6.2 HOW DOES AN ORGANISATION'S STRATEGY FACILITATE THE INTEGRATED REPORTING PROCESS?

In order to address the research objective, this section addresses the question of how strategic performance controls facilitate the integrated reporting process. It is therefore,

necessary to gain an understanding on how strategy fits into MCSs and ultimately the integrated report, as the integrated report aligns with strategy (De Villiers *et al.*, 2017). Strategy plays an important role in the preparation of CellTech's integrated report as CellTech's strategic goals have their own section in the company's integrated report. This supports the assertion that an integrated report deals with, among others, the strategy of a company (IRC, 2011).

Each interview was allocated an interview number in order to identify interviewees and to protect interviewees' anonymity.

In the interviews conducted, it was established that CellTech's strategy forms the basis for the preparation of the company's integrated report as the integrated report conveys the message of CellTech's current strategy and its future direction to its stakeholders. Upon asking "How would you explain the purpose of your company's integrated report?" the following response highlighted the importance of strategy:

"The fact is the articulation of the integrated report is not a document that defines and communicates strategy to the company. It's a synthesis of the strategy in the company for communication with the broader set of stakeholders" (27)¹.

The documentary analysis in Chapter 5 and Appendix B, echoes this as CellTech mentions the strategy used frequently in their integrated reports. This is consistent with the findings of the IRC (2011) and PWC (2010) that an integrated report is a report to stakeholders on the strategy of an organisation.

It was also established that CellTech's strategy provides structure to the company's integrated report. This confirms the findings by PWC (2010) that an integrated report is the result of a process which starts with corporate values, strategy, and the decision-making philosophy of a company. When asked how the structure of an integrated report is decided on and who is responsible for taking this decision, the following part of an interviewee's response is noteworthy:

¹ This number represents the interview number that was assigned to the interview and interviewee.

“... there was this big move to integrated that help form the strategy but then the strategy help form the structure” (5).

The following section addresses the first expanded research question as it explores the strategic control systems, identified by Tessier and Otley (2012), which CellTech employ and how they facilitate the preparation of CellTech’s integrated report, based on the interview data.

6.3 HOW DO STRATEGIC PERFORMANCE CONTROLS ASSOCIATED WITH STRATEGY FACILITATE THE INTEGRATED REPORTING PROCESS?

Strategic performance controls ensure that an organisation’s strategy will ensure the realisation of the organisations vision (Tessier & Otley, 2012). This section addresses the question of how strategic performance controls facilitate the integrated reporting process. Interviews established that the following strategic performance controls, as per Tessier and Otley’s (2012) framework, facilitate the preparation of CellTech’s integrated report:

6.3.1 The strategic planning process

The strategic planning process is classified as a technical control as it specifies how tasks are to be performed and considers specific rules, procedures and standards. It also includes the setting and monitoring of organisational goals (Tessier & Otley, 2012). This section of the chapter discusses CellTech’s strategic planning process in order to gain an understanding of the relationship between strategy and the performance management system (Langfield-Smith, 1997), as well as the relationship between strategy and the integrated report.

The interviewees regard CellTech’s strategy as very important to the company and its integrated report. When interviewees were asked what process or processes are currently followed in preparing an integrated report, some of the responses were:

“That strategy process basically brings all of business together” (1)

“Strategy ... That is basically where it all starts” (12).

“... because everything needs to speak to our strategy” (21).

Interviewees were asked how the setting of CellTech’s strategy works and Figure 10 below, illustrates CellTech’s strategic planning process. CellTech follows a formal, multi-stage top-down strategic planning process.

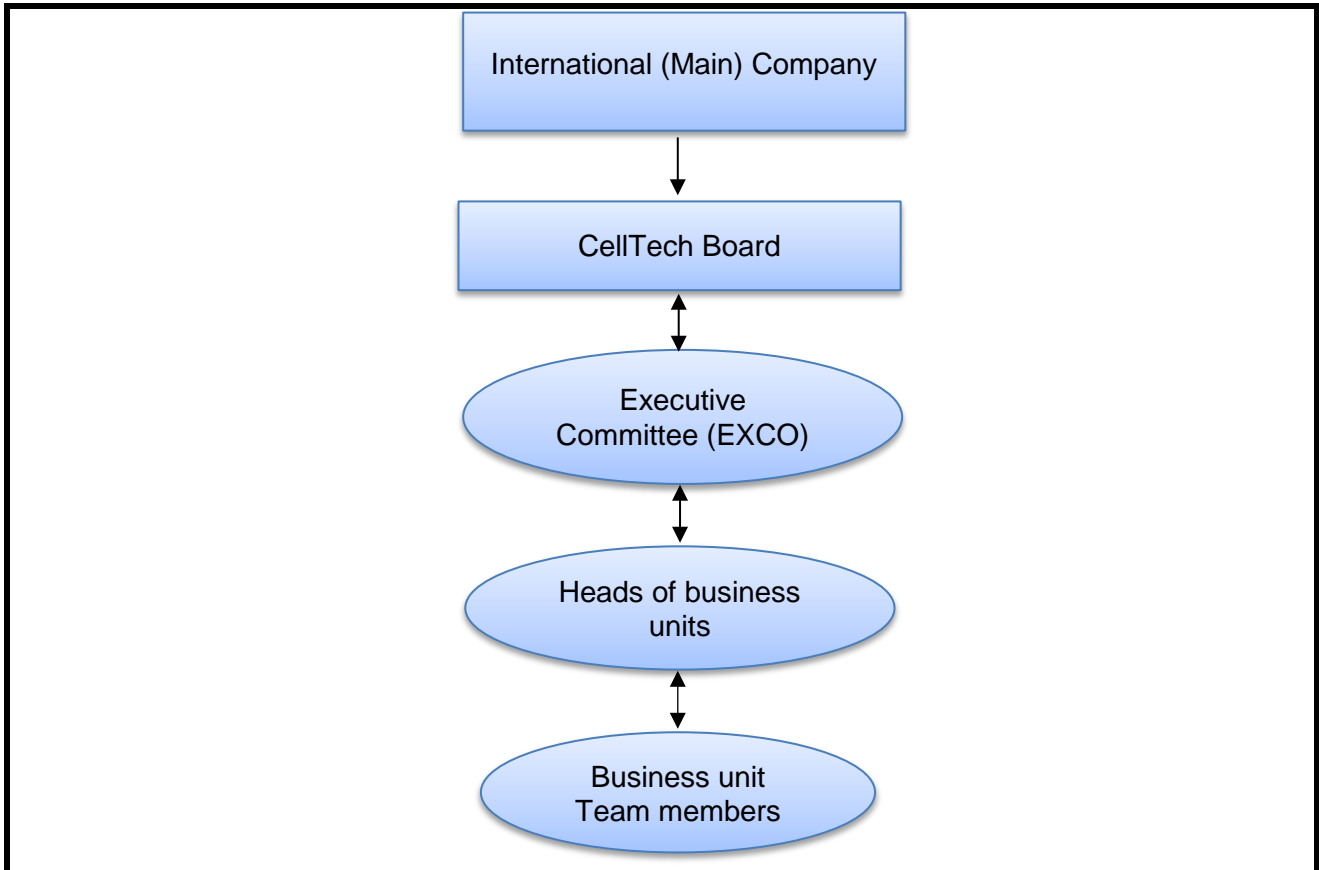


Figure 10: The strategy planning process

Source: Own design

CellTech’s strategic planning process takes twelve months before final approval is granted by CellTech’s board. During the twelve months, CellTech maintains its existing strategy, goals and KPIs, but amends it when and where necessary.

The strategic planning process commences in December when CellTech receives the international (main) company’s strategy, goals and KPIs. During December and January, the main company representatives hold strategy meetings with CellTech’s CEO and CellTech’s board. During these meetings, the international (main) company’s vision, strategy, goals and KPIs and work together on formulating CellTech’s broader strategy,

goals and KPIs, is jointly discussed. CellTech's broader strategy has a life span of three years.

From January to June of each year, the board and EXCO work together and conduct a series of strategy meetings. During these meetings, CellTech's broader strategy, goals and KPIs are further refined until it is ready to be presented to the heads of the various business units.

EXCO has a dedicated strategy team that, from June to December of each year, meets with the different heads of the various business units. The strategy team works together with the business units to plan and refine the strategy to become executable. The business units, together with EXCO strategy team, set operational goals and KPIs which align with the broader strategy as is determined by the board and EXCO.

“...we frame the conversations with the various business units to align with an overall group intend. We define strategy with business. So, we don't prescribe strategy to them. We work with them” (27).

The meetings held between the CEO and the board, the board and EXCO, and EXCO strategy team and the heads of the various business units, are a series of face-to-face strategy meetings. The mood of these meetings is described as serious.

“It is a formal series of meetings that we set up. Face-to-face, and we go through each of the elements of the strategy. We have a discussion.... So, it's quite a robust conversation” (27).

During December, a year after receiving the international (main) company's strategy, the operational goals and KPIs of the business units are presented to EXCO and thereafter, to the board. The board provides the final approval for the company's overall strategy.

“...and then we prepare ultimately for a presentation to the group board in December which is combination of six months' worth of strategic work. The board signs off” (27).

After the board has approved CellTech's strategy, commencing in January of the following year, the various heads of the business units will have a series of formal meetings with their

respective teams where they convey CellTech's strategy and determine the goals and KPIs of the respective teams.

After the determination of the goals and KPIs of the various teams, a series of formal quarterly and informal weekly meetings follow between the heads of the business units and their individual team members. In these meetings, individual team members' goals and KPIs are determined and are aligned with that of the business unit. Through the documentary analysis in Chapter 5 and Appendix B, it was established that although CellTech's reports may not explicitly mention that KPIs assisted in the preparation of the company's reports, KPIs as an operational performance control (Tessier & Otley, 2012) do facilitate the preparation of CellTech's integrated reports as the performance and achievement of the KPIs are reported on.

During the three-year life span of CellTech's strategy, the board, EXCO and heads of the various business units have a series of formal quarterly meetings with each other in March, June and September each year. CellTech's business units prepare quarterly reports on financial performance as well as the non-financial performance of its operations. During these meetings, that particular quarter's report in terms of goals and KPIs achieved are evaluated and discussed. The business units also discuss, among others, the relevance, alignment and implementation of the strategy. If excessive deviations are found, the board provides the necessary approval to adjust the strategy, goals and KPIs to ensure that it remains aligned with that of the main company.

"It doesn't mean to say that these can't change, that slightly or whatever, but for the most part you shouldn't have a radical 180 degree" (5).

CellTech uses a series of face-to-face strategic planning meetings between the various managerial levels. These strategy-planning meetings are used by CellTech to communicate the strategy to all levels within the company. Interviews established that CellTech uses these meetings to ensure that the company's strategy is not only in place but is also appropriate across the entire company. Based on the way that CellTech uses these meetings, they are classified as a strategic performance control mechanism, according to Tessier and Otley's (2012) framework. These strategy meetings serve as a monitoring mechanism to ensure

that CellTech has the appropriate strategy in place in order to attain its vision (Tessier & Otley, 2012).

Interviews established that CellTech prepares the company's integrated report from a strategic point of view.

“...its more strategic updated we send to the board ultimately in terms of where we are with strategy, are we leading the market etcetera...

... A lot of that is now managed by the strategy function within the business and we leverage from that in preparing the report as well...

...So far it is about the process that it goes through. Again, it is not a reporting process, it is business process that we are looking at...” (1).

6.3.2 Management engagement – strategic planning meetings

Management engagement is classified as a social control as it appeals to the emotional, non-rational, affective elements within employees (Tessier & Otley, 2012).

As strategy is filtered down through the various management levels in the organisation during the strategic planning process, the interviews established that the strategic planning meetings are interactive in nature. Top management constantly involves themselves on all levels in the strategic planning process. CellTech's CEO and CFO serve on both the board and EXCO. EXCO, through its strategy team, works together with the operational business units to jointly convert the broader strategic principles into operational terms.

“... we frame the conversations with the various business units to align with an overall group intend.... So, that framing is set up front and then we work with the business units to translate those strategic principles into operational terms. So, what does it mean for a digital company in Willie Stegman's IT world? What does it mean in George's sales and distribution environment? What does it mean for William in his enterprise environment? And then we iterate probably for six weeks, align objectives, initiatives that drive objectives, what success looks like in terms of KPIs” (27).

The above-mentioned supports the assertion that interactive controls, such as management engagement, are not only used to communicate and implement strategy (Simons, 1995),

but also to stimulate dialogue and create learning opportunities about strategic uncertainties (Bui & De Villiers, 2018).

6.3.3 Vision statement

The vision statement of an organisation is part of technical controls as technical controls specify how tasks are to be performed and consider specific rules, procedures and standards (Tessier & Otley, 2012). A vision statement is not only used to communicate information to external stakeholders about the ideal state of an organisation but also to communicate this information to its employees to guide them towards the desired outcome.

CellTech communicates the company's vision by means of strategic planning meetings as part of the strategy setting process. In the company's integrated reports, CellTech mentions that seven strategic pillars support their vision and these pillars determine the strategic priorities of the company (see Chapter 5 and Appendix B). These seven pillars are: best customer experience; segmented propositions; financial services; digital content platforms; best technology; digital organisation and culture; as well as brand and reputation. CellTech assigns measurable goals to each pillar and includes these pillars in the company's integrated report. CellTech does not only mention their vision in the integrated reports but they also report on the achievement, partial achievement and even non-achievement of the company's strategic priorities. CellTech's vision therefore, facilitates the integrated reporting process.

Extant research concentrates on MCSs and sustainability reporting and illustrates the function of MCSs in supporting strategy (Kerr *et al.*, 2015; De Villiers *et al.*, 2016; Maas *et al.*, 2016a, b; Stacchezzini *et al.*, 2016; Bui & De Villiers, 2017a; Bui & De Villiers, 2018). Sustainability reporting should form an integral part of integrated reporting (PWC, 2010). Kerr *et al.* (2015) and De Villiers *et al.* (2016) note that there can be several advantages to organisations when they integrate sustainability reporting into MCSs. Although CellTech mentions its sustainability achievements at the beginning of the company's 2019 integrated report, it incorporates sustainability in the company's vision and includes a separate sustainability report as part of the integrated report. CellTech make no explicit reference to sustainability as part of their strategy or the seven pillars derived from the strategy.

CellTech's organisational belief is that they embed sustainability as part of being the 'leading digital company' in their vision statement.

The following section discusses the second expanded research question on how strategic boundary controls facilitate the integrated reporting process.

6.4 HOW DO STRATEGIC BOUNDARY CONTROLS ASSOCIATED WITH STRATEGY FACILITATE THE INTEGRATED REPORTING PROCESS?

This section addresses the question of how strategic boundary controls facilitate the integrated reporting process. Strategic boundary controls set limits at a strategic level determining guidelines or rules for project viability (Tessier & Otley, 2012). Interviews established the following strategic boundary controls have an influence on the preparation of the integrated report.

6.4.1 Organisational culture

Organisational culture is a social control as it takes into account the manageable aspects of organisational controls and comprises of values, beliefs and norms (Tessier & Otley, 2012). Evidence from the case study of CellTech is consistent with the research by Dimes and De Villiers (2020) which finds that organisational culture is used as a strategic boundary control, in terms of Tessier and Otley's (2012) framework, as it enables integrated thinking. Interviewees regard the process of preparing the integrated report as an institutionalised process.

"It is institutionalised but it does change. It is adapted according to best practice. It is adapted. We feel that it doesn't meet our needs. It's not static. It changes.

... but there's (sic) always a new tool been introduced. Which seeks for better improvement, better efficiency, better in terms of quality management, output of information, use of information, etcetera" (23).

This is consistent with the findings of DiMaggio and Powell (1983); Lawrence and Suddaby (2006); and Venter and De Villiers (2013) who note that institutionalisation means the action of establishing something as a norm in an organisation. It is part of the culture in the

organisation to know how and when data is collected for the preparation of the integrated report. Institutionalisation provides a rationale for organisational isomorphism, a similarity of the processes or structure of one organisation to those of another which cannot be explained by competitive pressures or efficiency motives.

The next section discusses the influence of open-plan offices as an MCS.

6.4.2 Open-plan offices

Open-plan offices are classified as a social control as it is part of the manageable aspects of organisational controls (Tessier & Otley, 2012). CellTech uses open-plan offices for their various business units to promote and encourage teamwork. Research by Hollis-Turner (2015) and Dimes and De Villiers (2020), supports this as these authors respectively find that open-plan offices encourage the sharing of ideas and improve communication. CellTech achieves a high level of engagement, faster decision-making and immediate feedback is available between the heads of the business units and their respective team members.

“I meet with them; well, they sit with me in an open plan environment. I meet with any one of them every day. But formally I meet with them weekly...

... on a positive side, I give feedback immediately. If we had a good presentation coming out of the session, then I say fantastic job. And I probably repeat that both in person and in front of people so that they can know when they performing well. And if they not performing well, there have been instances where I've not been happy with the speed of progress or the quality of information...

... so those conversations happen immediately” (27).

“Now we're promoting constant conversation...

... so literally it's all about high engagement...

... it's about collaboration” (21).

The experience CellTech has of using open plan offices is that performance management, as well as the collection of relevant information for the preparation of the company's integrated report, occurs much faster and easier and is thus more effective.

The following section provides an insight into the third expanded research question on how operational performance control systems which are associated with strategy, facilitate the integrated reporting process.

6.5 HOW DO OPERATIONAL PERFORMANCE CONTROLS ASSOCIATED WITH STRATEGY FACILITATE THE INTEGRATED REPORTING PROCESS?

In gaining an understanding on how MCSs facilitate the preparation process of an integrated report, this section addresses the question of how operational performance controls facilitate the integrated reporting process. It is necessary to gain an understanding on how CellTech employs operational control systems that ultimately support the preparation of an integrated report. This section of the chapter explores the operational control systems CellTech employs and the influence it has on the preparation of an integrated report, based on the interview data.

Operational performance control systems include controls which provide an overview of what an organisation must do well to achieve its strategy. This includes organisational symbols which promote performance, KPIs and feedback systems (Tessier & Otley, 2012). The next section discusses strategic planning meetings as a MCS that is associated with strategy and how it facilitates the integrated reporting process.

6.5.1 Strategic planning meetings

Strategic planning meetings are classified as a technical control as it considers specific rules, procedures and standards, including the setting and monitoring of organisational goals (Tessier & Otley, 2012). According to interviewees, CellTech uses its strategic planning meetings to determine KPIs to ensure successful strategy implementation. This is consistent with Tessier and Otley's (2012) description of operational performance control systems, namely a system that concentrates on key performance variables at an operational level.

Interviews established that the determination of KPIs throughout the strategic planning process is of vital importance as CellTech uses the KPIs to manage, control and incentivise all staff members at all levels within the company. The alignment of objectives is an important aspect of strategic management (Chenhall, 2003).

“But we try hard to make sure that all the activities orchestrated towards the achievement of a particular KPI. We don’t want any activity in the business that doesn’t somehow contribute towards the objectives of the company” (27).

“Line managers has the discretion to reward people to the extent that they achieve the targets that was agreed...

... And once those targets have been achieved, or assessed, the line manager uses the result of that to determine a) a person’s increase, b) a person’s bonus, and then lastly for executives, the type of long-term incentives employees will be allocated. It is a lot more complicated than what I’ve explained, but there literally is a link directly from what the company needs to achieve and what I need to do as an individual employee. And there is a direct link in terms of my deliverable based on my reward that I will receive at the end of the day. If I deliver, if I exceed, I know that I will be rewarded for that in the end of the day” (16).

To ensure the cascading of the strategy, goals and KPIs, the series of meetings held take the form of performance management meetings. The following section discusses the relationship between strategy and performance measurement.

6.5.2 Performance measurement

Performance management systems are often designed to align with and ensure the optimal implementation of an organisation’s strategy (Otley, 1999). Similarly, the integrated report must align with strategy (De Villiers *et al.*, 2017). Performance measurement is part of technical controls as it specifies how tasks are to be performed and includes the monitoring of organisational goals (Tessier & Otley, 2012). Performance measurement, which forms part of the performance management system, may however, be used to constrain integrated thinking (Dimes & De Villiers, 2020).

Interviews established that CellTech’s strategy forms the basis of its performance management system. CellTech uses the company’s strategy to develop goals and KPIs which are entrenched in the performance management system. The performance management system is not only used as such, but also as an instrument to control the

cascading process of strategy, goals and KPIs through the various business units of CellTech.

“So, we, to an extent, follow a top-down approach, when it comes to the PD system² in terms of the cascading of goals” (7).

“In the various departments, various groups, you have the overall strategy and then the KPIs basically filters from the strategy to every department and then filters down to every employee” (16).

“So, we’re fond of the concept of goal cascading” (21).

“From a strategy filtering point of view, we make sure that the operational activities, let’s call it operational plan is driven by metrics that supports the strategic intend. So, we need to incentivise the kind of behaviour that satisfies the fulfilment of the strategy and we do that at multiple levels” (27).

In the past, CellTech used the BSC as a performance management system, as mentioned in CellTech’s previous annual financial reports. During 2016, CellTech changed their BSC from a performance management system to, what CellTech calls, a performance dialogue system. This performance dialogue system still contained the underlying principles of the BSC, but the discussion of performance was encouraged.

“The performance management system, we call it performance dialogue system, because we don’t manage performance, we talk about performance. It is a dialogue” (7).

During 2019, CellTech revised the performance dialogue system. Currently CellTech’s performance management system is known as the performance development system and it is still based on the principles of the BSC. The performance development system focuses not only on performance but also on behaviour and talent development. Bui and De Villiers (2018:6) note that it is not sufficient to develop performance measures without a causal system that “... measures, collects and monitors” information.

² PD system refers to CellTech’s performance management system.

“The concept of performance development is literally making sure that everyone works with a strategy” (21).

“... we moved away from performance dialogue to performance development. The emphasis being on development that one as the employee need to take ownership of your own development by looking for opportunities to learn on a daily basis” (22).

Interviews established that CellTech uses the performance management system as an operational performance control system, according to Tessier and Otley’s (2012) framework. “Operational performance controls involve critical performance indicators and include controls that enable the measurement, monitoring and the management of performance against a predetermined policy, plan or strategy” (Bui & De Villiers, 2018:4). To implement the strategy, goals and KPIs on the various levels, CellTech holds formal quarterly performance management meetings to discuss performance. CellTech tracks performance by means of KPIs.

“Typical lagging and leading indicators, typical balanced score card concepts. We don’t do balanced score card but all of the elements relating to balance score card are there...” (27).

Informal weekly meetings take place between the heads of the various business units and their employees. During formal and informal meetings, the achievement of goals and KPIs are discussed. Kaplan and Norton (2000) note that successful adopters of the BSC use it as an interactive system, in terms of Simons’ (1995) Levers of Control, to communicate and implement strategy. This is true in the case of CellTech’s strategic planning meetings. Interviews further established that CellTech’s formal and informal performance management meetings are diagnostic in nature as CellTech’s managers use it to monitor the KPIs and take corrective steps if any deviations are observed from the predetermined KPIs (Tessier & Otley, 2012).

“Our probably key philosophy in remuneration is that we pay for performance. All our processes, all our systems, is underwritten by this philosophy. So, everything that we do in our space, is to make sure that well, I will say 90% of what we achieve, is to achieve pay for performance and then obviously there’s also the whole pretention leg

attached to that like you know recognising employees and stuff like that. But 90% of what we do is linked to the philosophy of pay for performance...

... Line managers has the discretion to reward people to the extent that they achieve the targets that was agreed. So, the way it currently works is it co-determines the strategy in terms of what they want to achieve” (16).

“We don’t want any activity in the business that doesn’t somehow contribute towards the objectives of the company...

... and typically, that discussion is about things I need help with, observations that have been had, and things that you’re not happy with. My manager maybe giving me some advice on how we should be changing things. So, it’s a very open environment for performance discussions” (27).

CellTech includes a separate sustainability report as part of the integrated report and have identified and prioritised eight of the United Nations Sustainable Development Goals. CellTech uses the eight common Sustainable Development Goals as KPIs in the company’s PD system. Interviews established that CellTech only assigns these KPIs to those involved with the sustainability report and that these KPIs were not part of the common KPIs of all the business units. The performance management system is therefore not interactive in nature regarding sustainability, as the various heads of business units do not jointly set common sustainability KPIs (Tessier & Otley, 2012).

“But where we fall short is, there isn’t the common goals or common priorities with other areas in the business” (4).

“The leadership team does know that there is only so much that we can do. A large part of it does sit with other business units. And I think that’s where we don’t always get it right. It’s having those common goals and those common kind of KPIs to work towards. And we can use the carbon one as an example because ideally, a large part of it does sit with the energy managers in business units, but it is fragmented and it does tend to fall all over the place” (20).

The discussion in the previous paragraph contrasts with the BSC as an integrated tool designed to facilitate sustainability reporting (Kerr *et al.*, 2015). Kerr *et al.* (2015) note that the integration of sustainability reporting into MCSs has advantages to operationalise

sustainability objectives. CellTech's broad-based sustainability, sustainability projects and information regarding sustainability appearing in the integrated report focuses on what should appear in the integrated report (projects promoting sustainability socially and environmentally).

The following section discusses the fourth expanded research question on how operational boundary controls associated with strategy, facilitate the integrated reporting process.

6.6 HOW DO OPERATIONAL BOUNDARY CONTROLS ASSOCIATED WITH STRATEGY FACILITATE THE INTEGRATED REPORTING PROCESS?

This section addresses the question of how operational boundary controls facilitate the integrated reporting process. Operational boundary controls are sets of controls that inform employees of the limits that are imposed on their actions at an operational level (Tessier & Otley, 2012). Interviews established that CellTech uses the following control system:

6.6.1 Policies and/or frameworks

Policies and/or frameworks are classified as part of technical controls as technical controls specify rules, procedures and standards in an organisation (Tessier & Otley, 2012). Interviews established that CellTech's internally developed policies and procedures served as general guidelines and have no significant impact on the preparation of the company's integrated report.

In CellTech's 2019 integrated report, it states that Cell Tech's integrated reporting processes are, however, guided by externally developed frameworks such as the International Financial Reporting Standards (IFRS), the IIRCs International Integrated Reporting Framework, the King IV code on corporate governance (IoDSA, 2016), the JSE listing requirements, the South African Companies Act, No. 71 of 2008, and the GRI Sustainability Reporting Standards. This concurs with the findings of McNally *et al.* (2017) as well as Stubbs and Higgins (2014) that companies depend on prescriptions from the GRI.

6.7 CONCLUSION

This research finds that strategy does facilitate the integrated reporting process as CellTech's integrated reporting is based on the company's strategy and it provides structure to the company's integrated report. This also confirms the findings by PWC (2010) and the IRC (2011).

This research established that strategic performance controls, as portrayed in Tessier and Otley's (2012) framework, do facilitate the integrated reporting process as the strategic planning process determines KPIs, and the communication of these KPIs through strategic planning meetings ensures that the appropriate strategy is in place and helps in determining the vision statement of the organisation. However, CellTech's vision statement only mentions sustainability, but sustainability is not referred to in CellTech's strategy or strategic pillars, as set out in the company's integrated reports.

Interviews established that strategic boundary controls, such as the organisational culture and open-plan offices, facilitate the integrated reporting process as it is an institutionalised process and the strategic boundary controls promote communication in the various departments.

This research further established that operational performance controls, in line with Tessier and Otley's (2012) framework, in the form of CellTech's strategic planning meetings, facilitate the integrated reporting process as it controls the cascading of the strategy, goals and KPIs. The performance measurement acts as an operational performance control as it facilitates in monitoring the optimal implementation of CellTech's strategy. The performance management system which CellTech employs is, however, not interactive as top management is not actively involved throughout the whole performance management process. It is also of concern that CellTech's performance management system does not facilitate sustainability reporting. This is in contrast with Kerr *et al.* (2015) who find that the integration of sustainability reporting into MCSs has the advantage of operationalising broad-based sustainability.

In terms of operational boundary controls, as in Tessier and Otley's (2012) framework, this research finds that the policies and frameworks serve as a general guideline and have no significant impact on the preparation of CellTech's integrated report. The interviewees regard the integrated reporting process as an institutionalised process guided by frameworks such as IFRS, the IIRC's International Integrated Reporting Framework, the King IV code on corporate governance, the JSE's listing requirements, the South African Companies Act (no. 71 of 2008) and the GRI Sustainability Reporting Standards. This concurs with the findings of McNally *et al.* (2017), as well as Stubbs and Higgins (2014) that companies depend on prescriptions from, among others, the GRI.

The following chapter of this research study provides an understanding of the preparation process of the integrated report and the MCSs involved as it focusses specifically on the preparers of the integrated report, the preparation process, and the MCSs involved.

CHAPTER 7: THE INTEGRATED REPORTING PROCESS AND ITS ASSOCIATED MANAGEMENT CONTROL SYSTEMS

7.1 INTRODUCTION

Much has been written on integrated reporting, sustainability reporting and MCSs and a combination thereof, however, the research which comes closest to this chapter of the study is that of Stubbs and Higgins (2014) and McNally *et al.* (2017). Companies depend on prescriptions from the GRI to prepare an integrated report but do not mention the MCSs facilitating the integrated reporting process (Stubbs & Higgins, 2014; McNally *et al.*, 2017).

In addressing the research objective, which is to understand how MCSs facilitate the preparation of an integrated report, by following an interpretivist methodology, this chapter discusses the second main theme of the integrated reporting process and the associated MCSs that emerged from the interviews as well as the second main research question: How does the integrated reporting process work and how do MCSs facilitate this process? To better answer this research question, this chapter discusses the following expanded questions through the sections and subsections to follow:

- Who is responsible for preparing an organisation's integrated report?
- How do MCSs, according to the framework developed by Tessier and Otley (2012), facilitate the integrated report preparers in preparing an integrated report?
- What is the process followed to prepare an integrated report and how do MCSs, according to the framework developed by Tessier and Otley (2012), facilitate the preparation process of an organisation's integrated report?

At the end of this chapter a summary is provided on the findings in this chapter. The following section discusses the role of the integrated report preparers to address the first expanded question above.

7.2 WHO IS RESPONSIBLE FOR PREPARING AN ORGANISATION'S INTEGRATED REPORTING?

Through the interviews conducted it was established that the responsibility of preparing CellTech's integrated report lies within the company's Investor Relations department. The Investor Relations department is further responsible for engaging with, among others, external stakeholders such as existing investors, possible future investors and investor brokers in order to build and maintain good relationships with the company's current and future investors.

The Investor Relations department is located on the same floor and shares the same open-plan office space as CellTech's Corporate Affairs department. The Corporate Affairs department is responsible for the overall management of the company's brand name and reputation. This involves close interaction with, among others, the same stakeholders as those with which the Investor Relations department interacts.

The Investor Relations department is regarded as the driver of the integrated reporting process. Ownership of this process belongs to the company's CFO, although the board provides the final approval of the integrated report that is to be published.

“From a drive perspective [drive – the interviewee is referring to the instigators of the integrated reporting preparation process], it's us, investor relations, because we're responsible for the report” (3).

Figure 11 below, illustrates the interaction within the Investor Relations department.

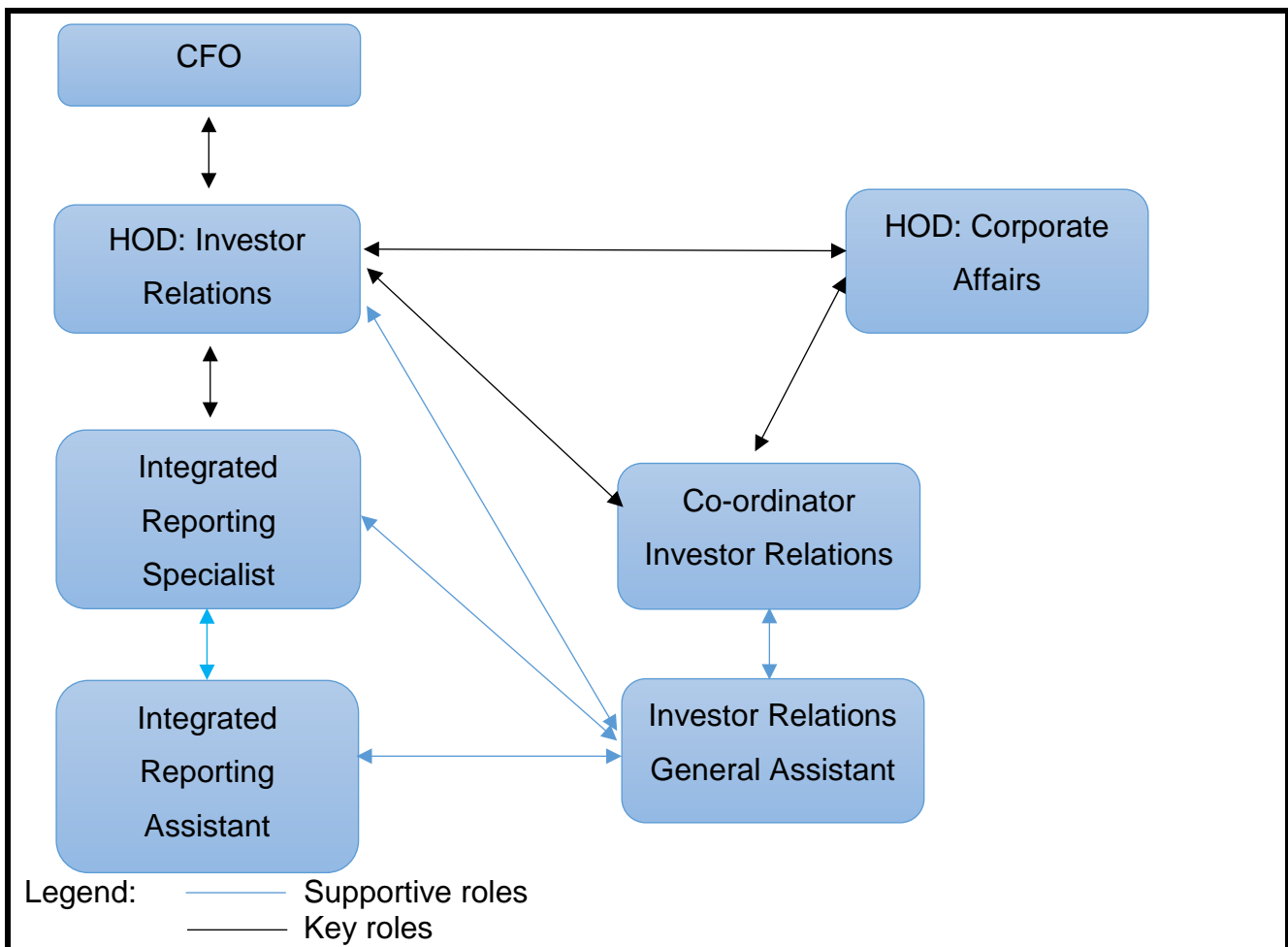


Figure 11: The Investor Relations department

Source: Own design

The Investor Relations department consists of five staff members who regard themselves as being part of a team. The Head of Department is responsible for executing the integrated reporting process, publishing the integrated report, publishing quarterly reports, engaging with stakeholders and reporting to the CFO.

“So, I am the managing executive for investor relations and integrating reporting, so from one side I manage one key stakeholder group – the investors or institutional investors – and then from the other side my team are responsible for putting together the integrating report on an annual basis” (1).

The department further consists of an Integrated Reporting Specialist who is responsible for the collection of data from the various departments to be included in the integrated report and for assisting the head of the team.

“I’m responsible for the integrated report. I’m responsible for putting it together, compiling it, making sure it’s online, everything, gathering information, the photos, everything regarding the integrated report” (3).

The Integrated Reporting Specialist has an assistant to help with the collection of the necessary data for the various quarterly reports and ultimately the integrated report.

“... Whatever she³ wants me to do. I’m there for her...” (25).

There is also a general assistant who assists with general tasks within the department.

“Whenever something needs to be done, I would assist” (26).

The team also has a co-ordinator who is responsible for the scheduling of meetings, internally and externally, and organising road shows to engage with external stakeholders.

“... I do all the court national vouchers [the interviewee is referring to CellTech’s marketing campaigns] and anything to do with road shows and the results... So, we make sure that our management team get to visit and meet, given an update on how the company is doing, and whatever is in the pipeline. Discuss our strategy. We do that with the local road shows as well. So, it’s dealing with a lot of these brokers and investor shareholders. It’s just making sure that our management team, our senior management team get to meet to invest in us” (24).

Interviews established that interaction takes place, not only between the people within the Department of Investor Relations, but also between the Investor Relations Department and the various departments within CellTech. This is consistent with De Villiers *et al.*, (2017) who note that the implementation of integrated reporting causes better internal communication and encourages strategic dialogue.

Because the Investor Relations Department is the only team responsible for the preparation of CellTech’s integrated report, this research finds no disconnect between the different parts of the company’s integrated report, which is consistent with the findings of McNally *et al.*

³ The interviewee is referring to CellTech’s Integrated Reporting Specialist, at the time of the interview.

(2017:496) who find a “... disconnect between the teams preparing the different parts of the integrated report”.

The second expanded research question, as identified in the introduction of this chapter, is addressed next as the following sub-section discusses how MCSs, according to the framework developed by Tessier and Otley (2012), facilitate the integrated report preparers in preparing the integrated report.

7.2.1 How do Management Control Systems assist the integrated preparers in preparing an integrated report?

Tessier and Otley (2012) divide MCSs into four categories. Strategic boundary controls are controls that have an impact over the whole organisation and emphasise the desired state of the organisation. Strategic performance controls ensure that an organisation’s strategy will lead to the achievement of the organisation’s vision and are focused on strategic uncertainties. Operational boundary controls inform employees of the limits, established by stakeholders, which are imposed on their actions at an operational level. Operational performance controls monitor what an organisation must do well in order to achieve its strategy.

Interviews established that strategic boundary controls and operational boundary controls, according to Tessier and Otley’s (2012) framework, facilitate the role that the Investor Relations department plays, not only within CellTech, but also in the preparation of their integrated report. These strategic boundary controls and operational boundary controls are discussed next.

- Strategic boundary controls – Open-plan offices and organisational culture

Although open-plan offices and the organisational culture as strategic boundary controls were discussed in Chapter 6, it was discussed in the broader context of preparing the integrated report. This section focuses specifically on how open-plan offices and organisational culture facilitate the role of the integrated report preparers in CellTech’s Investor Relations department.

By locating CellTech's Investor Relations department on the same floor as the Corporate Affairs department, as well as by making use of open-plan offices, the interviews conducted established that the location of the Investor Relations department and the open-plan offices facilitate the role of the integrated report preparers. There is greater sharing of best practices, cooperation and communication between the two departments, as dialogue is stimulated between them. CellTech uses open-plan offices to emphasise the desired state of the organisation. This is consistent with Tessier and Otley's (2012) description of management's intention through social controls to achieve positive internal outcomes.

"We sit right next to each other. The whole tradition of you're having an office, is gone. We're more open-plan. I'm sitting with my staff. I used to have an office. That's gone now... And that type of culture leads to faster decision making because if staff have problems, you are there and they can speak to you directly. And decisions are made much faster as opposed to this hierarchy approach" (25).

"I meet with them; well, they sit with me in an open-plan environment" (27).

CellTech's open-plan offices are not part of interactive control systems. Although interactive controls are used by management to, among others, stimulate dialogue and to create learning opportunities surrounding strategic uncertainties in order to identify new strategies (Bui & De Villiers, 2018), interviews established that CellTech's top management does not engage directly in the decision-making of subordinates.

Before CellTech's listing on the JSE, the responsibility of preparing the company's annual reports resided within the Financial Department. A one-sided approach was followed whereby the necessary information needed was obtained from the various departments without having continuous interaction between the various departments.

"So, it was somebody in group finance that pretty much did it ... focus would have been on the financial statements at that time ... then a little bit of insight into the business but very limited from that point of view" (1).

Interviews established that since integrated reporting became mandatory on an apply or explain basis in South Africa, the interviewees within CellTech's Investor Relations and

Corporate Affairs departments experience a more coherent organisational culture, receptive to integrated thinking.

“The integrated report is much wider I would say than it previously used to be so we consult much across the business in terms of what is going on” (1).

“So, in having an integrated report, everyone gets to feel the value to say we’ve all contributed to the success of our company or to our company making a difference” (2).

“The purpose is to show integrated thinking and how we have adopted the principles of triple bottom line into the organisation. It’s not just about profitability. It’s prosperity in the communities in which we operate, it is important” (4).

CellTech’s organisational culture facilitates the role of the Investor Relations department as it represents a culture of continuous communication whereby all employees, including those of the Investor Relations department, are cognisant of the entity’s strategy and goals. The organisational culture acts as a social control mechanism as part of CellTech’s strategic boundary controls (Tessier & Otley, 2012). There are regular meetings and discussions on the strategy, goals, and information that need to be included in the integrated report as it affects external stakeholders.

“It is a formal series of meetings that we set up. Face to face, and we go through each of the elements of the strategy” (27).

“A bunch of internal meetings firstly, then we’ve got in terms of communicating the strategy to staff, we have an annual leadership conference. So that is one or two levels down from EXCO level in terms of sharing the strategy with the teams” (13).

- Operational boundary controls – roles and responsibilities

In this research, the roles and responsibilities within the Investor Relations department are classified, as prescribed in the job descriptions of the members of this department, as an operational boundary control which is consistent with Tessier and Otley’s definition of operational boundary controls. Tessier and Otley (2012) define operational boundary

controls as a set of controls that inform employees of the limits (established by stakeholders) that are imposed on their actions at an operational level. These limits are communicated through social controls such as codes of conduct and through rules and procedures, which include policies and job descriptions (Tessier & Otley, 2012).

“So, I am the Managing Executive for Investor Relations and Integrating Reporting, so from one side I manage one key stakeholder group – the investors or institutional investors – and then from the other side my team are responsible for putting together the integrating report on an annual basis” (1).

“I’m the principal specialist for the integrated reporting. My role is basically the integrated report. I’m responsible for putting together the report” (2).

“Currently I’m in Investor Relations. I do all the court national vouchers [the interviewee is referring to CellTech’s marketing campaigns] and anything to do with road shows and the results” (24).

Interviews established that the roles and responsibilities of the members of the Investor Relations department facilitate the operations of the Department, as the roles and responsibilities of the department’s members are clearly defined and each member of the department knows what is expected of them. The present study identifies this as an advantage as there is no overlap of roles and responsibilities and therefore, the department’s responsibilities are carried out more efficiently.

The next section addresses the third expanded question, as identified in the introduction of this chapter, and discusses the preparation process of CellTech’s integrated report. It further identifies, through the interviews conducted, that the MCSs, according to Tessier and Otley’s (2012) framework, facilitate the preparation of CellTech’s integrated report.

7.3 WHAT IS THE PROCESS FOLLOWED TO PREPARE AN INTEGRATED REPORT AND HOW DO MANAGEMENT CONTROL SYSTEMS FACILITATE THE PREPARATION PROCESS OF AN ORGANISATION’S INTEGRATED REPORT?

CellTech's preparation of the company's integrated reporting is a multi-stage process that commences after the previous year's integrated report is published. The publishing of the final integrated report usually takes place in May or June of each year. It is a multi-stage process as it goes through various stages and checks before the final integrated report is published.

"It's a multi-stage process. Starts almost when the last integrated report is finalised"
(12).

"A lot of it is planning, like gathering information, getting the templates. It is also because I'm in investor relations, so we do quarterly, half-year, three-quarter, and full-year results. So, we gathering information right through the year" (3).

In support of the research objective, this section of the chapter provides an understanding of how CellTech prepares the company's integrated report. This section discusses the stages in CellTech's preparation of the integrated report. This section further identifies the control systems present in some of the stages and how it facilitates the preparation of the integrated report, according to Tessier and Otley's (2012) framework.

Figure 12 below, provides an overview of the various stages involved in the preparation process of CellTech's integrated report:

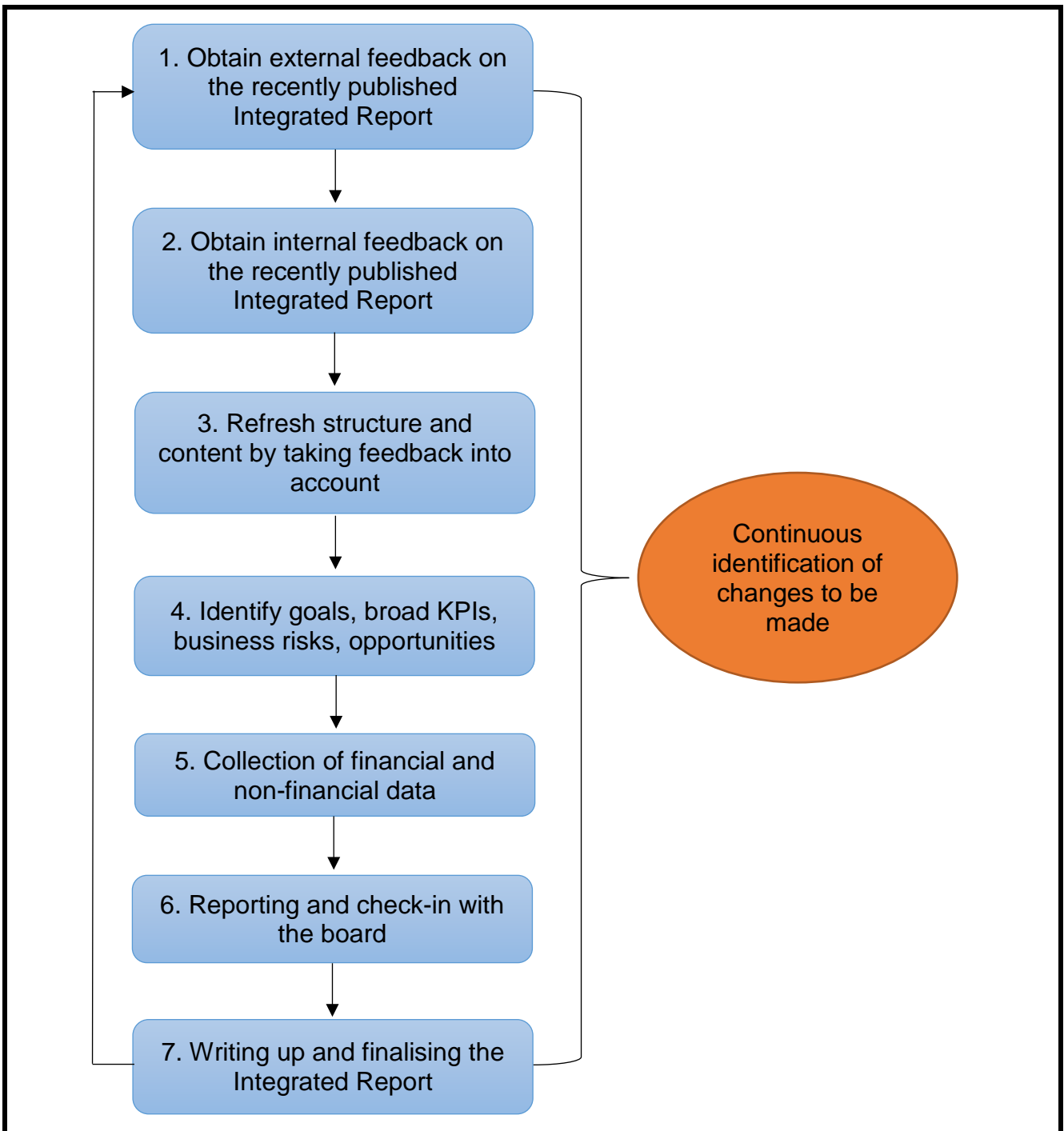


Figure 12: The preparation process of the integrated report

Source: Own design

The following subsections discuss the various stages involved in the preparation process of CellTech’s integrated report.

7.3.1 Obtain external feedback on the recently published integrated report

From June to September of each year, the Investor Relations Department engages with external stakeholders as well as an external integrated reporting consultant to obtain feedback regarding the content and structure of the recently published integrated report. This feedback is obtained by having a series of face-to-face meetings, corresponding via emails as well as through an invitation in the company's integrated reports where readers are encouraged to read the report and to give CellTech feedback on the company's performance. The Investor Relations department also compares CellTech's integrated report to those of other companies in the same industry. This feedback is used to change the structure and future content of the integrated report as the ranking of, and the content in CellTech's integrated report is regarded to be of a high standard. This is an example of institutional theory – institutionalisation and organisational isomorphism (DiMaggio & Powell, 1983; Lawrence & Suddaby, 2006; Venter & De Villiers, 2013).

“So, in the past we actually gave too much information away and we realised that when we actually compared our competitors' integrated reports” (8).

“We of course take feedback and we take learnings and we look around, kind of what others are in essence doing, pushing a little bit the boundaries of good or excellent integrated reporting and we usually take feedback on our last year's integrated report. You've got rankings, EYs, company secretary, the King ranking, these things and they are very important...

... where you can actually see kind of where's the strengths and weaknesses of your own reporting of your own report and other reports. And that forms an essential part of, it's a bit of reshaping” (12).

7.3.2 Obtain internal feedback on the recently published integrated report

During September to November of each year, the Investor Relations department engages with the board, EXCO, as well as managers of the various business units through emails and a series of face-to-face meetings to obtain feedback on the recently published integrated report's structure and content. The feedback is used to enhance the structure and content of the new integrated report even further.

“... while we reshape our report or evolve it is obviously our business evolves as well. And the other elements that come to the top of mind and become more and more important...” (12).

“We normally start off at a good base, the integrated report is already quite a good base for us and then we try to improve processes around some of it. So, what we did for instance last year is we looked at the whole risk process and the risk assessment and what we realised was there was more opportunity for us, even at board level, to change the reporting etcetera and the classification of risk etcetera. So, we started changing that process together with the risk team and that flowed through the reporting” (13).

- Operational performance control – external and internal feedback meetings

The series of feedback meetings in the first two stages of the preparation of the integrated report process serve as an operational performance control to monitor what CellTech needs to do in order to improve the company's integrated report. The meetings are interactive by nature as the board, EXCO, as well as managers of the various business units, engage to jointly improve the content and structure of the recently published integrated report (Tessier & Otley, 2012).

7.3.3 Refresh the structure and content by taking feedback into account

After obtaining feedback on the recently published integrated report from external as well as internal stakeholders, the head of the Investor Relations department, together with the department's integrated reporting specialist, start to incorporate the feedback obtained into the broad framework of the new integrated report. The refreshment of the structure and deciding on the content to be included in the new integrated report does not only occur after the internal and external feedback was obtained but takes place on a continuous basis throughout the preparation process of the integrated report.

- Operational performance control – refreshing the structure and content of the integrated report

According to Tessier and Otley (2012), the refreshment of the structure and content are classified as an operational performance control. The refreshing of the structure and content of the integrated report provides an overview of what CellTech needs to take into account in order to prepare an improved integrated report.

7.3.4 Identify goals, broad KPIs, business risks and opportunities

In achieving the objective of the present research, it is necessary to gain an understanding of how the strategy of CellTech plays a role in the preparation of the company's integrated report. Similarly, it is necessary to gain an understanding of how the integrated report aligns with strategy (De Villiers *et al.*, 2017).

CellTech's strategic planning process (as discussed in Chapter 6) commences during December and January each year. The Investor Relations department is actively involved in this process from an integrated reporting point of view, as CellTech's strategy plays a vital role in the preparation of the new integrated report. CellTech's strategic planning process facilitates the preparation of the company's integrated report as their strategy provides structure to their integrated report.

- Strategic performance control – strategic planning process

The process of planning CellTech's strategy was discussed in detail in Chapter 6. For the purpose of preparing the company's integrated report, CellTech's strategic planning process serves as a technical, strategic performance control as it facilitates the attainment of CellTech's vision (Tessier & Otley, 2012), as CellTech prepares the company's integrated report from a strategic point of view.

“The integrated report is much wider I would say than it previously used to be so we consult much across the business in terms of what is going on. It starts with at some degree a strategy process that we run during December of every year. That strategy process basically brings all of business together. So, we look at what our goals or

what our objectives are of the next three years and what we want to achieve and that we balance with the risks that are out there, the opportunities that are out there etcetera. And then brings all of the business together, so we get various business units departments together, see what we need to achieve, see who needs to help out to achieve those, be it technology, the consumer business unit etcetera as well” (1).

“What we’re trying to do is keep our report against the main pillars of the strategy and the specific goals. Really it’s around measuring ourselves against those strategies and for consistency...” (5).

De Villiers *et al.* (2017) note that it is necessary to gain an understanding of how the integrated report aligns with strategy. This section of the chapter reveals that CellTech does not only use the strategic planning process to frame its strategy, but also uses it in the preparation process of the company’s integrated report. CellTech thus uses a strategic planning process consistently to ensure alignment between the integrated report and the company’s strategy.

McNally *et al.* (2017) note that companies divulge details on their strategy as a separate part of their integrated report. CellTech does the same, as the 2019 integrated report devotes a special section to the company’s strategy, but where McNally *et al.* (2017) note that companies make use of limited cross-referencing, the present research does not find this to be the case, as CellTech refers to their strategy throughout their 2019 Integrated Report.

- Operational performance control – strategic planning meetings

Interviews established that CellTech’s strategy and their strategic pillars have been developed to ensure that the company manages the resources and relationships required to create value over time. This is consistent with Anthony’s (1965) definition of management control.

It is during this part of the preparation process of the integrated report where a series of strategic planning meetings between CellTech’s Investor Relations department, EXCO, the board, and the various heads of departments take place. During these meetings CellTech’s vision, goals, KPIs, business risks and opportunities are identified and are included in the

company's final integrated report. These meetings facilitate the preparation of the integrated report as they determine part of the content which CellTech includes in the integrated report. For the purpose of preparing the company's integrated report, CellTech uses strategic planning meetings as a technical, operational performance control as they monitor what CellTech must do well in order to achieve its strategy and concentrate on key performance variables at an operational level (Tessier & Otley, 2012).

In Chapter 6 it was found that the strategic planning meetings serve as both a strategic performance control as well as an operational performance control. It serves as a strategic performance control during the strategy planning process as it assists in ensuring that CellTech has the appropriate strategy in place to attain its mission. CellTech's strategic planning meetings also serve as an operational performance control as CellTech uses it to determine KPIs to ensure successful implementation of the company's strategy. The use of strategic planning meetings during the preparation process of the integrated report as an operational performance control indicates that CellTech uses these strategic planning meetings, not only to determine KPIs to ensure successful strategy implementation, but also to monitor the achievement of the company's strategy by focussing on key performance variables at an operational level.

7.3.5 Collection of financial and non-financial data

From February to May of each year, the collection of data for the integrated report takes place.

“Then in February we sit down and we start getting business ready. They start updating their strategies, their performance, what went good (sic), what went bad and give us some insight into what went bad. So, the process we get to a detail level, I would say we sit with the EXCO members and so kind of to understand what is happening in their areas and then we start working with their teams to write up the narratives and the data for instance as well” (13).

The information which CellTech includes in the company's integrated report is guided by the principles and requirements of the IFRS, the IIRC's International Integrated Reporting Framework, the King IV (IoDSA, 2016), the JSE listing requirements, the South African

Companies Act, No. 71 of 2008 and the GRI) Sustainability Reporting Standards.⁴ This is consistent with McNally *et al.* (2017:498) who note that “... preparers default to existing guidelines to inform the scope and content of their integrated reports”.

“We summarise our financial information so that financial statements that we’ve got in there is just really the high-level summarised version that is allowed” (1).

“...there are specific disclosure requirements already in place. King is very specific in terms of what we disclose” (7).

In terms of non-financial information, CellTech includes information that is not only guided by its strategy, but also information that is material to the business and the company’s investors’ decision-making process.

“The process of the materiality, so what we do every year around, we get feedback from stakeholders. So, we do media feedback, we do investor feedback, we do the board. Our main discussion with the board, the EXCO committee meetings, HR (Human Resources) forums, etcetera. That we list in a comprehensive document to the board, in terms of what’s been the material issues, material discussion points across the business and stakeholders during the year. And also looking ahead to some degree. And the board then goes and, will either change or add to that. And that’s the main starting point in terms of the integrated reports to address the material issues” (12).

“...looking at material issues that impacted the business during the year. So, we get that from various people within the business so the guys that manage the HR function, guys that function media function, the board function, executive. We look at what the big issues are that we’ve been dealing with. Then we married that up with the key risks to the business. And from that point we also married up with the strategy at the end of the day. And in that way, we start forming the integrated report as is. It’s a little bit of a combination of looking forward and looking backwards as well” (1).

⁴ This information was obtained from CellTech’s 2019 Integrated Report.

“So, what we look at is all the material issues for the year. So, in terms of media, what’s been out there, like the data must fall campaign. In terms of the investors, what’s bothering them, what questions they ask me in terms of regulatory. That’s what form the basis of the report. What really matters to people and what are they thinking about. And the concerns they have...

... It comes from our material issues, from stakeholders. As well as regulation, whatever is in the media, whatever is on the top of mind. Our strategy is crucial, so we address all the issues from media and investors, but by our strategy” (3).

The interviews above are consistent with what CellTech describes in the company’s 2019 integrated report, which is to provide information on all the matters which the company believes could substantively affect value creation. CellTech’s process of identifying and prioritising the material matters for inclusion in the integrated report involved reviewing CellTech’s business model; the interaction with the six capitals as identified by the IIRC; the operating environment; and the interests of the key stakeholders as expressed during the company’s normal business engagements with them. CellTech’s integrated report further presents the identified material information through a clearly structured narrative that reviews who they are and how they create value; identifies those issues which have a significant impact on value; and outlines the company’s strategy, performance and governance practices in ensuring long-term value creation. Additional information not material to the company’s 2019 integrated report, but of interest for other purposes, is provided in other reports on CellTech’s website.

The above interviews and CellTech’s integrated report confirm findings from McNally *et al.* (2017:484) who note that there is limited evidence of materiality determinants which are informed by “... formal identification and analysis of stakeholders and their information requirements”. This research also finds that there are no internal processes for “... consistently determining what information is material” (McNally *et al.*, 2017:495). The materiality of non-financial performance information determination is affected by its relation to a company’s strategy and the non-financial performance information is often drawn from internal performance measurement systems (Green & Cheng, 2019). Therefore, this study also finds consistency with the literature of Green and Cheng (2019) as CellTech’s non-financial information and materiality reporting is guided by the company’s strategy.

- Operational performance control – the performance management system

Chapter 6 discussed CellTech’s performance management system as an operational performance control system used within the company. To facilitate the collection of data needed for the integrated report, interviews established that CellTech makes use of the company’s performance management system as an operational performance control system, according to Tessier and Otley’s (2012) framework. “Operational performance controls involve critical performance indicators and include controls that enable the measurement, monitoring and the management of performance against a predetermined policy, plan or strategy” (Bui & De Villiers, 2018:4). CellTech uses its performance management system to collect financial as well as non-financial data for integrated reporting purposes.

“So, the performance management just helps again in terms of bringing a little bit more detail and colour in terms of the overall objective at the end of the day for us. So, it helps engage much better with the business in terms of how do we achieve. Also, it’s a measurement ultimately to give us that way in terms of having various data points within the business, for instance are we delivering on what we said we want to deliver to get to the ultimate goal” (1).

“I think you would probably battle of preparing your proper integrated report because it would feel a little bit remote, kind of if you then talk about key stakeholders, you talk about those things. So therefore, your performance management system needs to also be resting or needs to have a balance in itself. That is the way you should run your business unless you want to run it only for a very short period of time” (12).

7.3.6 Reporting and check-ins with the board

The Investor Relations department prepares and publishes CellTech’s quarterly results. This department also has quarterly check-ins with the board on the implementation of strategy and the risks involved.

“There are various check-ins, there is a board check-in that happens almost every quarter that the strategy team updates in terms of that so bigger macro goals type of objectives. It grows big projects etcetera, key check-ins on deliverables on those

projects' etcetera. Then we've got monthly reporting that takes place as well so there is a monthly management meeting as well that takes place and there, we look at both key financial and key performance indicators as well. There is reporting on that and then we will see deviations from those and interrogated that, based on that" (13).

- Operational boundary control – regular check-ins with the board

The check-ins with the board are classified as an operational boundary control. Operational boundary controls are sets of controls that inform employees of the limits that are imposed on their actions at an operational level (Tessier & Otley, 2012). At these check-ins, CellTech's board imposes limits on the Investor Relations Department as they prescribe and approve the information that should or should not be included in the integrated report.

7.3.7 Writing-up and finalising the integrated report

The final write-up of the integrated report takes place during April and May of each year. It is reviewed by the CFO and the CEO before final approval is provided by CellTech's board.

"...and full review is done by both the CFO and the CEO from back to front, every page" (12).

"The board...The board in one, so in the first instance signs off the strategy of the group. The arc is involved in things like risk management etcetera, so they manage the risk around it. Then we presented the board the structural, material issues and those types of things to make sure we get input from the board etcetera before we actually get to a complete document. So, all of that builds up at various phases in terms of getting their sign-offs and that insemminates in a printed report" (1).

CellTech regards the integrated reporting process as a continuous business process and not a reporting process that takes place only once per year.

"These are continuous processes...

... It is not a reporting process; it is business process that we are looking at and how did we change it...

... It's an ongoing process within the business in terms of getting to it" (1).

“Very much continuous...

... The integrated report is more an outcome of a very robust governance and management framework or process it takes” (12).

CellTech’s integrated reporting process is also an institutionalised process as there is no formal documentation or policies that guide the process. Institutionalisation is the action of establishing something as a norm within an organisation (Venter & De Villiers, 2013).

“Very much entrenched. No, we don’t have a policy, it’s just entrenched...

... in my view things have become entrenched in terms of, some of it was even there before we did the integrated report...

... it’s almost an outcome where the rest of the processes actually drive the behaviour” (12).

“I think they were well entrenched. All the measures are well entrenched whether it’s reported every month in an investor relations dashboard...” (6).

The above-mentioned findings concur with research on institutionalisation by DiMaggio and Powell (1983); Lawrence and Suddaby (2006); and Venter and De Villiers (2013).

According to interviewees, the Investor Relations department proceeds with the printing and publication of the final integrated report after the board approves a considered assessment of the six capitals (as referred to in the IIRC’s Integrated Reporting Framework) informed by both CellTech’s strategy and the internal materiality processes used to determine the content and structure of the integrated report.

The stages in the process of preparing the integrated report and the MCSs that facilitate this process, are summarised in Figure 13 below.

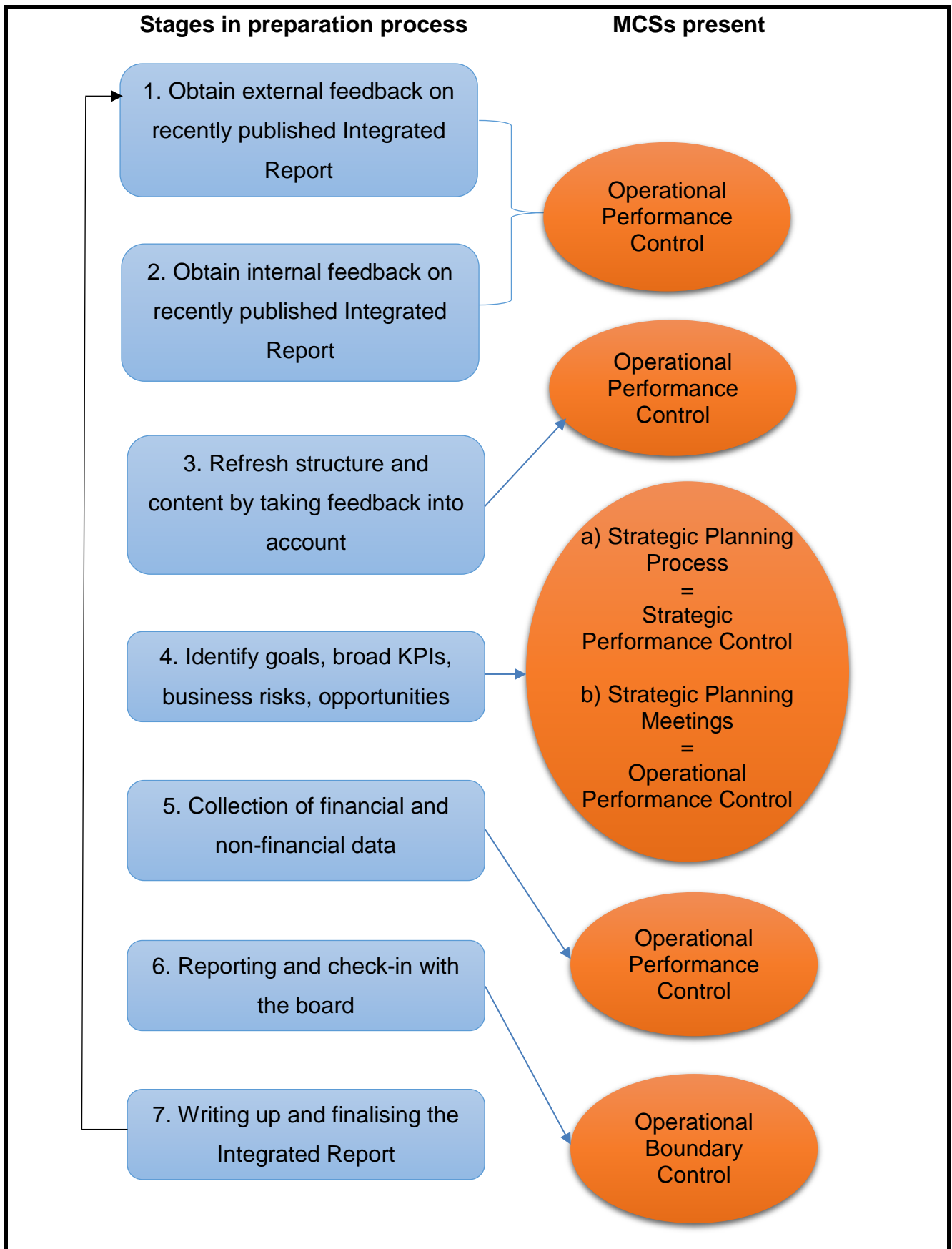


Figure 13: The preparation of the integrated report process and MCSs present

Source: Own design

7.4 CONCLUSION

This chapter establishes that the case site in this research uses a dedicated team, the Investor Relations department, to prepare the company's integrated report and finds this to be consistent with the findings of De Villiers *et al.* (2017) that the implementation of the integrated report causes better internal communication and encourages strategic dialogue. There is also no disconnect between the various parts of CellTech's integrated report, which is consistent with the findings of McNally *et al.* (2017).

Interviews established that the following MCSs, according to Tessier and Otley's (2012) framework, facilitate the role of the Investor Relations Department in the preparation of CellTech's integrated report:

- Strategic boundary controls operate in the form of open-plan offices. Open-plan offices are used to emphasise the desired state of the organisation. This is consistent with Tessier and Otley's (2012) description of management's intention through social controls to achieve positive internal outcomes, although it is not used interactively.
- Operational boundary controls operate in the form of the roles and responsibilities within the Investor Relations department as the roles and responsibilities of the department's staff members are clearly defined and each staff member of the Investor Relations department knows what is expected of them. Operational boundary controls were identified as an advantage as there is no coinciding of roles and responsibilities and therefore, the department's responsibilities are carried out more efficiently.

This chapter further provides an understanding of the process of preparing an integrated report based on the interviews conducted at the case site, known for the purposes of this research study as CellTech. Interviews established that the following MCSs, according to Tessier and Otley's (2012) framework, facilitate the preparation process of CellTech's integrated report:

- Operational performance controls in the form of external and internal feedback meetings monitor what CellTech needs to do in order to improve on the company's integrated report. These meetings are interactive by nature as the board, EXCO,

as well as managers of the various business units, engage jointly to improve the content and structure of each published integrated report (Tessier and Otley, 2012). Refreshing the structure and content of the integrated report is a further operational performance control as it takes the feedback from these meetings into account to ensure improvement of the previous published integrated report. CellTech uses strategic planning meetings to monitor what the company must do well in order to achieve their strategy and to concentrate on key performance variables at an operational level (Tessier & Otley, 2012). CellTech's performance management system is used to facilitate the collection of financial as well as non-financial data for integrated reporting purposes. Although CellTech provides information on material matters which they believe could substantively affect value creation, the collection of data is also guided by the principles and requirements of various regulatory authorities such as IFRS and the GRI Sustainability Reporting Standards. This is consistent with McNally *et al.* (2017:498) who note that "... preparers default to existing guidelines to inform the scope and content of their integrated reports".

- Strategic performance controls in the form of the strategic planning process operate to facilitate the identification of goals, broad KPIs, business risks and opportunities.
- Operational boundary controls in terms of the regular check-ins with CellTech's board are used to ensure that the limits set by EXCO are being adhered to.

The following chapter provides a conclusion for this research.

CHAPTER 8: CONCLUSION

8.1 INTRODUCTION

An integrated report is a summarising communication regarding how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over a period of time (IRF, 2021). The King Code of Governance Principles for South Africa 2009, also known as the King III (IoDSA, 2009) and the subsequent King IV Report (IoDSA, 2016), which is included in the listing requirements of the JSE, located in South Africa, requires companies listed on the JSE to publish an integrated report.

Management control is a process where managers ensure that resources are acquired and used effectively and efficiently in attaining an organisation's objectives (Anthony, 1965). Anthony (1965) concludes that MCSs influence the behaviour of organisational resources in implementing organisational strategies.

Apart from the research by Kerr *et al.* (2015); Thomson (2015); De Villiers *et al.* (2016); Maas *et al.* (2016a, b); Stacchezzini *et al.* (2016); and Bui and De Villiers (2018), whose research provides evidence in support of a positive relationship between sustainability reporting and MCSs, such as the BSC, little is known regarding how MCSs play a role in compiling an integrated report. These studies however, do not establish the relationship between MCSs, such as the BSC, and integrated reporting, of which sustainability reporting forms a part of. This research fills this gap in existing research as it gains an understanding on how MCSs facilitate the preparation process of an integrated report.

The preparation of a good quality integrated report can be challenging (De Villiers *et al.*, 2017), and thus the research problem identified is that MCSs could assist in the preparation of a good quality integrated report. It is, however, unclear how MCSs are supporting the processes required to prepare an integrated report.

This research was motivated by literature that encourages further investigation of the interaction between MCSs and integrated reporting (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; De Villiers *et al.*, 2017).

A literature review was done to identify the theoretical framework that underpins this research. The literature review discussed MCSs, performance measurement systems, integrated reporting and the relationship between MCSs and integrated reporting, as well as institutional theory. Tessier and Otley (2012) portray managerial intentions in the following levels: types of controls (which consist of social and technical controls) and control systems (consisting of strategic performance controls, strategic boundary controls, operational performance controls and operational boundary controls) that can be used diagnostically or interactively, and have enabling or constraining roles which can lead to either reward or punishment. This thesis uses Tessier and Otley's (2012) framework as the theoretical framework for this study.

In pursuit of the research objective, which was to gain an understanding of how MCSs facilitate the preparation of an integrated report, this research adopted an interpretive research paradigm (Stack, 2019). This research made use of an exploratory case study approach, where in-depth semi-structured interviews were conducted. One company, referred to as CellTech for the purposes of the present research, was selected by screening the annual reports and integrated reports of companies listed on the JSE, ranging from 2005 to 2017, for references to the use of the BSC in preparing the company's annual reports and/or integrated reports. Companies referring to the use of the BSC in their annual reports and/or integrated reports were invited via email to participate in this research study. CellTech was selected as they not only mention the use of the BSC in their annual reports and/or integrated reports, but their integrated reports ranked among the top 10 in EYs Excellence in Integrated Reporting (EY, 2016).

The primary data consists of the interviews conducted at CellTech. A total of twenty-seven interviews, with an average duration of 52 minutes, were conducted at the case site, using telephonic and face-to-face modes of interviewing. The primary data was supported by secondary data in the form of documents which were analysed, such as CellTech's annual reports, integrated reports ranging from 2005 to 2020, as well as an internal document and

notes made by the interviewer during the interviews. In total, seventeen documents were analysed and twenty keywords were searched in each of the documents.

This chapter provides an overview of the findings, the contribution of this research, limitations and possibilities for future research.

8.2 FINDINGS

The research objective was pursued by addressing the following research questions:

1. How do strategy and the MCSs associated with strategy facilitate the integrated reporting process?
2. How does the integrated reporting process work and how do MCSs facilitate this process?

The following section provides a summary of the findings on the first theme which emerged from interviews and therefore, addresses the first research question.

8.2.1 How do strategy and the Management Control Systems involved facilitate the integrated reporting process?

This study finds that strategy facilitates the integrated reporting process as CellTech's integrated reporting is based on strategy and it provides structure to the company's integrated report which confirms the findings by PWC (2010) and the IRC (2011). This research establishes that strategic performance controls, as reflected in Tessier and Otley's (2012) framework, facilitate the integrated reporting process. The strategic planning process determines KPIs. Strategic planning meetings communicate the KPIs to ensure that the appropriate strategy is in place and assists in determining the vision statement of the organisation. However, CellTech's vision statement only mentions sustainability but sustainability is not mentioned in the company's strategy or the strategic pillars in terms of CellTech's 2019 Integrated Report. Interviews established that strategic boundary controls, in the form of organisational culture and open-plan offices, facilitate the integrated reporting process as they promote communication in the various departments.

This study further establishes that CellTech's strategic planning meetings function as an operational performance control and facilitate the integrated reporting process, controlling the cascading of the strategy, goals and KPIs. This is in agreement with the framework by Tessier and Otley (2012). Although CellTech's annual and integrated reports may not explicitly mention that KPIs assisted in the preparation of the reports, KPIs as an operational performance control (Tessier & Otley, 2012) do facilitate the preparation of CellTech's integrated reports as they report on the performance and achievement of the company's KPIs.

In terms of strategy and operational boundary controls, as per Tessier and Otley's (2012) framework, the present research finds that the policies and frameworks serve as a general guideline and have no significant impact on the preparation of CellTech's integrated report. The interviewees regard the integrated reporting process as an institutionalised process (DiMaggio & Powell, 1983; Lawrence & Suddaby, 2006; Venter & De Villiers, 2013) guided by frameworks such as IFRS, the IIRC's International Integrated Reporting Framework, the King IV code on corporate governance, the JSEs listing requirements, the South African Companies Act (no. 71 of 2008) and the GRI Sustainability Reporting Standards.

Figure 14 below, provides a three-way link with the interview analysis, documentary analysis, Tessiers and Otley's (2012) framework together with a summary of the findings regarding strategy and the MCSs associated with strategy facilitating the integrated reporting process.

| Theoretical Framework | Sources of Data | Themes | Research Questions | Findings |
|---|---|--|---|--|
| Strategic performance control and Strategic boundary controls | Annual reports Integrated reports Interview's transcripts Notes made during interviews | Theme 1: Strategy and the MCSs associated with strategy facilitating the integrated reporting process | <ol style="list-style-type: none"> 1. How do strategy and the MCSs associated with strategy facilitate the integrated reporting process? 1.1 How does an organisation's strategy facilitate the integrated reporting process? 1.2 How do strategic performance controls associated with strategy facilitate the integrated reporting process? 1.3 How do strategic boundary controls associated with strategy facilitate the integrated reporting process? 1.4 How do operational performance controls associated with strategy facilitate the integrated reporting process? 1.5 How do operational boundary controls associated with strategy facilitate the integrated reporting process? | <ol style="list-style-type: none"> 1.1 Strategy provides structure to the integrated report. 1.2 The strategic planning process determines KPIs. Strategic planning meetings communicate KPIs, ensure the appropriate strategy is in place and helps determine the vision statement of the organisation. 1.3 The organisational culture and open-plan offices, facilitate the integrated reporting process as they are part of the institutionalised processes. They promote communication in the various departments. 1.4 Strategic planning meetings control the cascading of the strategy, goals and KPIs. The performance measurement acts as an operational performance control as it facilitates in monitoring the optimal implementation of strategy. The performance management system is not interactive and does not facilitate sustainability reporting. 1.5 Policies and frameworks serve as a general guideline and have no significant impact on the preparation of CellTech's integrated report. |

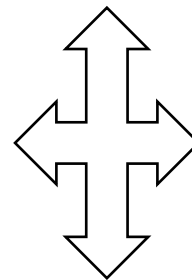
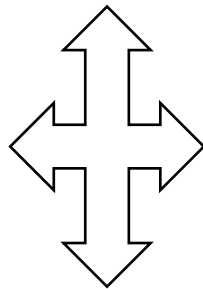


Figure 14: Three-way link with findings: Strategy and the MCSs associated with strategy facilitating the integrated reporting process

Source: Own design

The next section provides a summary of the findings on the second theme which emerged from the interviews and also addresses the second research question.

8.2.2 How does the integrated reporting process work and how do Management Control Systems facilitate this process?

The present research establishes that the case site in this research (CellTech) uses a dedicated team, the Investor Relations department, to prepare the company's integrated report and this achieves better internal communication and encourages strategic dialogue, which is consistent with the findings of De Villiers *et al.* (2017). There is also no disconnect between the various parts of CellTech's integrated report as there is only one party responsible for preparing the integrated report. This is consistent with the findings of McNally *et al.* (2017). Interviews established that the following MCSs, according to Tessier and Otley's (2012) framework, facilitate the role of the Investor Relations department in preparing CellTech's integrated report:

- Strategic boundary controls: in the form of open-plan offices, although it is not used interactively.
- Operational boundary controls: in the form of CellTech's organisational culture as the roles and responsibilities within the Investor Relations department are clearly defined and each staff member within the department knows what is expected of them. This is identified as an advantage, as there is no overlap of roles and responsibilities and therefore, the department's responsibilities are carried out more efficiently.

In terms of the preparation process, interviews established that the following MCSs, according to Tessier and Otley's (2012) framework, facilitate the preparation process of CellTech's integrated report:

- Operational performance controls: in the form of external and internal feedback meetings as what CellTech needs to do in order to improve on the company's previous integrated report is monitored. These meetings are interactive by nature as top management engage with various departments and staff in order to improve the content and structure of the recently published integrated report (Tessier and Otley, 2012).

Refreshing the structure and content of the integrated report is a further operational performance control as it takes the feedback from these meetings into account to ensure an improvement on the previous published integrated report. This is an example of institutional theory – institutionalisation and organisational isomorphism (DiMaggio & Powell, 1983; Lawrence & Suddaby, 2006; Venter & De Villiers, 2013).

CellTech uses strategic planning meetings to monitor what must be done well in order to achieve the company's strategy and concentrate on key performance variables at an operational level (Tessier & Otley, 2012). The literature review finds evidence in support of the finding that a positive relationship exists between MCSs, such as the performance management system in the form of the BSC, and sustainability reporting (Chenhall, 2003; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; Bui & De Villiers, 2017a; Maas *et al.*, 2016a, b; Stacchezzini *et al.*, 2016). The present research concurs with this finding, as it was established, according to Tessier and Otley's (2012) framework, that CellTech utilises its performance management system as an operational performance control. CellTech's performance measurement is embedded in the company's performance management system and facilitates the monitoring of the optimal implementation of CellTech's strategy. CellTech's performance management system is; however, not interactive as top management is not actively involved throughout the whole performance management process. It is also of concern that CellTech's performance management system does not facilitate sustainability reporting. This is in contrast with Kerr *et al.* (2015) who find that the integration of sustainability reporting into MCSs has the advantage of operationalising broad-based sustainability. CellTech's performance management system is used to facilitate the collection of financial as well as non-financial data for integrated reporting purposes. CellTech strives to provide information on material issues which they believe could substantively affect value creation, although the collection of data is further influenced by the principles and requirements of various regulatory authorities such as IFRS and the GRI Sustainability Reporting Standards. This is consistent with McNally *et al.* (2017:498) who note that "... preparers default to existing guidelines to inform the scope and content of their integrated reports".

- Strategic performance controls: in the form of the strategy planning process are used to facilitate the identification of goals, broad KPIs, business risks and opportunities.

- Operational boundary controls: in terms of the regular check-ins with CellTech's board are used to ensure that the limits set by top management are adhered to.

Figure 15 below, provides a three-way link with the interview analysis, documentary analysis, Tessiers and Otley's (2012) framework and a summary of the findings regarding the integrated reporting process and its associated MCSs.

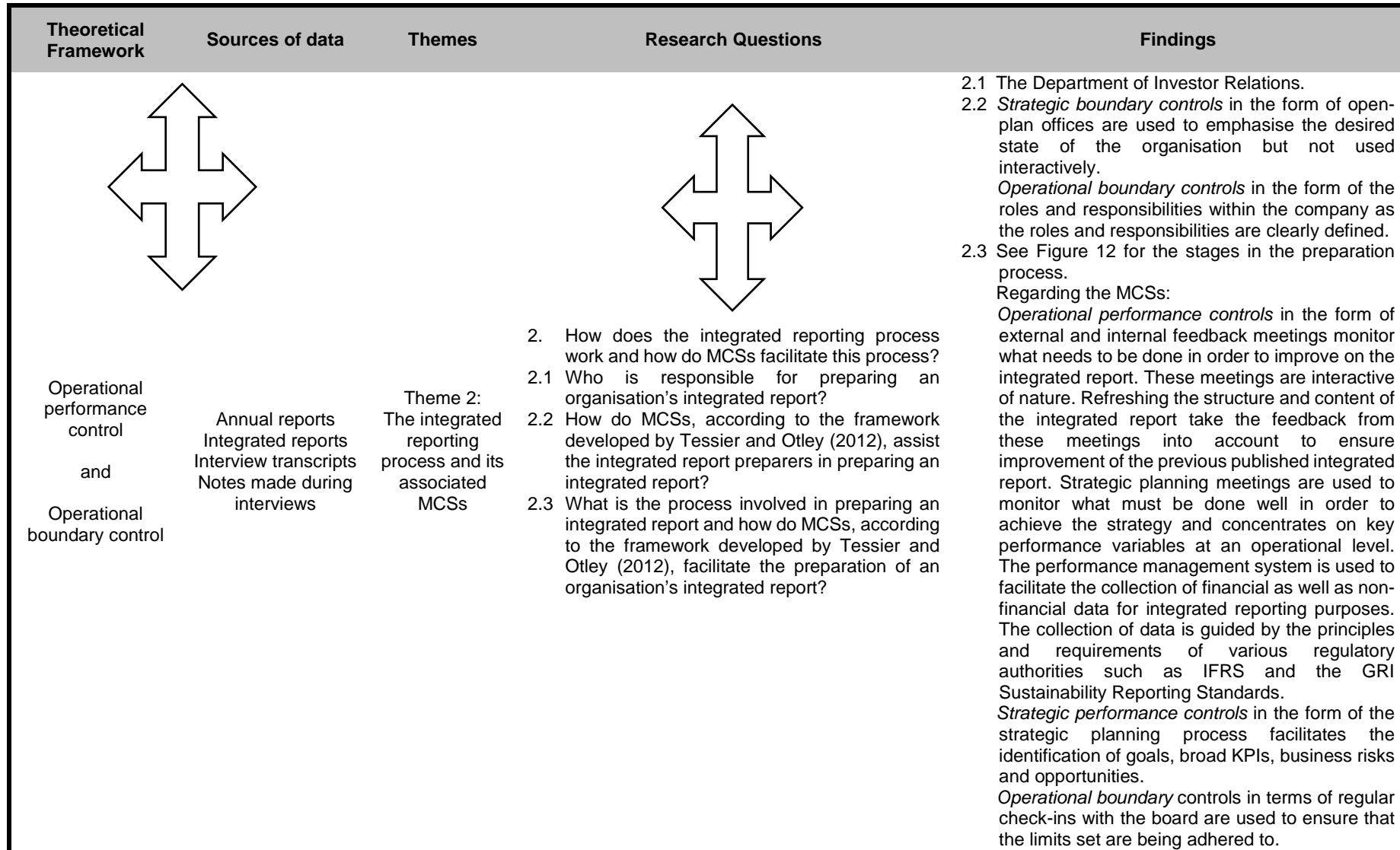


Figure 15: Three-way link with findings: The integrated reporting process and its associated MCSs

Source: Own design

The next section of this chapter provides an overview of the contribution of this research.

8.3 CONTRIBUTION

To date, there has been limited research conducted on how MCSs are used to prepare an integrated report. The need for this research stems from the research performed by Jensen and Berg (2012) which determined that the analysis of companies' internal processes that led them to publish integrated reports, is a topic on which further research is necessary. Research by De Villiers *et al.* (2014:1061) can be linked to the research topic identified by Jensen and Berg (2012) as they formulate the following researchable question: "How and to what extent are integrated reporting processes truly integrated and are these processes truly embedded in organisations' management control systems?" Research opportunities regarding the internal processes in organisations when they commence with integrated reporting can be explored by using qualitative research methods, such as case studies, in order to answer the following researchable question: "How does initiating integrated reporting alter management control systems, top management thinking, strategy, business models, etc. (sic)?" (De Villiers *et al.*, 2017:953).

The answer to these questions may address the suggestion by the Institute of Chartered Accountants in England and Wales (ICAEW, 2004) that the BSC could be used as a basis for external reporting, although the motivation for this has to come from an organisation's managers. A collaborative and multifunctional process is required for producing integrated reports (Caraiani, Lungu, Dascalu, Cimpoeru & Dinu, 2012). De Villiers *et al.* (2014) echo this statement and ask how and to what extent integrated reporting processes are really integrated? Research suggests that the BSC is an aiding framework for integrating sustainability reporting into the MCS given its capability to operationalise sustainability reporting objectives and communicate these via a formal reporting framework (Kerr *et al.*, 2015; De Villiers *et al.*, 2016).

Apart from the various calls for research, prior literature provides little insight into how MCSs facilitate the preparation process of an integrated report. Research by Kerr *et al.* (2015); Thomson (2015); De Villiers *et al.* (2016); Maas *et al.* (2016a, b); Stacchezzini *et al.* (2016); and Bui and De Villiers (2018) provide evidence in support of a positive relationship between sustainability reporting and MCSs, such as the BSC. Despite the growing body of research

in the closely related field of sustainability and MCSs, studies however, do not establish the relationship between MCSs, such as the BSC, and integrated reporting, of which sustainability reporting forms a part of. This study determines a relationship between MCSs and integrated reporting and thereby, contributes to the understanding of how MCSs facilitate the preparation process of an integrated report, as it establishes the following:

- **Strategy:** The focus of strategy is on the formulation of a plan of action about the intentions of the company and achieving those goals (Sukhari & De Villiers, 2019). Sukhari and De Villiers (2019) find that the mandatory introduction of integrated reporting, on an apply or explain basis in South Africa, led to enhanced disclosures regarding strategy, however, these authors do not examine the link between integrated reporting disclosures regarding strategy and MCSs. An integrated report tells the story of an organisation's value creation, referring specifically to a company's strategy (IRF, 2021). This is echoed by the research conducted by De Villiers *et al.* (2017); De Villiers and Sharma (2020); De Villiers *et al.* (2020); and Dimes and De Villiers (2020). The present study is consistent with the extant literature as it provides evidence that strategy supports the integrated reporting process. Research by Green and Cheng (2019) focuses on auditors' materiality judgements in an integrated report setting and finds that the materiality of non-financial performance information determination is affected by the relation to the company's strategy. The present study adds value to the extant literature as this research focuses on MCSs and integrated reporting. Evidence from this research case study of CellTech (given pseudonym for the purpose of professional privacy) indicates that non-financial information and materiality reporting is guided by the company's strategy. The present study further contributes to the extant literature as it provides evidence from the case study of CellTech that strategy forms part of both strategic performance controls and operational performance controls, in terms of Tessier and Otley's (2012) framework. This study finds that strategy provides structure to the integrated report.
- **Strategy planning process and strategic planning meetings:** Bui and De Villiers (2018) find that MCSs can support strategy. Dimes and De Villiers (2020) note that MCSs can be used to facilitate a change in strategy. It is currently unclear how the strategy planning process and strategic planning meetings support the preparation process of an integrated report. The present study does not only contribute to the literature of Bui and De Villiers (2018) as well as Dimes and De Villiers (2020), but also makes a

practical contribution for integrated report preparers as it establishes that strategic performance controls, in terms of Tessier and Otley's (2012) framework, such as the strategy planning process and strategic planning meetings, support the preparation process of an integrated report. This study provides evidence from the case study of CellTech that KPIs determined during the strategy planning process are communicated to the different departments and individuals during the strategic planning meetings. Strategic planning meetings are not only used as strategic performance controls but also as an operational performance control, as in Tessier and Otley's (2012) framework, as these meetings control the cascading of the strategy, goals and KPIs to ensure successful strategy implementation within CellTech.

- KPIs: De Villiers and Sharma (2020) note that the IIRC does not require the reporting of any specific KPIs and that the IIRCs International Integrated Reporting Framework leaves the decision on what information on performance should be reported to management. Sukhari and De Villiers (2019) note that companies may set their KPIs without considering their strategic goals, however, companies could benefit from considering how they disclose their strategy and amending their business model disclosure to be aligned with their strategic goals, KPIs and risks. According to Tessier and Otley's (2012) framework, KPIs can be used as an operational performance control. The present research adds value to the existing literature of MCSs and integrated reporting as evidence is provided from the case study of CellTech that KPIs assist in the preparation of the integrated reports. This research study also contributes to the practical understanding on how KPIs are used in the preparation of an integrated report. The evidence provided indicates that although CellTech may not explicitly mention the use of KPIs in the company's annual/integrated reports, CellTech uses KPIs as an operational performance control to support the preparation of their integrated reports, as CellTech reports on the performance and achievement of the company's KPIs.
- Organisational culture and open-plan offices: The use of open-plan offices to promote teamwork and communication is consistent with the findings of Hollis-Turner (2015). Dimes and De Villiers (2020) determine that organisational culture is used as a strategic boundary control, in terms of Tessier and Otley's (2012) framework, which enables integrated thinking. It is; however, unclear how organisational culture

supports the preparation of an integrated report. This study therefore, contributes to the literature on MCSs and integrated reporting as evidence is provided from the case study at CellTech that organisational culture and open-plan offices are used as a strategic boundary control, in terms of Tessier and Otley's (2012) framework, to support the preparation process of CellTech's integrated report. CellTech's organisational culture and open-plan offices promote teamwork and communication within the company, which facilitates the preparation process of CellTech's integrated report.

- Organisational culture: Although organisational culture is used as a strategic boundary control which enables integrated thinking, according to Dimes and De Villiers (2020), the present research establishes that organisational culture can also be used as an operational boundary control, in terms of Tessier and Otley's (2012) framework, in the preparation process of an integrated report. This study adds value to extant literature as evidence is provided from the case study of CellTech, that CellTech's organisational culture supports the preparation of an integrated report by clearly defining the roles and responsibilities of the preparers of the integrated report.
- Feedback meetings: Very little literature exists on how feedback meetings assist in the preparation process of an integrated report. The present research thus contributes to the literature on MCSs and integrated reporting as evidence is found from the case study at CellTech, that CellTech uses external and internal feedback meetings as operational performance control systems, as in Tessier and Otley's (2012) framework, in order to facilitate the preparation process of the integrated report. CellTech's feedback meetings monitor what CellTech needs to do in order to improve on the company's previous integrated report. This study further adds value to the literature on institutional theory (DiMaggio & Powell, 1983; Lawrence & Suddaby, 2006; Venter & De Villiers, 2013), as it was determined that CellTech's feedback meetings serve as an example of institutional theory – institutionalisation and organisational isomorphism.
- Performance management system: Research by Chenhall (2003); Kerr *et al.* (2015); De Villiers *et al.* (2016); Bui and De Villiers (2017a); Maas *et al.* (2016a, b) and Stacchezzini *et al.* (2016), find evidence in support that a positive relationship exists between MCSs, such as the performance management system in the form of the BSC, and sustainability reporting. Dimes and De Villiers (2020) find that performance

measurement, which forms part of the performance management system, is used to constrain integrated thinking. The present study is not only consistent with the prior literature that a positive relationship between the performance management system, sustainability reporting and integrated thinking exist, but it adds value as it was established how the performance management system is used as an operational performance control, in terms of Tessier and Otley's (2012) framework. Evidence was provided from the case study of CellTech, that CellTech uses a performance management system as an instrument to control the cascading process of the company's strategy, goals and KPIs.

The contributions of this study not only add to Accounting and Management Accounting research, but also sustainability accounting and reporting research. This study therefore assists both academic research, theory and literature, and practice.

The limitations to this study follow next.

8.4 LIMITATIONS

The following limitations are identified to this study:

- Interviews were conducted at one case site only. Given what this research aims to achieve, depth is favoured over breadth.
- The case site operates in the telecommunication industry and only the one industry is represented in this study. The results may therefore, not be generalisable to a wider population but could be used to build theory (Scapens, 1990; Yin, 1994).
- Interviewer bias arises where the interviewer asks questions in a way that is designed to prompt particular responses. This was mitigated by the interviewer not influencing the interviewees' responses, in order to obtain the data as objectively as possible.
- Interviewee bias can be problematic as interviewees frequently target their responses to what they think the interviewer wants to hear. Interviews have benefits for the purpose of obtaining data (Chua, 1986; Henning *et al.*, 2004; Mouton, 2001; Hofstee, 2006; Broadbent & Unerman, 2011; Bui & De Villiers, 2017a), although there are risks and weaknesses involved, such as obtaining quality interviews and interviewee bias (Boyce & Neale, 2006). Interviewee bias was mitigated by designing interview

questions with close integrity to the findings in the literature review and the research framework, as well as the design of the questionnaires, which allowed interviewees to express their own views. Interviewees had nothing to gain or to lose in the interview process, and it is submitted that interviewee bias was therefore, negligible.

The reliability and validity of this research are discussed in detail in Chapter 3. The following section provides suggestions for possible future research.

8.5 POSSIBILITIES FOR FUTURE RESEARCH

The process used to compile companies' integrated reports are not publicly known or published. Future research can investigate other companies in the telecommunications industry, the companies' integrated reporting processes and the MCSs which facilitate the preparation of the companies' integrated reports. This can be achieved by undertaking case studies with semi-structured interviews to enable comparability with this research.

Future research can also investigate companies' integrated reporting processes and the MCSs which facilitate the preparation process in industries other than the telecommunications industry.

Future research may also be conducted in a longitudinal study to investigate any change in the preparation process of the integrated report and the use of MCSs within a company over a period of time.

Companies that mentioned the BSC in their integrated/annual reports, but not ranked highly for the quality of their reports, can also be investigated to determine how MCSs influence the quality of their reports.

Future research can also be conducted on the relation between institutional theory and MCSs. The impact of different forces (normative, coercive or mimetic) such as regulations on management control practices, how management accounting systems change with external pressures, how a change in the institutional logics of an organizational field is distributed through the management control systems, can be investigated.

Although this research focusses on understanding how MCSs facilitate the preparation of an integrated report, future research may also include gaining an understanding of how organisations' integrated reports serve as a MCS in order to assist the management and/or employees in the daily operation of an organisation.

8.6 CONCLUDING REMARKS

The present research responds to the literature which encourages further investigation of the interaction between MCSs and integrated reporting (De Villiers *et al.*, 2014; Kerr *et al.*, 2015; De Villiers *et al.*, 2016; De Villiers *et al.*, 2017). This research also gains an understanding of how MCSs play a role in facilitating the preparation of an integrated report, according to Tessier and Otley's (2012) framework.

It is recognised that there were limitations in this study, including that only one case site was used as well as interviewee bias, however every effort was made to mitigate against these limitations and produce reliable findings. Although there is limited prior research on how MCSs facilitate the preparation process of an integrated report, it is hoped that this study will inform and assist both academia and practice alike. There are opportunities for future research and overall, it is hoped that this study will not only make a contribution to the body of knowledge within the discipline, but also that it will encourage robust research in this field.

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APPENDIX A: INTERVIEW QUESTIONS

| Questions | Origin of Questions |
|---|---|
| What is your position in the company and how do you fit into the process of preparing an integrated report? | Emerged from interview: Introductory question. |
| What process or processes did you follow in the past to prepare your annual reports before integrated reporting became mandatory? | Emerged from literature: PWC (2010). |
| What process or processes do you follow currently in preparing an integrated report and how is this different from the past? | Emerged from literature: PWC (2010); McNally <i>et al.</i> (2017). |
| How would you explain the purpose of your company's integrated report? | Emerged from literature: King IV (IoDSA, 2016). |
| What information do you take into account when preparing an integrated report? | Emerged from literature: Kerr <i>et al.</i> (2015); De Villiers <i>et al.</i> (2016); King IV (IoDSA, 2016); Maas <i>et al.</i> (2016a, b); Stacchezzini <i>et al.</i> (2016); McNally <i>et al.</i> (2017). |
| How do you go about to decide what information should be included in an integrated report? | Emerged from literature: Kerr <i>et al.</i> (2015); De Villiers <i>et al.</i> (2016); King IV (IoDSA, 2016); Maas <i>et al.</i> (2016a, b); Stacchezzini <i>et al.</i> (2016); McNally <i>et al.</i> (2017). |
| What financial information is taken into account in the preparation of an integrated report? | Emerged from literature: King IV (IoDSA, 2016); McNally <i>et al.</i> (2017). |
| How do you decide which financial information should be taken into account in the preparation of an integrated report? | Emerged from literature: King IV (IoDSA, 2016); McNally <i>et al.</i> (2017). |

| Questions | Origin of Questions |
|---|---|
| What non-financial information is taken into account in the preparation of an integrated report? | Emerged from literature: King IV (IoDSA, 2016); McNally <i>et al.</i> (2017). |
| How do you decide which non-financial measures should be taken into account in the preparation of an integrated report? | Emerged from literature: King IV (IoDSA, 2016); McNally <i>et al.</i> (2017). |
| How is the structure of an integrated report decided on and who is responsible for taking this decision? | Emerged from literature: King IV (IoDSA, 2016); McNally <i>et al.</i> (2017). |
| Is it a financial year-end process or are there continuous processes involved to capture the information that should be included in an integrated report? | Emerged from literature: PWC (2010). |
| How do the afore-mentioned processes work? | Emerged from interviews. |
| Who drives this process and who takes the final decision concerning the integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2017); McNally <i>et al.</i> (2017). |
| How is the integrated report being used externally but also internally for management purposes? | Emerged from literature: Chenhall (2003); Bui and De Villiers (2017a). |
| How often does the company use the integrated report information, continuously or only after financial year-end? | Emerged from interviews. |
| What levels of management are taking part in the preparation of an integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2017). |
| How is your level (position) involved in the preparation of an integrated report? | Emerged from interviews. |

| Questions | Origin of Questions |
|---|--|
| What internal processes are involved in the preparation of an integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2017). |
| Who drives these internal processes and who takes the final decision about the integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2017). |
| How do you see the role or purpose of the performance management system in your company? | Emerged from literature: Chenhall (2003); De Villiers <i>et al.</i> (2014); Kerr <i>et al.</i> (2015); De Villiers <i>et al.</i> (2016); Bui and De Villiers (2017a). |
| What strategies are used in your company's performance management system? | Emerged from interviews. |
| How are the KPIs that are included in the various goals of the performance management system decided upon and who takes the final decision? | Emerged from literature: Kaplan and Norton (1992); Chenhall (2003); De Villiers <i>et al.</i> (2014); Kerr <i>et al.</i> (2015); De Villiers <i>et al.</i> (2016); Bui and De Villiers (2017a). |
| How have you experienced that the performance management system assists you with integrated thinking? | Emerged from literature: McNally <i>et al.</i> (2017). |
| How is the performance management system used to prepare an integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2016); Maas <i>et al.</i> (2016a, b) |
| How do the strategies/goals/KPIs of the performance management system play a role in the preparation of an integrated report? | Emerged from literature: Bui and De Villiers (2017a). |
| How are the KPIs, measured in the performance management system, used to help to prepare an integrated report? | Emerged from literature: Bui and De Villiers (2017a). |

| Questions | Origin of Questions |
|--|---|
| How are you experiencing the relationship between the company's performance management system and the preparation of an integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2014); Bui and De Villiers (2017a). |
| How do you experience the performance management system in assisting with the preparation of an integrated report? | Emerged from literature: De Villiers <i>et al.</i> (2014); Bui and De Villiers (2017a). |
| How important is the performance management system in your organisation? | Emerged from interviews. |
| How regularly do you make use of the performance management system during a financial year? | Emerged from interviews. |
| Who drives the performance management system in the company, and who takes the final decision about the performance management system? | Emerged from interviews. |
| How do budgets facilitate the preparation process of the integrated report? | Emerged from literature: Chenhall (2003); Tessier and Otley (2012); Bui and De Villiers (2017a). |
| How often do you review your budget during a financial year? | Emerged from interviews. |
| How do policies influence the preparation of the integrated report? | Tessier and Otley (2012); Bui and De Villiers (2017a). |
| How would you describe the nature of the integrated report meetings? | Emerged from interviews. |
| How does the vision statement facilitate the preparation of the integrated report? | Emerged from literature: Chenhall (2003); Tessier and Otley (2012); Bui and De Villiers (2017a). |

| Questions | Origin of Questions |
|---|--|
| How does the setting of the strategy work? | Emerged from literature: Chenhall (2003); Tessier and Otley (2012); Bui and De Villiers (2017a). |
| How do you ensure that the various business units get to know the strategy and that it is adhered to? | Emerged from interviews. |
| How is the strategy aligned and how does it filter through to the integrated report? | Emerged from literature: Kaplan and Norton (1992); Tessier and Otley (2012); Bui and De Villiers (2017a). |
| How does the communication of the strategy take place throughout the company? | Emerged from literature: Kaplan and Norton (1992); Tessier and Otley (2012); Bui and De Villiers (2017a). |

Source: Own design

APPENDIX B: DOCUMENTARY ANALYSIS

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------------|--|---|
| Annual Report 2005 | Balanced scorecard | Preparing and reporting | Adherence to principles of the BSC. |
| | Budget | Reporting | Spending occurred according to budgets allocated |
| | Goals | Reporting | Achievement of goals; Alignment of individual goals with company goals occurred; Goals were set against strategy of company. |
| | Incentives | Reporting | Remuneration of incentives is leveraged to performance and linked to company's and individual's results. |
| | KPIs | Reporting | <i>Financial indicators</i> – Profit from operation margins, net profit margins, debt margins, capital expenditure; <i>Customer indicators</i> – Contract and pre-paid values in monetary terms, customers per employee ratio, monitoring of customer satisfaction indicators mentioned but no indication of specific indicators; <i>Environmental indicators</i> – Mentioned monitoring thereof but no mention of specific indicators; <i>Impairment indicators</i> – Mentioned monitoring thereof but no mention of specific indicators. |
| | Management engagement | None | None |
| | Mission | Reporting | Statement of company's mission. |
| | Organisational culture | None | None |
| | Performance | Reporting | <i>Employee performance</i> – Rewarded according to performance; Operational performance; Financial performance. |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | Adherence to policies. |
| Process | Reporting | <i>BEE process</i> ; <i>Quick decision-making process</i> – Responding to regulatory legislation changes; <i>Business processes</i> – Supporting customer satisfaction | |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-----------------------|-----------------------|--|
| Annual Report 2005 | Risk management | Reporting | Spending according to budgets allocated; Material risks identified and addressed. |
| | Risk report | None | None |
| | Score | Reporting | Customer satisfaction score; Brand relationship score; Best supplier score. |
| | Strategy | Reporting | Explaining strategy of company; Mentions that goals were set against strategy of company but strategic goals are not available and no comparison was made. |
| | Rewards | Reporting | <i>Human resources</i> – Employees rewarded according to performance. |
| | Team | Reporting | Management team defines new performance standards; Team efforts. |
| | Vision | Reporting | Statement of vision of company. |
| Annual Report 2006 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Contract packages; Internal control systems</i> – Spending occurred according to budgets allocated. |
| | Goals | Reporting | <i>Review of operations</i> – Exceeded all of the goals set; <i>Remuneration report</i> – Alignment of company goals with those of individual employees. |
| | Incentives | Reporting | Remuneration of incentives is leveraged to performance and linked to company's and individual's results. |
| | KPIs | None | <i>Financial indicators</i> – Profit from operation margins, net profit margins; <i>Customer indicators</i> – Contract and pre-paid values in monetary terms, customers per employee ratio, monitoring of customer satisfaction indicators mentioned but no indication of specific indicators; <i>Environmental indicators</i> – mentioned monitoring thereof but no mention of specific indicators; <i>Impairment indicators</i> – mentioned monitoring thereof but no mention of specific indicators. |
| | Management engagement | None | None |
| | Mission | Reporting | Statement of company's mission. |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------------|---------------------------|---|
| Annual Report 2006 | Organisational culture | None | None |
| | Performance | Reporting | <i>Employee performance</i> – Rewarded according to performance; Operational performance; Financial performance. |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | Adherence to policies. |
| | Process | Reporting | <i>Human resources</i> – Skills transferring process; <i>Quick decision-making process</i> – Responding to regulatory legislation changes; <i>Business processes</i> – Supporting customer satisfaction. |
| | Risk management | Reporting | <i>Financial instruments and risk management report</i> – Procedures described in Annual Financial Statements; Adherence to governance areas identified by King Committee Report on Corporate Governance 2002. |
| | Risk report | None | None |
| | Score | Reporting | <i>Operations review</i> – Customer satisfaction score; Procurement score. |
| | Strategy | Reporting | Explaining strategy of company; Mentions that goals were set against strategy of company but strategic goals are not available and no comparison was made. |
| | Rewards | Reporting | <i>CEO's report</i> – Rewarding customers with data and text bundles; <i>Human resources</i> – Employees rewarded according to performance. |
| | Team | Reporting | Team efforts and teamwork. |
| Vision | Reporting | <i>Vision Statement</i> . | |
| Annual Report 2007 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Corporate Governance Statement</i> – Setting of strategies, and monitoring progress against the budget considers identified business risks; Spending occurred according to budgets allocated. |
| | Goals | Reporting | <i>Corporate Governance Statement</i> – Goals were set against the strategy of the company; |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------------|------------------------|---|
| Annual Report 2007 | | | <i>Human resources</i> – Alignment of company’s goals with those of individual employees. |
| | Incentives | Reporting | <i>Corporate Governance Statement</i> – Remuneration of incentives is leveraged to performance <i>Human resources review</i> – Incentives linked to company’s and individual’s performance; <i>Notes to financial statements</i> – Employee benefits. |
| | KPIs | Reporting | <i>Financial indicators</i> – Profit from operation margins, net profit margins, debt margins, capital expenditure; <i>Customer indicators</i> – Contract and pre-paid values in monetary terms, customers per employee ratio, monitoring of customer satisfaction indicators mentioned but no indication of specific indicators; <i>Environmental indicators</i> – mentioned monitoring thereof but no mention of specific indicators; <i>Impairment indicators</i> – mentioned monitoring thereof but no mention of specific indicators. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <i>CEOs review</i> – Financial performance; <i>Human resources review</i> – Incentives linked to company’s and individual’s performance; employee performance rewarded according to performance; <i>Notes to financial statements</i> – Goodwill impairment test took operational performance into account. |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| Policy | | Adherence to policies. | |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------|-----------------------|--|
| Annual Report 2007 | Process | Reporting | <i>Human resources</i> – BEE ⁵ process, Skills transferring process; <i>Corporate Governance Statement</i> – Quick decision-making process in response to regulatory legislation changes; <i>Operations review</i> – Business processes supporting customer satisfaction. |
| | Risk management | Reporting | <i>Corporate Governance Statement</i> – Setting of strategies, and monitoring progress against the budget considers identified business risks; <i>Financial instruments and risk management report</i> – Procedures described in Annual Financial Statements, Risk management addressed in areas of physical, operational, human resources, technology, business continuity, disaster recovery, credit, market and compliance risks. |
| | Risk report | Reporting | <i>Financial instruments and risk management report</i> – Risk management addressed in areas of physical, operational, human resources, technology, business continuity, disaster recovery, credit, market and compliance risks. |
| | Score | Reporting | <i>Operations review</i> – Best operator score, customer satisfaction score, and procurement score. |
| | Strategy | Reporting | Explaining strategy of company; Mentions that goals were set against strategy of company but strategic goals are not available and no comparison was made. |
| | Rewards | Reporting | <i>Operations review</i> – Rewarding customers; <i>Human resources review</i> – Providing rewards that are highly leveraged to performance and clearly linked to the company's results and individual performances. |
| | Team | Reporting | Team efforts and teamwork. |
| | Vision | None | None |
| | | | |

⁵ BEE is defined as Black Economic Empowerment

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------------|-----------------------|---|
| Annual Report 2008 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Corporate Governance Statement</i> – Setting of strategies, and monitoring progress against the budget considers identified business risks; Spending occurred according to budgets allocated. |
| | Goals | Reporting | <i>Human resources review</i> – Alignment of company's goals with those of individual employees. |
| | Incentives | Reporting | <i>Human resources review</i> – Providing rewards that are highly leveraged to performance and clearly linked to the company's results and individual performances; <i>Notes to financial statements</i> – Incentives to service providers, retention incentives and compensation to key management personnel. |
| | KPIs | Reporting | <i>Financial indicators</i> – Profit from operational margins, net profit margins, debt margins, capital expenditure; <i>Customer indicators</i> – Contract and pre-paid values in monetary terms, customers per employee ratio, monitoring of customer satisfaction indicators mentioned but no indication of specific indicators; <i>Environmental indicators</i> – mentioned monitoring thereof but no mention of specific indicators; <i>Impairment indicators</i> – mentioned monitoring thereof but no mention of specific indicators. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <i>CEOs review</i> – Financial performance; <i>Human resources review</i> – Incentives linked to company's and individual's performance; employee performance rewarded according to performance; <i>Notes to financial statements</i> – Goodwill impairment test took operational performance into account. |
| | Performance management system | None | None |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------|-----------------------|--|
| Annual Report 2008 | Performance measurement | None | None |
| | Policy | Reporting | Adherence to policies. |
| | Process | Reporting | <i>Chairman's review</i> – Transformation process; <i>Corporate Governance Statement</i> – Quick decision-making process in response to regulatory legislation changes, Risk officer facilitates process of embedding risk management within the company; <i>Operations review</i> – Business processes supporting customer satisfaction. |
| | Risk management | Reporting | <i>Corporate Governance Statement</i> – Setting of strategies, and monitoring progress against the budget considers identified business risks; <i>CFO report and Risk Management Review</i> – Procedures described in Annual Financial Statements, Risk management addressed in areas of physical, operational, human resources, technology, business continuity, disaster recovery, credit, market risks and compliance risks. |
| | Risk report | None | None |
| | Score | Reporting | <i>Corporate communications review</i> – Reputation score; <i>Corporate social responsibility review</i> – BEE score; <i>Operations review</i> – Best supplier score. |
| | Strategy | Reporting | Explaining the strategy of company. |
| | Rewards | Reporting | <i>Human resources review</i> – Providing rewards that are highly leveraged to performance and clearly linked to the company's results and individual performance. |
| | Team | Reporting | Emphasis on teamwork. |
| | Vision | None | None |
| Annual Report 2009 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Corporate Governance Statement</i> – Setting of strategies, and monitoring progress against the budget considers identified business risks; Spending occurred according to budgets allocated. |
| | Goals | Reporting | <i>Sustainability review</i> – Achievement of goals. |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|------------------------|-----------------------|--|
| Annual Report 2009 | Incentives | | <p><i>Sustainability review</i> – Providing incentives and rewards that are highly leveraged to performance and clearly linked to the company’s results and individual performances;</p> <p><i>Notes to financial statements</i> – Incentives to service providers, retention incentives, activation incentives, compensation to key management personnel and incentives to directors.</p> |
| | KPIs | Reporting | <p><i>Financial indicators</i> – Profit from operation margins, net profit margins, debt margins, capital expenditure;</p> <p><i>Sustainability review</i> – Monitoring of customer satisfaction indicators mentioned but no indication of specific indicators, monitoring of environmental indicators but no mention of specific indicators, skilled employee indicators mentioned but indicators not listed;</p> <p><i>Notes to financial statements</i> – Impairment indicators mentioned but specific indicators not listed.</p> |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <p><i>Performance review</i> – Performance driven culture, financial performance, performance achieved against strategy and priorities mentioned increase in performance of all operations;</p> <p><i>Company’s overview</i> – Performance of ordinary shares;</p> <p><i>CFO review</i> – Financial performance;</p> <p><i>Business review</i> – Operational performance;</p> <p><i>Sustainability review</i> – The remuneration committee seeks to provide rewards and incentives that are highly leveraged to performance and clearly linked to company’s results and individual performance. All five components of the reward strategy, including the guaranteed pay portion, variable pay, performance management, learning and personal growth, and the work environment are at all times aligned to the strategic direction and value drivers of the company;</p> <p><i>Notes to financial statements</i> – Weaker performance mentioned.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------------|-----------------------|--|
| Annual Report 2009 | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <i>Sustainability review</i> – EXCO is responsible for operational activities, developing strategy and policy proposals for consideration by the board; Adherence to policies. |
| | Process | Reporting | <i>Sustainability review</i> – Mentions audit process; <i>Corporate Governance Statement</i> – Risk officer facilitates process of embedding risk management within the company and mitigate pertinent risks; a filtering and reporting process ensures that the relevant items are reported to the risk management committee comprising of executive management, and, ultimately, that these risks reach the audit committee; <i>Operations review</i> – Business processes supporting customer satisfaction. |
| | Risk management | Reporting | <i>Sustainability review</i> – The company’s foundation established a risk management department to improve a number of areas. The board’s responsibility is to monitor risk management. EXCO is responsible for risk management; <i>Corporate Governance Statement</i> – Risk reporting division established and reports to the Chief Risk Officer; <i>Notes to the financial statements</i> – Risk management policies are in place. |
| | Risk report | None | None |
| | Score | Reporting | <i>Sustainability review</i> – BBBEE score, health and safety score, environmental score, projects scored by independent service providers. |
| | Strategy | Reporting (Preparing) | <i>Company overview</i> – Highlights strategic objectives of the past financial year and compare company’s achievements against the strategic objectives. |
| | Rewards | Reporting | <i>Performance review</i> – Mentions that CellTech is a performance driven company that rewards innovation and excellence; |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|--------------------|-----------------------|---|
| Annual Report 2009 | | | <i>Sustainability review</i> – In order to attract and retain employees CellTech uses, among others, remuneration and rewards benefits which are highly leveraged to performance and linked to company results and individual performance. |
| | Team | Reporting | Throughout report teamwork and team effort are mentioned. |
| | Vision | Reporting | <i>Operations review</i> – Mentioning of vision; <i>Performance review</i> – Mentioning of vision. |
| Annual Report 2010 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Business overview</i> – Mentions that the board and EXCO use a number of KPIs to monitor performance against budget as well as measure the progress against the company's strategic objectives; <i>Corporate Governance Statement</i> – When setting strategies, approving budget and monitoring progress against the budget, the directors consider the identified business risks. |
| | Goals | Reporting | <i>Business overview</i> – Performance management, the process of agreeing goals and targets between employees and their managers and then assessing performance against these objectives, is firmly entrenched as part of the culture of delivery at CellTech. The overall intention of performance management is to align individual goals with the strategy of the company and ensure that performance incentive payments are based on results achieved. |
| | Incentives | Reporting | <i>Business overview</i> – Employee rewards and incentives are designed to drive desired behaviours and entrench a results culture. The overall intention of performance management is to align individual goals with the strategy of the company and to ensure that performance incentive payments are based on results achieved; <i>Remuneration report</i> – Explains remuneration philosophy and policy and why incentives were paid. |
| | KPIs | Reporting (Preparing) | <i>Business overview and Performance overview</i> – CellTech lists their KPIs as well as the purpose of each KPI and plot their financial results against it. |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------------------|--|---|
| Annual Report 2010 | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <p><i>Executive summary</i> – Performance at a glance; <i>Business overview</i> – Mentions that the board and EXCO use a number of KPIs to monitor performance against budget as well as measure the progress against the company’s strategic objectives. Performance management, the process of agreeing goals and targets between employees and their managers and then assessing performance against these objectives, is firmly entrenched as part of the culture of delivery at CellTech. The overall intention of performance management is to align individual goals with the strategy of the company and ensure that performance incentive payments are based on results achieved <i>Performance overview</i> – CellTech lists their KPIs as well as the purpose of each KPI and plot their financial results against it.</p> |
| | Performance management system | Reporting | <i>Business overview and performance overview</i> – mentions that rewards were linked to the revised performance management system. |
| | Performance measurement | None | None |
| Policy | Reporting | <p><i>Remuneration report</i> – Explains remuneration philosophy and policy and why incentives were paid; <i>Sustainability review</i> – Mentions that CellTech is developing a climate change policy and strategy <i>Corporate Governance Statement</i> – Confirms adherence to internal controls, policies and procedures.</p> | |
| Process | Reporting | <p><i>CEOs review</i> – Engagement process identified issues material to stakeholders; <i>Business overview</i> – The implementation of CellTech’s performance management process is consistent, the process of agreeing goals and targets between employees and their managers and then assessing performance against these objectives, is firmly entrenched as part of the culture of delivery at</p> | |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|--------------------|-------------------|---|--|
| Annual Report 2010 | | | CellTech. Extensive employee communication including presentations and workshops on the revised performance management process took place during early 2010 in order to embed the process for the new financial year. |
| | Risk management | Reporting | <i>Corporate Governance Statement</i> – The primary role of the Audit Committee is to ensure the integrity of the financial reporting, the audit process and that a sound risk management and internal control system is maintained. Effective risk management is integral to CellTech’s business. To facilitate the process of embedding risk management within the company, a division to monitor procedures to mitigate pertinent risks and reporting to the Chief Risk Officer has been established. |
| | Risk report | None | None |
| | Score | Reporting | <i>Executive summary and Sustainability review</i> – BBBEE score; <i>Performance overview</i> – BBBEE score, procurement score; skills development score. |
| | Strategy | Reporting (Preparing) | <i>Executive summary</i> – As part of the operating environment and strategy section, CellTech lists four pillars of their strategy, which include to grow core mobile business, leadership in broadband, development in ICT converged solutions and selective expansion in sub-Saharan Africa, together with the objectives of each pillar as well as whether those objectives were obtained; <i>Sustainability review</i> – Mentions that CellTech is developing a climate change policy and strategy. |
| Rewards | Reporting | <i>Business overview</i> – Employee rewards and incentives are designed to drive desired behaviours and entrench a results culture as well as rewards were linked to the revised performance management system; | |

⁶ BBBEEE is defined as Broad-based Black Economic Empowerment

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Annual Report 2010 | | | <i>Remuneration report</i> – As an overview the objective was to reward motivated achievements of agreed company performance objectives. |
| | Team | Reporting | <i>Executive summary</i> – Reporting on actions of the management team. |
| | Vision | Reporting | <i>Executive summary</i> – Providing a recap of CellTech’s original vision. |
| Integrated Report 2011 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Abridged Corporate Governance Statement</i> – Approval of annual budget is part of responsibilities of the board and when setting strategies, approving budget and monitoring progress against the budget, the directors consider the business risks. |
| | Goals | Reporting | <i>Business overview</i> – Annual performance discussions are the basis for reward and development planning. They help employees to define their goals, track their performance and assess their behaviour according to the CellTech way. <i>Remuneration report</i> – In instances where target goals are exceeded, the cash bonus is capped at a percentage of the guaranteed package. |
| | Incentives | Reporting | <i>Business overview</i> – Key developments in remuneration in terms of short-term and long-term incentives are explained; <i>Remuneration report</i> – Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives; <i>Notes to the financial statements</i> – Mentioning of retention incentives and disclosure of the payment of the short- and long-term incentives. |
| | KPIs | Reporting (Preparing) | <i>About this report</i> – The audit, risk and compliance committee approved the integrated strategy and related key performance indicators; <i>Integrated performance indicators</i> – Financial, economic, social (employees, communities), and environment indicators are listed |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|---------------------------|------------------------|-----------------------|---|
| Integrated Report 2011 | | | and results (percentages and monetary) are plotted against these indicators. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | Reporting | <i>Chairman's statement</i> – The management team took on an even more ambitious transformation programme during the year, which examined organisational culture and identified barriers to performance. |
| | Performance | Reporting | <p><i>Chairman's statement</i> – The management team took on an even more ambitious transformation programme during the year, which examined organisational culture and identified barriers to performance;</p> <p><i>Strategic review</i> – CellTech had frank and open discussions across the company on employee performance to ensure that the rating process is fair and truly recognises performance;</p> <p><i>Integrated performance indicators</i> – Financial, economic, social (employees, communities), and environment indicators are listed and results (percentages and monetary) are plotted against these indicators.</p> <p><i>Business overview</i> – Annual performance discussions are the basis for reward and development planning. CellTech helps employees to define their goals, track their performance and assess their behaviour according to the CellTech way. CellTech conducted a reputation survey and reports on their performance in the afore-mentioned survey;</p> <p><i>Snapshot of performance</i> – CellTech provides a snapshot of their performance in terms of service revenue, data revenue, EBITDA and free cash flow;</p> <p><i>Performance review</i> – Interview with the CEO – A new strategy setting process identified five strategic pillars which are to improve customer experience, create an environment for employees to grow, to improve internet connectivity, to drive operational excellence and proactively partner with stakeholders. CellTech</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|---|
| Integrated Report 2011 | | | <p>does an annual People Survey that tracks how engaged, well-managed and included their employees feel. Independent consultants do the survey and compare their scores to a high-performing peer group. They use an Engagement index measure from the survey to check if, overall, they're creating the right environment or not;</p> <p><i>Remuneration report</i> – CellTech pays at or above market levels to make sure that they get the best people, and they then rigorously tie remuneration to performance. CellTech uses a short-term incentive that motivates and rewards achievements of performance objectives.</p> |
| | Performance management system | None | None |
| | Performance measurement | Reporting | <p><i>Performance review</i> – CellTech does an annual People Survey that tracks how engaged, well-managed and included their employees feel. Independent consultants do the survey and compare their scores to a high-performing peer group. They use an Engagement index measure from the survey to check if, overall, they're creating the right environment or not.</p> |
| | Policy | Reporting | <p><i>Abridged Corporate Governance Statement</i> – EXCO is responsible for policy proposals for the board's consideration. CellTech has a share dealing policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech's shares;</p> <p><i>Remuneration report</i> – Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives. CellTech's remuneration policy aims to attract and retain leaders of the highest calibre. The remuneration committee, in consultation with executive management, ensures that their directors and senior executives are fairly rewarded for their individual contributions to the company's performance in line with CellTech's remuneration policy;</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2011 | | | <i>Risk management report</i> – CellTech has a risk policy detailing the objectives, scope, approach and roles and responsibilities of the managing directors. |
| | Process | Reporting | <p><i>About this report</i> – KING III calls for integrated reporting and the new EXCO, CellTech is in the process of refocusing their business and refreshing their brand. This process confirmed a belief that is central to their business from its inception;</p> <p><i>Business overview</i> – CellTech is in the process of deploying new long-term evolution capable radio networks;</p> <p><i>Chairman’s statement</i> – The first integrated report is an end result of a fundamental shift in CellTech’s strategic process. Whilst the process of integrated reporting evolves at CellTech, the company’s performance is measured according to the strategic pillars as per the previous year’s annual report.</p> <p><i>Strategic review</i> – CellTech had frank and open discussions across the company on employee performance to ensure that the rating process is fair and truly recognises performance;</p> <p><i>Performance reviews</i> – Interview with the CEO – A new strategy setting process identified five strategic pillars which are to improve customer experience, create an environment for employees to grow, to improve internet connectivity, to drive operational excellence and proactively partner with stakeholders;</p> <p><i>Risk management report</i> – Disclosure of the process CellTech follows in defining, assessing, classifying and monitoring risks.</p> |
| | Risk management | Reporting | <i>Risk management report</i> – CellTech has a risk policy detailing the objectives, scope, approach and roles and responsibilities of the managing directors. |
| | Risk report | Reporting | CellTech has a <i>risk management report</i> where they disclose that they have a risk policy detailing the objectives, scope, approach and roles and responsibilities of the managing directors. The major strategic risks that include regulatory decisions and changes in regulation, increased competition, unpredictable political, economic and legal risks, and major network and billing infrastructure failures |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2011 | | | are listed. The risk management report also discloses the process CellTech follows in defining, assessing, classifying and monitoring risks. |
| | Score | Reporting | <p><i>Snapshot of performance</i> – Strategic pillars are compared with future goals and current performance and used among others a net promoter score, an engagement index score, a simplicity and a speed score;</p> <p><i>Performance review</i> – CellTech does an annual People Survey that tracks how engaged, well-managed and included their employees feel. Independent consultants do the survey and compare their scores to a high-performing peer group.</p> |
| | Strategy | Reporting | <p><i>About this report</i> – The audit, risk and compliance committee approved the integrated strategy and related key performance indicators;</p> |
| | Rewards | Reporting | <p><i>Remuneration report</i> – CellTech uses a short-term incentive that motivates and rewards achievements of performance objectives;</p> <p><i>Notes to the financial statements</i> – For equipment sales made to intermediaries, revenue is recognised if the significant risks and rewards of ownership are transferred and the intermediary has no general right of return. If the significant risks and rewards of ownership are not transferred, revenue recognition is deferred until sale of the equipment to an end-customer by the intermediary or the expiry of the right of return. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee.</p> |
| | Team | Reporting | <p><i>About this report</i> – CellTech formed an integrated reporting project team with sustainability management, finance, strategy, stakeholder relations, investor relations, commercial, technology, risk management and governance all represented.</p> <p><i>Business overview</i> – CellTech has a large direct sales team that sells mobile voice, data products and converged services to business customers. CellTech’s management team took on a transformation programme.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|--|
| Integrated Report 2011 | | | <p><i>Performance review</i> – Interview with the CFO – The team did a great job to deliver on the cost-efficiency programme.</p> <p><i>Strategic review</i> – CellTech’s customer experience management team hosted several employee workshops. The social media team tweet and post to many online customers.</p> |
| | Vision | Reporting | <p><i>Vision statement</i> appears on second page of the integrated report. CellTech’s vision is to make every customer smile.</p> |
| Integrated Report 2012 | Balanced scorecard | None | None |
| | Budget | Reporting | <p><i>Abridged Corporate Governance Statement</i> – Approval of annual budget is part of the responsibilities of the board and when setting strategies, approving budget and monitoring progress against the budget, the directors consider the business risks. EXCO develops the annual budget and business plans for the board’s approval;</p> <p><i>Risk management report</i> – Directors consider the strategic risks when they formulate strategy, approve budgets and monitor progress against business plans.</p> |
| | Goals | Reporting | <p><i>Strategic review</i> – Annual performance discussions, which are compulsory, help employees define their goals, track their performance and assess their behaviour. The improvement in performance discussions has had a positive impact on the business by aligning employee goals not only to short-term financial targets, but also to the five strategic pillars and the CellTech way. CellTech missed one of their operational goals, which is to increase their speed and simplicity scores measured in their annual People Survey, by five percentage points (ppts) each year. These scores dropped by nine ppts and five ppts respectively;</p> <p><i>Remuneration report</i> – In instances where target goals are exceeded, the cash bonus is capped at a percentage of the guaranteed package;</p> <p><i>Corporate Governance</i> – CellTech engaged with the audit firm to provide ‘limited assurance’ on the key measures and goals for each strategy for the current financial year.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-----------------------|-----------------------|---|
| Integrated Report 2012 | Incentives | Reporting | <p><i>About this report and remuneration report</i> – CellTech discloses how much they have invested in their employees through salaries, short- and long-term incentives and contributions to pension funds and medical aid schemes;</p> <p><i>Strategic review</i> – An area CellTech didn't do well in was pay and benefits, even though they offer above market related incentives. Every quarter, employees can access online statements setting out their total reward package, including their guaranteed package, insured benefits, pension and provident fund balances, short-term incentives in relation to target and stretch performance thresholds, and the value of their unvested long-term incentives;</p> <p><i>Remuneration report</i> – CellTech exceeded in all the targets linked to short-term incentives. The yearly review of director and employee remuneration is benchmarked to the market and awarded according to individual performance and potential. This is determined through their talent and performance management processes. The outcome influences the award of short- and long-term incentives. The short-term incentive, a yearly cash bonus, is linked to achieving financial and strategic objectives. The pool available for short-term incentives is determined by financial performance against targets;</p> <p><i>Notes to the financial statements</i> – Mentioning of retention incentives and disclosure of the payment of the short- and long-term incentives.</p> |
| | KPIs | Reporting (Preparing) | <p><i>About this report</i> – The audit, risk and compliance committee approved the integrated strategy and related key performance indicators;</p> <p><i>Integrated performance indicators</i> – Financial, economic, social (employees, communities), and environment indicators are listed and results (percentages and monetary) are plotted against these indicators.</p> |
| | Management engagement | None | None |
| | Mission | None | None |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|---------------------------|------------------------|-----------------------|---|
| Integrated Report 2012 | Organisational culture | Reporting | <i>Our business</i> – CellTech conducted organisational, culture, ethics and reputations surveys to assess and manage ethics risk. |
| | Performance | Reporting | <p><i>About this report</i> – CellTech introduced an operational review that deals with key areas of their business while still providing stakeholders with an integrated assessment of their performance in each of their strategic priorities;</p> <p><i>Chairman’s statement</i> – The chairman provides feedback on the company’s financial, board and safety performance;</p> <p><i>CEO report</i> – The CEO reports an improvement in performance;</p> <p><i>CFO report</i> – The CFO reports an improvement in performance of international operations.</p> <p><i>Strategic review</i> – CellTech created a direct link between employee performance and business strategy so employees have line of sight of what they do and its impact on business annual performance discussions, which are compulsory, help employees define their goals, track their performance and assess their behaviour. The improvement in performance discussions has had a positive impact on the business by aligning employee goals not only to short-term financial targets, but also to the five strategic priorities and the CellTech way. Every quarter employees’ can access online statements setting out their total reward package, including their guaranteed package, insured benefits, pension and provident fund balances, short-term incentives in relation to target and stretch performance thresholds, and the value of their unvested long-term incentives;</p> <p><i>Business overview</i> – Engagement with investors and shareholders the objective is to engage with them to keep them up to date on the financial performance and overall sustainability of the company;</p> <p><i>Integrated performance indicators</i> – Financial, economic, social (employees, communities), and environment indicators are listed and results (percentages and monetary) are plotted against these indicators.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|---|
| Integrated Report 2012 | | | <p><i>Remuneration report</i> – The yearly review of director and employee remuneration is benchmarked to the market and awarded according to individual performance and potential. This is determined through their talent and performance management processes. The outcome influences the award of short- and long-term incentives. The short-term incentive, a yearly cash bonus, is linked to achieving financial and strategic objectives. The pool available for short-term incentives is determined by financial performance against targets;</p> |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>CFO report</i> – The CFO reports that the board has changed the dividend policy pay-out ratio;</p> <p><i>Business overview</i> – Engagement with government and regulators through the publication of policy engagement papers and active participation in policy forums;</p> <p><i>Abridged Corporate Governance Statement</i> – Progress was made in creating policy and legal compliance management frameworks. In the statement of compliance, it is noted that a number of principles are entrenched in the company’s internal controls and policy procedures governing corporate conduct. EXCO is responsible for policy proposals for the board’s consideration. CellTech has a share dealings policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech’s shares;</p> <p><i>Remuneration report</i> – The remuneration committee determines the policy for remunerating executive directors on the same basis as other executives and prescribed officers. CellTech’s remuneration policy aims to attract and retain leaders of the highest calibre. The remuneration committee, in consultation with executive management, ensures that their directors and senior</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2012 | | | executives are fairly rewarded for their individual contributions to the company's performance in line with CellTech's remuneration policy. |
| | Process | Reporting | <p><i>Business overview</i> – CellTech is in the process of deploying new long-term evolution capable radio networks;</p> <p><i>Strategic review</i> – CellTech had frank and open discussions across the company on employee performance to ensure that the rating process is fair and truly recognises performance;</p> <p><i>Performance reviews</i> – Interview with the CEO – A new strategy setting process identified five strategic pillars which are to improve customer experience, create an environment for employees to grow, to improve internet connectivity, to drive operational excellence and proactively partner with stakeholders;</p> <p><i>Risk management report</i> – CellTech reports that they have improved and tested their internal crisis communication process for better responsiveness in managing crises and faster communication throughout the process. Disclosure of the process CellTech follows in defining, assessing, classifying and monitoring risks.</p> <p><i>General</i> – CellTech discloses items that were included as part of their assurance process for the year.</p> |
| | Risk management | Reporting | <p><i>Risk management report</i> – The risk management committee, chaired by the CFO, convenes four times a year. Its two main functions are to filter and approve the list of strategic, high and critical risks presented yearly to the board and audit, risk and compliance committees for the company and local markets, and to oversee and monitor the various projects and structures designed to manage specific identified risks such as, for example, business continuity management. Strategic risks include tactical, operational, process and project risks.</p> |
| | Risk report | Reporting | <p><i>Risk management report</i> – Apart from the information under 'Risk management' above, CellTech's risk management report further reports that risk and control procedures are enhanced on an</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2012 | | | ongoing basis. Directors consider the strategic risks when they formulate strategy, approve budgets and monitor progress against business plans. The major strategic risks that include regulatory decisions and changes in regulation, increased competition, unpredictable political, economic and legal risks, and major network and billing infrastructure failures are listed. The risk management report also discloses the process CellTech follows in defining, assessing, classifying and monitoring risks. |
| | Score | Reporting | <p><i>About this report</i> – Strategic pillars are compared with future goals and current performance and used among others a net promotor score, an engagement index score, a simplicity and a speed score;</p> <p><i>Performance review</i> – CellTech does an annual People Survey that tracks how engaged, well-managed and included their employees feel. Independent consultants do the survey and compare their scores to a high-performing peer group;</p> <p><i>Strategic review</i> – CellTech missed one of their operational goals, which is to increase their speed and simplicity scores measured in their annual People Survey, by five percentage points ('ppts') each year. These scores dropped by nine ppts and five ppts respectively.</p> |
| | Strategy | Reporting | <p><i>Chairman's statement</i> – The financial performance was in line with the company' strategy.</p> <p><i>Vision Statement</i> – Contains the company's strategy and its five strategic pillars.</p> <p><i>Abridged Corporate Governance Statement</i> – The board holds a strategy session every year. The remuneration committee considers the targets to be in line with the company's strategy.</p> <p><i>Strategic review</i> – CellTech created a direct link between employee performance and business strategy so employees have line of sight of what they do and its impact on business;</p> <p><i>Risk management report</i> – Directors consider the strategic risks when they formulate strategy, approve budgets and monitor progress against business plans. To mitigate the unpredictable</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Integrated Report 2012 | | | political, economic and legal risks, CellTech has a comprehensive stakeholder's relations strategy in place. |
| | Rewards | Reporting | <i>Remuneration report</i> – CellTech uses a short-term incentive that motivates and rewards achievements of performance objectives. |
| | Team | Reporting | <i>Chairman's statement</i> – The chairman mentions that the management team kept costs in check; <i>Performance review</i> – Interview with the CFO – The team did a great job to deliver on the cost-efficiency programme; <i>Strategic review</i> – The team of engineers spent a lot of time finding new and better ways to expand and improve CellTech's network. CellTech also has a social media customer care team. The social media team is well established. CellTech's team of forensic experts investigate, block and report the number publicly on Facebook, which means other users can check suspicious SMSs against the database. |
| | Vision | Reporting | <i>Our business</i> – Vision Statement: CellTech's vision is to make every customer smile. |
| Integrated Report 2013 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Corporate Governance (Risk Management Report and Abridged Corporate Governance Statement)</i> – Directors consider the strategic risks when they formulate strategy, approve budgets and monitor progress against business plans. |
| | Goals | Reporting | <i>Overview (Interview with the CEO)</i> – With additional spectrum, CellTech can increase the reach, speed and quality of their network in support of national broadband rollout goals. <i>Financial review (Operating results)</i> – CellTech's employees need to feel motivated and engaged and CellTech empowers them to change that which is not working and trust them to be more accountable for achieving set goals. Health and safety visits are included in each executive's performance goals. Employee rewards are aligned to business objectives and bonuses depend equally on meeting business performance and personal performance goals. |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|---------------------------|-------------------|-----------------------|--|
| Integrated Report 2013 | | | <p><i>Corporate Governance (Remuneration report)</i> – Where annual targets are achieved in full, 100% of the on-target bonus will be paid. In instances where target goals are exceeded, more than 100% of the on-target bonus is paid, but in all cases the cash bonus is capped at a percentage of the guaranteed package.</p> |
| | Incentives | Reporting | <p><i>Overview (The value created)</i> – CellTech discloses how much they have invested in their employees through salaries, short- and long-term incentives and contributions to pension funds and medical aid schemes.</p> <p><i>Our business (How they are managed) and Corporate Governance (Remuneration report)</i> – The CEO’s remuneration package has changed in that the bonus is now determined by business performance only, and long-term incentives have a co-investment requirement based on performance.</p> <p><i>Strategic review</i> – An area CellTech didn’t do well in was pay and benefits, even though they offer above market related incentives. Every quarter, employees can access online statements setting out their total reward package, including their guaranteed package, insured benefits, pension and provident fund balances, short-term incentives in relation to target and stretch performance thresholds, and the value of their unvested long-term incentives;</p> <p><i>Corporate Governance (Remuneration report)</i> – Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives. The yearly review of director and employee remuneration is benchmarked to the market and awarded according to individual performance and potential. This is determined through their talent and performance management processes. The outcome influences the award of short- and long-term incentives. The short-term incentive, a yearly cash bonus, is linked to achieving financial and strategic objectives. The pool available for short-term incentives is determined by financial performance against targets.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|---|
| Integrated Report 2013 | | | <i>Notes to the financial statements</i> – Mentioning of retention incentives and disclosure of the payment of the short- and long-term incentives. |
| | KPIs | Reporting (Preparing) | <p><i>Overview (About this report)</i> – Every month the Executive Committee considers a report that assesses the five strategic priorities and related KPIs. These monthly reports are also given to board members. CellTech did not achieve full assurance of their report as planned and again opted for limited assurance of certain KPIs relating to each of their strategic priorities. The reason for this was that they were still refining the controls and governance around these measures to withstand the same level of scrutiny as financial information.</p> <p><i>Strategic review (Our operations)</i> – Part of the financial review and a continuation of the operating results, CellTech lists their KPIs and report on the monetary results and ratios achieved on the KPIs.</p> |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | Reporting | <i>Our business (How we're managed)</i> – CellTech conducted organisational, culture, ethics and reputations surveys to assess and manage ethics risk. |
| | Performance | Reporting | <p><i>Overview (How we have performed)</i> – CellTech provides a general performance review.</p> <p><i>Overview (Chairman's statement)</i> – The Chairman reports a solid financial and operational performance.</p> <p><i>Overview (Interview with the CEO)</i> – The CEO notes that poor performance from service providers impacted revenue.</p> <p><i>Overview (Interview with the CFO)</i> – The CFO notes that he is pleased with the solid financial performance.</p> <p><i>Financial review (Operating results)</i> – Health and safety visits are included in each executive's performance goals. Employee rewards are aligned to business objectives and bonuses depend equally on meeting business performance and personal performance goals.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|--|
| Integrated Report 2013 | | | <p><i>Our business (How we are managed) and Corporate Governance (Remuneration report)</i> – CellTech’s remuneration policy aims to attract and retain leaders of the highest calibre, while making sure that their executives are compensated according to their performance. The CEOs remuneration package has changed in that the bonus is now determined by business performance only, and long-term incentives have a co-investment requirement based on performance. The yearly review of director and employee remuneration is benchmarked to the market and awarded according to individual performance and potential. This is determined through their talent and performance management processes. The pool available for short-term incentives is determined by financial performance against targets.</p> |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>Overview (What is most material for us)</i> – For CellTech to continue investing in chosen markets, they need a stable policy environment.</p> <p><i>Corporate Governance (Abridged Corporate Governance statement)</i> – A number of principles are entrenched in the company’s internal controls and policy procedures governing corporate conduct. EXCO is responsible for managing the company’s operations, developing strategy and policy proposals for the board’s consideration. The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. CellTech has a share dealing policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech’s shares. CellTech also has an approved stakeholder engagement policy in place.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| | | | <p><i>Corporate Governance (Remuneration report)</i> – The remuneration report explains CellTech’s remuneration policy for non-executive directors, executive directors and prescribed officers. The company’s remuneration committee determines the policy for remunerating executive directors on the same basis as other company executives and prescribed officers. Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives. CellTech’s remuneration policy aims to attract and retain leaders of the highest calibre, while making sure that their executives are compensated according to their performance. No material changes to their remuneration policy have been proposed for the next financial year.</p> <p><i>Financial review (Operating results)</i> – During the financial year, CellTech reviewed their internal controls in the International operations around revenue reporting and ensured alignment across the company’s policy.</p> |
| Integrated Report 2013 | Process | Reporting | <p><i>Overview (Interview with the CEO)</i> – The CEO notes that CellTech is in the process of changing their customer service approach.</p> <p><i>Overview (Interview with the CFO)</i> – CellTech is in the process of mapping their customer journeys to extract additional process efficiencies.</p> <p><i>Our business (What is happening in our industry)</i> – CellTech initiated a market review process to reduce mobile termination rates.</p> <p><i>Our business (How we’re managed)</i> – CellTech reports that they have improved and tested their internal crisis communication process for better responsiveness in managing crises and faster communication throughout the process.</p> <p><i>General</i> – CellTech discloses items that were included as part of their assurance process for the year.</p> |
| | Risk management | Reporting | <p><i>Corporate Governance (Risk management report)</i> – There is no opportunity without risk. CellTech has the right structures in place</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2013 | | | to identify, monitor and manage our risks effectively. Risk is managed at three distinct levels in the company – the line manager at operational level, the Risk Group and the Risk Management Committees within each operation. The Risk Management Committees in their International operations are now fully functional in line with company standards. The risk management committee, chaired by the CFO, convenes four times a year. |
| | Risk report | Reporting | <i>Corporate Governance (Risk management report)</i> – The risk management report discloses the process CellTech follows in defining, assessing, classifying and monitoring risks. |
| | Score | Reporting | <p><i>Overview (About this report)</i> – Strategic pillars are compared with future goals and current performance and used among others a net promoter score, an engagement index score, a simplicity and a speed score. CellTech reports that they have changed the way they calculate the net promoter score.</p> <p><i>Strategic review (Our people)</i> – CellTech achieved an increase in their engagement score.</p> <p><i>Strategic review (Our reputation)</i> – CellTech has the highest reputation score in their sector in all their markets.</p> |
| | Strategy | Reporting | <p><i>Overview (What is most material to us)</i> – Having the right people with the right skills is essential for the delivery of CellTech’s strategy. In line with their growth strategy, they’ve invested in the skills needed to resource their new market opportunities and diversify their service offering.</p> <p><i>Overview (Interview with the CEO)</i> – CellTech has a clear strategy to differentiate their brand, based on three pillars: best network, best value and best service. The requisite network investment and all their efforts to strengthen their distribution especially in rural areas, underpins this strategy. The CEO mentioned that it is important for him to empower CellTech’s employees to change what’s not working, and to be accountable for doing what’s necessary for them to deliver on the strategy.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2013 | | | <p><i>Overview (interview with the CFO)</i> – The CFO expressed that standardising and simplifying their processes and extracting greater efficiencies not only supports their cost management objectives but supports their strategy to deliver a better service to customers and offer them competitive value.</p> <p><i>Our business (Who led us)</i> – During the year, CellTech restructures their EXCO to streamline the delivery of their strategy.</p> <p><i>Strategic review</i> – CellTech provides a review of their five strategic pillars: customers, growth, operations, their employees and their reputation.</p> |
| | Rewards | Reporting | <p><i>Corporate Governance (Remuneration report)</i> – CellTech rewards executives for their contribution to the company’s strategic, operating and financial performance and ensure that remuneration is conducive to developing and retaining top talent, critical skills and intellectual capital.</p> <p><i>Strategic review (Our operations)</i> – Employee rewards are aligned to business objectives and bonuses depend equally on meeting business performance and personal performance goals.</p> <p><i>Financial review (Operating results)</i> – Employee rewards are aligned to business objectives and bonuses depend equally on meeting business performance and personal performance goals.</p> |
| | Team | Reporting | <p><i>Overview (The value we have created)</i> – Part of CellTech’s strategic priorities is to build a diverse and talented team.</p> <p><i>Overview (Chairman’s statement)</i> – The chairman expresses his appreciation for the management team.</p> <p><i>Overview (Interview with the CEO)</i> – The CEO mentions that he is proud of what the team has achieved. Basis of work and limitations: CellTech’s engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists.</p> <p><i>Corporate governance (Risk management report)</i> – A top-down approach, reviewing last year’s risks through one-on-one interviews with members of the senior leadership team.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Integrated Report 2013 | Vision | Reporting | <i>Our business (What we live for)</i> – Best network, best value, best service. |
| Integrated Report 2014 | Balanced scorecard | None | None |
| | Budget | Reporting | <p><i>Corporate Governance (Abridged Corporate Governance Statement)</i> – Part of the board’s responsibilities is to approve the annual budget and operating plan. EXCO is responsible for developing the annual budget and business plans for the board’s approval.</p> <p><i>Corporate Governance (Risk management report)</i> – Directors consider the strategic risks when they formulate strategy, approve budgets and monitor progress against business plans.</p> |
| | Goals | Reporting | <p><i>Strategic review (People)</i> – CellTech manages talent through their Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives.</p> <p><i>Corporate Governance (Remuneration report)</i> – In instances where target goals are exceeded, the cash bonus is capped at a percentage of the guaranteed package.</p> |
| | Incentives | Reporting | <p><i>How we create value (The value we have created)</i> – CellTech reports on the monetary value it has distributed to their employees in salaries, short- and long-term incentives and contributions to pension funds and medical aid schemes.</p> <p><i>Financial review (Our contribution to public finances)</i> – CellTech reports that they contribute to value creation in the countries in which they operate through capital expenditure and the provision of income, incentives and benefits to their employees.</p> <p><i>Corporate Governance (Remuneration report)</i> – Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives. Individual performance is determined through CellTech’s talent and performance management processes, the outcome of which influences the award of short- and long-term incentives. The remuneration committee reviews the</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|--|
| Integrated Report 2014 | | | total pay mix of executives every year and decides on the proportion of total remuneration paid as part of the guaranteed package, or as short- and long-term incentives. The incentives are aligned to CellTech's strategic focus on revenue growth and market performance. Non-executive directors do not receive short- or long-term incentives. The remuneration report further discloses the retention incentives and the payment of the short- and long-term incentives. |
| | KPIs | Reporting (Preparing) | <i>Financial review (Operating results)</i> – KPIs are listed and CellTech reports on the monetary results and ratios achieved on the KPIs. <i>Corporate Governance (Independent assurance report)</i> – 'KPIs' are mentioned in the independent assurance report. <i>Corporate Governance (Directors' responsibility statement)</i> – Part of the directors' responsibilities is to determine those KPIs which may be relevant and material to the identified stakeholders. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <p><i>About this report</i> – CellTech's integrated report aims to provide all of our stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects. The board believes that it addresses all material issues and presents fairly the company's integrated performance and its impacts, and approved the integrated report.</p> <p><i>How we have performed</i> – CellTech provides a general performance review.</p> <p><i>How we create value (How we're managed) and Corporate Governance (Remuneration report)</i> – CellTech's remuneration policy aims to attract and retain leaders of the highest calibre, while making sure that their executives are compensated according to their performance.</p> <p><i>How we create value (Chairman's statement)</i> – The Chairman reports that he is pleased with the company's safety performance.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|---|
| <p>Integrated Report 2014</p> | | | <p><i>How we create value (Interview with the CEO)</i> – The CEO recognises a strong performance in service revenue growth.</p> <p><i>Strategic review (Reputation)</i> – One of the most important ways in which CellTech invest in their people is through their talent programmes. They manage talent through their Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives.</p> <p><i>Strategic review (People)</i> – CellTech manages talent through their Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives.</p> <p><i>Financial review (Interview with the CFO)</i> – The CFO notes that CellTech recorded a pleasing financial performance.</p> <p><i>Financial review (Operating results)</i> – CellTech reports on their financial performance. KPIs are listed and CellTech report on the monetary results and ratios achieved on the KPIs.</p> <p><i>Corporate Governance (Risk management report)</i> – CellTech reports on increased competition that may negatively impact their financial performance.</p> <p><i>Corporate Governance (Remuneration report)</i> – The remuneration committee, in consultation with executive management, ensures that the company’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. The objectives of CellTech’s reward program, are among others, to retain capable employees who enhance business performance and to motivate individual and team performance that drives stakeholder value. Individual performance is determined through CellTech’s talent and performance management processes, the outcome of which influences the award of short- and long-term incentives. The incentives are aligned to CellTech’s strategic focus on revenue growth and market performance.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|--|
| Integrated Report 2014 | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>Who are we (How we do business)</i> – CellTech’s dividend policy is to return ordinary dividends to shareholders of at least 90% of headline earnings per share.</p> <p><i>How we create value (What is most material for us)</i> – For CellTech to continue investing in chosen markets, they need a stable policy environment.</p> <p><i>Corporate Governance (Abridged Corporate Governance statement)</i> – A number of principles are entrenched in the company’s internal controls and policy procedures governing corporate conduct. EXCO is responsible for managing the company’s operations, developing strategy and policy proposals for the board’s consideration. The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. CellTech has a share dealing policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech’s shares. CellTech also has an approved stakeholder engagement policy in place.</p> <p><i>Corporate Governance (Remuneration report)</i> – The remuneration report explains CellTech’s remuneration policy for non-executive directors, executive directors and prescribed officers. The company’s remuneration committee determines the policy for remunerating executive directors on the same basis as other company executives and prescribed officers. Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives. CellTech’s remuneration policy aims to attract and retain leaders of the highest calibre, while making sure</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2014 | | | <p>that their executives are compensated according to their performance. No material changes to their remuneration policy have been proposed for the next financial year.</p> <p><i>Financial review (Operating results)</i> – During the financial year, CellTech reviewed their internal controls in the International operations around revenue reporting and ensured alignment across the company’s policy.</p> |
| | Process | Reporting | <p><i>Strategic review (People)</i> – CellTech reports on their Engagement score and that they can improve the on-boarding process for new employees.</p> <p><i>Corporate Governance (Risk management report)</i> – CellTech reports that the risk management process is overseen by the risk management committee.</p> <p><i>Corporate Governance (Directors’ responsibility statement)</i> – Part of the directors’ responsibilities is to implement a stakeholder engagement process to identify all relevant stakeholders.</p> <p><i>General</i> – CellTech reports on their legal process challenging a regulatory authority on mobile termination rates. CellTech further discloses items that were included as part of their assurance process for the year.</p> |
| | Risk management | Reporting | <p><i>Corporate Governance (Risk management report)</i> – There is no opportunity without risk. CellTech reports that the risk management process is overseen by the risk management committee. CellTech has the right structures in place to identify, monitor and manage our risks effectively. Risk is managed at three distinct levels in the company – the line manager at operational level, the Risk Group and the Risk Management Committees within each operation. The risk management committee, chaired by the CFO, convenes four times a year. The risk management dashboard was updated. CellTech’s risk management framework is supported by robust internal controls and monitoring procedure.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2014 | Risk report | Reporting | <i>Corporate Governance (Risk management report)</i> – The risk management report discloses the process CellTech follows in defining, assessing, classifying and monitoring risks. |
| | Score | Reporting | <p><i>Overview (About this report)</i> – Strategic pillars are compared with future goals and current performance and used among others a net promoter score, an engagement index score, a simplicity and a speed score.</p> <p><i>How we create value (Interview with the CEO)</i> – The CEO reports that clear steps have been identified to improve CellTech’s scores further, and one of these will be to give their most talented people more access to the leadership team.</p> <p><i>Strategy review (People)</i> – CellTech improved their Engagement score by giving their most talented people access to their leadership team through company breakfasts with board and EXCO team members.</p> |
| | Strategy | Reporting | <p><i>About this report</i> – CellTech’s integrated report aims to provide all of our stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects.</p> <p><i>Who are we (How we do business)</i> – Key to CellTech’s customer strategy is to differentiate through investing in their network.</p> <p><i>How we create value (Chairman’s statement)</i> – The chairman states that the company’s strategy is focused on the right opportunities to sustain growth and to diversify CellTech’s revenues.</p> <p><i>How we create value (Interview with the CEO)</i> – Network investment is the foundation of CellTech’s strategy, enabling them to differentiate the customer experience and reduce the cost to communicate. As part of CellTech’s customer strategy to offer the best network, they continue to build capacity to support the strong data growth they are experiencing in balance with driving pricing down. In terms of their growth strategy to expand geographically,</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2014 | | | <p>they've not been able to find any attractive assets that will yield the kind of growth they're looking for.</p> <p><i>Strategic review</i> – CellTech provides a review of their five strategic pillars: customers, growth, operations, their employees and their reputation.</p> <p><i>Financial review (interview with the CFO)</i> – The CFO states that network leadership is the foundation of their strategy.</p> <p><i>Financial review (Operating results)</i> – The strong growth in equipment revenue was supported by CellTech's device financing programme which underpins their strategy of making data capable devices affordable for more of their customers.</p> <p><i>Our business (Who lead us)</i> – During the year, CellTech restructures their EXCO to streamline the delivery of their strategy.</p> <p><i>Corporate Governance (Risk management report)</i> – Directors consider the strategic risks when they formulate strategy, approve budgets and monitor progress against business plans.</p> <p><i>Corporate Governance (Abridged corporate governance statement)</i> – The board holds a minimum of four meetings, two teleconferences and a strategy session every year. EXCO is responsible for developing strategy. No significant weaknesses were identified, but areas for improvement such as reporting more regularly on progress against strategy were noted. CellTech maintains a proactive dialogue with shareholders to communicate our strategy and activities.</p> <p><i>Corporate Governance (Remuneration report)</i> – Each element of CellTech's remuneration structure is aligned to shareholder value and appropriately linked to CellTech's business strategy.</p> |
| | Rewards | Reporting | <p><i>Corporate Governance (Remuneration report)</i> – The remuneration committee, in consultation with executive management, ensures that the company's directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech's remuneration policy. The objectives of CellTech's reward program, are among others, to retain capable</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Integrated Report 2014 | | | employees who enhance business performance and to motivate individual and team performance that drives stakeholder value. |
| | Team | Reporting | <p><i>Who we are (What we live for)</i> – Part of CellTech’s strategic pillars is to build a diverse and talented team.</p> <p><i>How we create value (Chairman’s statement)</i> – The chairman expresses his gratitude to the CEO and his executive team.</p> <p><i>How we create value (Interview with the CEO)</i> – The CEO reports that clear steps have been identified to improve CellTech’s scores further, and one of these will be to give their most talented people more access to the leadership team.</p> <p><i>Strategy review (People)</i> – CellTech improved their Engagement score by giving their most talented people access to their leadership team through company breakfasts with board and EXCO team members.</p> <p><i>Corporate Governance (Remuneration report)</i> –The objectives of CellTech’s reward program, are among others, to retain capable employees who enhance business performance and to motivate individual and team performance that drives stakeholder value.</p> <p><i>Corporate Governance (Independent assurance report)</i> – CellTech’s engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists.</p> |
| | Vision | Reporting | <i>Who we are (What we live for)</i> – Best network, best value, best service. |
| Integrated Report 2015 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Abridged Corporate Governance Statement</i> – Part of the board’s responsibilities are to approve the annual budget and operating plan. EXCO is responsible for developing the annual budget and business plans for the board’s approval. |
| | Goals | Reporting | <i>About this report</i> – CellTech reports that as part of materiality determination, the issues that were top of mind for the board require significant investment of leadership attention and capital investment to ensure they support and do not inhibit CellTech’s |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2015 | | | <p>ability to deliver on their strategy and meet our goals over the medium-term. In terms of integrated thinking. CellTech reports that their strategy has five priorities, and they have set clear three-year goals and related targets for each of these.</p> <p><i>Interview with the CEO</i> – CellTech has set 10 clear goals with three-year targets to drive their performance against their five strategic priorities.</p> <p><i>Strategy review (Growth)</i> – CellTech has set key three-year goals for each of their growth pillars to focus on delivering growth.</p> <p><i>Strategic review (People)</i> – The CEO engaged with employees to help them understand CellTech’s strategy and what is expected of them in terms of the three-year goals they have set for each of our five strategic focus areas. CellTech manages talent through their Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives.</p> <p><i>Strategic review (Reputation)</i> – CellTech aims to proactively engage with government and other stakeholders to further the broadband goals of the countries in which we operate in, and contribute to initiatives, which positively impact society.</p> <p><i>Corporate Governance (Remuneration report)</i> – In instances where target goals are exceeded, the cash bonus is capped at a percentage of the guaranteed package.</p> |
| | Incentives | Reporting | <p><i>Chairman’s statement</i> – To align the variable remuneration of management to the intent of the strategy, short-term incentives for the next financial year will be determined according to the following measures: customer experience; service revenue; EBITDA and operating free cash flows.</p> <p><i>The value we create</i> – CellTech reports on the monetary value it has distributed to their employees in salaries, short- and long-term incentives and contributions to pension funds and medical aid schemes.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|---|
| Integrated Report 2015 | | | <i>Corporate Governance (Remuneration report)</i> – The remuneration committee reviews the total pay mix of executives every year and decides on the proportion of total remuneration paid as part of the guaranteed package, or as short- and long-term incentives. The incentives are aligned to CellTech’s strategic focus on revenue growth and market performance. Non-executive directors do not receive short- or long-term incentives. The remuneration report further discloses the retention incentives and the payment of the short- and long-term incentives. |
| | KPIs | Reporting | <i>Interview with the CEO</i> – To focus more on customer service, CellTech also looks at customer-related KPIs. <i>Corporate Governance (Independent assurance report)</i> – KPIs are mentioned and included in the independent assurance report. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <i>About this report</i> – CellTech’s integrated report aims to provide all of our stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects. The board believes that it addresses all material issues and presents fairly the company’s integrated performance and its impacts. <i>What matters most to our stakeholders</i> – Part of what matters most to CellTech’s stakeholders is their customers. CellTech notes that in order to build trust among their customers they need to manage their core operational risks around network performance and privacy. Regarding their investors and shareholders CellTech reports that they engage with them to keep them up to date on the financial performance and overall sustainability of the company. CellTech engages with their employees through their performance development process <i>Chairman’s statement</i> – The Chairman reports that he is pleased with the company’s safety performance. |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|---|
| <p>Integrated Report 2015</p> | | | <p><i>Interview with the CEO</i> – CellTech has set 10 clear goals with three-year targets to drive their performance against their five strategic priorities</p> <p><i>Strategic review (People)</i> – CellTech manages talent through their Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives.</p> <p><i>Performance review</i> – CellTech provides a general performance review that includes an interview with the CFO, operating results, financial position and liquidity results as well as a historic review and summarised consolidated financial statements.</p> <p><i>How we are managed and Corporate Governance (Remuneration report)</i> – CellTech’s remuneration policy aims to attract and retain leaders of the highest calibre, while making sure that their executives are compensated according to their performance.</p> <p><i>Strategic review (Reputation)</i> – One of the most important ways in which CellTech invest in their people is through their talent programmes. They manage talent through their Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives.</p> <p><i>Interview with the CFO</i> – The CFO notes that CellTech recorded a pleasing financial performance.</p> <p><i>Operating results</i> – CellTech reports on their financial performance. KPIs are listed and CellTech report on the monetary results and ratios achieved on the KPIs.</p> <p><i>Corporate Governance (Risk management report)</i> – CellTech reports on increased competition that may negatively impact their financial performance.</p> <p><i>Corporate Governance (Remuneration report)</i> – The remuneration committee, in consultation with executive management, ensures that the company’s directors and senior executives are fairly rewarded for their individual contributions to overall performance</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|--|
| Integrated Report 2015 | | | <p>and in line with CellTech's remuneration policy. The objectives of CellTech's reward program, are among others, to retain capable employees who enhance business performance and to motivate individual and team performance that drives stakeholder value. Individual performance is determined through CellTech's talent and performance management processes, the outcome of which influences the award of short- and long-term incentives. The incentives are aligned to CellTech's strategic focus on revenue growth and market performance. The strategic intent of the guaranteed package as part of the remuneration structure is to provide competitive pay and rewards performance. The strategic intent of the short-term incentive is to motivate and reward achievement of business and individual performance.</p> <p><i>Abridged Corporate Governance Statement</i> – The objective of CellTech's reward programme is to motivate individual and team performance that drives shareholder value.</p> |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>Interview with the CFO</i> – CellTech's dividend policy is to return ordinary dividends to shareholders of at least 90% of headline earnings per share.</p> <p><i>Corporate Governance (Abridged Corporate Governance statement)</i> – A number of principles are entrenched in the company's internal controls and policy procedures governing corporate conduct. EXCO is responsible for managing the company's operations, developing strategy and policy proposals for the board's consideration. The Remuneration Committee, in consultation with executive management, ensures that the Group's directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech's remuneration policy. CellTech has a share dealing</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2015 | | | <p>policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech's shares. CellTech also has an approved stakeholder engagement policy in place.</p> <p><i>Corporate Governance (Remuneration report)</i> – The remuneration report explains CellTech's remuneration policy for non-executive directors, executive directors and prescribed officers. The company's remuneration committee determines the policy for remunerating executive directors on the same basis as other company executives and prescribed officers. Part of the remuneration policy is to have a holistic approach which is balanced with elements such as variable pay in the form of short- and long-term incentives. CellTech's remuneration policy aims to attract and retain leaders of the highest calibre, while making sure that their executives are compensated according to their performance. No material changes to their remuneration policy have been proposed for the next financial year.</p> <p><i>Financial review (Operating results)</i> – During the financial year, CellTech reviewed their internal controls in the International operations around revenue reporting and ensured alignment across the company's policy.</p> |
| | | Reporting | <p><i>About this report</i> – Integrated thinking is intrinsic to the way CellTech manages their business, and is supported by their internal reporting process. Well-developed engagement processes are in place that regulate the relationships with CellTech's key stakeholders. Their feedback is made available to CellTech's leadership through well-developed reporting processes, to ensure that stakeholder views and concerns inform strategic decision-making.</p> <p><i>What matters most to our stakeholders</i> – CellTech engages with their employees through their performance development process.</p> <p><i>Chairman's statement</i> – CellTech's chairman notes that CellTech continues to implement the world-class policies and processes</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2015 | | | <p>necessary to manage the risk to customers, as well as to comply with relevant legislation.</p> <p>Interview with the CEO – The CEO mentions that CellTech has commenced the process of connecting homes and businesses with fibre.</p> <p><i>Strategic review (Growth)</i> – CellTech reports on their business insurance process and simplified FICA process. CellTech reports that they will continue to grow by making ongoing improvements to their processes and service models.</p> <p><i>Strategic review (Operations)</i> – Part of operation pillars is process simplification.</p> <p><i>Corporate Governance (Risk management report)</i> – CellTech reports that the risk management process is overseen by the risk management committee and provides an overview of their risk management process.</p> <p><i>Corporate Governance (Directors' responsibility statement)</i> – Part of the directors' responsibilities is to implement a stakeholder engagement process to identify all relevant stakeholders.</p> <p><i>Corporate Governance (Risk management report)</i> - The risk management committee in each operation oversees the process.</p> <p><i>General</i> – CellTech reports on their legal process challenging a regulatory authority on mobile termination rates. CellTech further discloses items that were included as part of their assurance process for the year.</p> |
| | Risk management | Reporting | <p><i>Corporate Governance (Risk management report)</i> – The risk management framework was updated during the past year to align with ISO 31000 and other risk management best practices. The updated framework is being rolled out across the company, which will make up-to-date risk management information and dashboards available to management. All updates of operational and tactical risks are currently being done on the new risk management system. The company's audit, risk and compliance committees are responsible for monitoring the risk management function. The risk</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2015 | | | management committee is responsible for managing risk and implementing appropriate controls. The risk management committee in each operation oversees the process. All risks are captured on the newly implemented risk management system. Risk is managed at three distinct levels: risk management committees, the risk group and line management. CellTech also provides an overview of their risk management process. Risk management has been taken into account in the assurance report. |
| | Risk report | Report | <i>Corporate Governance (Risk management report)</i> – The risk management report discloses the process CellTech follows in defining, assessing, classifying and monitoring risks. |
| | Score | Report | <p><i>About this report</i> – Key metrics applied in managing CellTech’s business include the net promotor score.</p> <p><i>How we performed</i> – Report includes BBBEE score.</p> <p><i>Interview with the CEO</i> – The CEO notes the core which they want to achieve in their employee engagement survey over the next three years.</p> <p><i>What we are aiming for</i> – CellTech includes their net promotor score and their engagement score.</p> <p><i>Strategic review (Operations)</i> – CellTech reports on their score in the Carbon Disclosure Project.</p> <p><i>Strategic review (People)</i> – CellTech reports on their engagement score.</p> <p><i>Corporate Governance (Risk management report)</i> – The risk management report provides an overview of their risk management process which includes the classification and likelihood score of risks.</p> |
| | Strategy | Reporting | <i>About this report</i> – CellTech’s integrated report aims to provide all of our stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects. CellTech’s strategy has five priorities and they have set clear three-year goals and related targets for each of them. CellTech reports that as part of materiality |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2015 | | | <p>determination, the issues that were top of mind for the board require significant investment of leadership attention and capital investment to ensure they support and do not inhibit CellTech's ability to deliver on their strategy and meet our goals over the medium-term.</p> <p><i>What's material in our markets</i> – CellTech reports that their bundle strategy in the prepaid market helped them to maintain market share. They continue to focus on their growth strategy to diversify revenue and deliver growth. CellTech proactive manages BBBEE as part of their overarching business strategy. In line with their growth strategy, they are investing in the skills needed to resource their new market opportunities.</p> <p><i>Chairman's statement</i> – The chairman notes that in pursuing their strategy, the board is aware of the importance of regulatory certainty. In pursuit of the company's strategy, they are actively managing the attendant risks to their customers. To align the variable remuneration of management to the intent of the strategy, short-term incentives for the next financial year will be determined according to the following measures: customer experience; service revenue; EBITDA and operating free cash flows.</p> <p><i>Strategic review</i> – CellTech provides a review of their five strategic pillars: customers, growth, operations, people (their employees) and their reputation.</p> |
| | Rewards | Reporting | <p><i>Corporate Governance (Remuneration report)</i> – The strategic intent of the guaranteed package as part of the remuneration structure is to provide competitive pay and rewards performance. The strategic intent of the short-term incentive is to motivate and reward achievement of business and individual performance.</p> |
| | Team | Reporting | <p><i>What matters most to our stakeholders</i> – CellTech reports that engagement with their employees takes place through team meetings.</p> <p><i>Chairman's statement</i> – The chairman expresses his thanks to the executive team.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Integrated Report 2015 | | | <p><i>Strategic review (Growth)</i> – To strengthen CellTech’s services offering, they invested in a specialist solutions team that supports account managers. CellTech also has a dedicated team focussing on customer service. CellTech has also expanded their global enterprise team.</p> <p><i>Strategic review (Operations)</i> – CellTech reports that their network team is planning to implement free cooling at certain sites.</p> <p><i>Abridged Corporate Governance Statement</i> – The objective of CellTech’s reward programme is to motivate individual and team performance that drives shareholder value.</p> |
| | Vision | Reporting | <p><i>What matters most to our stakeholders</i> – CellTech reports that part of what matters most to their stakeholders is their employees. Their skills and involvement determine CellTech’s ability to realise their vision to provide the best network, best value and best service, and to fulfil CellTech’s purpose of empowering everyone to be confidently connected.</p> <p><i>What we live for</i> – CellTech discloses their vision statement which is to be the best network, provide the best value and best service.</p> |
| Integrated Report 2016 | Balanced scorecard | None | None |
| | Budget | Reporting | <p><i>Abridged corporate governance report</i> – The board is responsible for approving the annual budget. EXCO is responsible for developing the annual budget and business plans for the board’s approval. The board considers business risks when setting strategies, approving budgets and monitoring progress against budgets.</p> |
| | Goals | Reporting | <p><i>Who are we</i> – As part of the strategy and strategic objectives, CellTech mentions that their goal is to proactively engage with government and stakeholders to achieve each country’s broadband goal.</p> <p><i>About this report</i> – The resulting strategic priorities and three-year goals and targets have been developed to ensure that CellTech manage the resources and relationships needed to create value over time.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2016 | | | <p><i>Our business (Creating value) and Our performance (Our strategic performance at a glance)</i> – CellTech has set three-year goals with related targets for each of their five strategic pillars. Reaching their goals will make them more competitive.</p> <p><i>Our performance (People)</i> – CellTech’s performance dialogue programme forms the basis for nurturing high-potential employees and identifying candidates for succession, which involves monitoring performance against yearly goals, and setting training and development targets.</p> <p><i>CFOs review</i> – CellTech’s key goals for the next three years are to build on the improving commercial execution of their customer care programme.</p> <p><i>Governance review (Remuneration report)</i> – In instances where target goals are achieved in full, 100% of the on-target bonus will be paid. In instances where target goals are exceeded, more than 100% of the on-target bonus is paid, but in all cases the cash bonus is capped at a percentage of the guaranteed package.</p> |
| | Incentives | Reporting | <p><i>Overview</i> – CellTech has made some changes in the short-term incentives for the year. To ensure that it is reflected in the short-term incentives, the board increased the percentage of the short-term incentive based on customer appreciation measures. CellTech’s long-term incentives are intended to ensure that they retain the skills and motivation of executive directors and other employees over the longer term, and that they incentivise them to support the company in meeting its objectives relating to sustainable performance and creating long-term shareholder value.</p> <p><i>Governance review (Remuneration report)</i> – Individual performance is determined through their talent and performance management processes, the outcome of which influences the award of short- and long-term incentives. The remuneration committee reviews the total pay mix of executives every year and decides on the proportion of total remuneration paid as part of the guaranteed package, or as short- and long-term incentives. The</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2016 | | | remuneration report further discloses the retention incentives and the payment of the short- and long-term incentives. |
| | KPIs | Reporting | <i>How we sustain value</i> – CellTech reports that they experienced improvements in customer-experience voice and data KPIs. <i>Independent assurance report</i> – Contains selected KPIs. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <p><i>About this report</i> – CellTech’s report aims to provide their stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects. EY performed a ‘limited assurance’ engagement on selected key performance indicators linked to CellTech’s five strategic pillars. The board believes that the report addresses all material issues and presents a balanced and fair account of the company’s performance.</p> <p><i>Overview</i> – CellTech’s long-term incentives are intended to ensure that they retain the skills and motivation of executive directors and other employees over the longer term, and that they incentivise them to support the company in meeting its objectives relating to sustainable performance and creating long-term shareholder value.</p> <p><i>Chairman’s statement</i> – The positive results of this year have been achieved as a result of CellTech’s effective execution of the company’s growth strategy and plan. Their performance on this strategy is reviewed throughout this report. The strategic focus has assisted CellTech in delivering excellent performance in the face of the difficult market conditions across their operations. The customer appreciation assessment is based on a market-by-market assessment of measures, including Net Promotor Score (NPS) performance, relative revenue market share, brand consideration and churn. CellTech’s long-term incentives are intended to ensure that they retain the skills and motivation of executive directors and other employees over the longer term, and</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| <p>Integrated Report 2016</p> | | | <p>that CellTech incentivise them to support the company in meeting its objectives relating to sustainable performance and creating long-term shareholder value.</p> <p><i>CEOs statement</i> – CellTech’s excellent performance this year reflects the successful execution of their well-planned strategy. The CEO further provides a general overview of CellTech’s performance.</p> <p><i>Material interests impacting value</i> – Regulatory compliance on issues such as mobile termination rates, price, security, safety, health and environmental performance. Strategy to ensure sustained financial performance.</p> <p><i>Our business (Creating value) and Our performance (Our strategic performance at a glance)</i> – CellTech has set three-year goals with related targets for each of their five strategic pillars. Reaching their goals will make them more competitive.</p> <p><i>Our performance (People)</i> – CellTech’s performance dialogue programme forms the basis for nurturing high-potential employees and identifying candidates for succession, which involves monitoring performance against annual goals, and setting training and development targets. CellTech has simplified this process.</p> <p><i>Our performance (Customer)</i> – CellTech expanded their network coverage and performance. CellTech discloses how they added value to customers by reviewing their performance on various price and data packages.</p> <p><i>Our performance (Growth)</i> – CellTech provides a performance overview on their growth performance.</p> <p><i>Our performance (Operations)</i> – CellTech provides an overview on the performance of their operations.</p> <p><i>Our performance (Reputation)</i> – An overview of CellTech’s performance regarding their reputation is provided.</p> <p><i>Our performance (Sustainability)</i> – CellTech includes a summary of their performance on sustainability in this integrated report.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2016 | | | <p><i>Our performance (CFOs review)</i> – The CFO provides a review on CellTech’s financial performance.</p> <p><i>Governance review (Remuneration report)</i> – CellTech’s remuneration philosophy is to reward their executives and their employees for their contribution to their strategic, operating and financial performance, and to ensure that their remuneration is conducive to developing and retaining top talent, critical skills and intellectual capital. The remuneration committee, in consultation with executive management, ensures that the company’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with company’s remuneration policy. Individual performance is determined through their talent and performance management processes, the outcome of which influences the award of short- and long-term incentives. CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> <p><i>Governance review (Abridged corporate governance report)</i> – The CellTech Technology Governance Framework and charter, which are mapped to the IT governance principles of King III, have continued to be reinforced in the organisation. Each framework element is substantiated through demonstrable processes to align technology strategy and business needs, deliver value and manage performance, and to strengthen information security management, information management, risk management, business continuity management and compliance.</p> |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>Chairman’s statement and how we create value</i> – CellTech has delivered on their dividend policy of a return of ordinary dividends to shareholders of at least 90% of headline earnings per share.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|---|
| <p>Integrated Report 2016</p> | | | <p>CellTech has achieved growth amidst the context of some significant regulatory and policy challenges.</p> <p><i>Governance review (Remuneration report)</i> – The remuneration committee, in consultation with executive management, ensures that the company’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with the company’s remuneration policy. CellTech provides an overview of their remuneration policy.</p> <p><i>Material interests impacting value</i> – CellTech continues to face important regulatory changes and potential policy uncertainty across their operations, with implications for both revenue growth and cost efficiency. CellTech reports that they have a stable dividend policy.</p> <p><i>Stakeholder ‘hot topics’</i> – A session regarding over-the-top services was attended by sector stakeholders with the aim of improving understanding of policy and possible regulation on over-the-top players.</p> <p><i>Our performance (Customer)</i> – CellTech has been building mobile telephone exchanges into trucks capable of being deployed anywhere in the country to deliver on their policy of recovering voice and data traffic within 48 hours. An independent assessment of compliance with their network resilience policy concluded that CellTech is prepared on every required control.</p> <p><i>Governance review (Abridged corporate governance report)</i> – EXCO is responsible for managing the company’s operations, developing strategy and policy proposals for the board’s consideration. The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. CellTech has a share dealing policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2016 | | | <p>deal in CellTech's shares. CellTech also has an approved stakeholder engagement policy in place.</p> <p><i>Corporate Governance (Remuneration report)</i> – A key responsibility of CellTech's remuneration committee is to determine, agree and develop CellTech's remuneration policy and philosophy. The remuneration committee is also responsible for the regular monitoring of the application of the company's remuneration policy to ensure that it is appropriate, fair and reasonable from both an internal business perspective as well as an external market perspective. The remuneration report explains CellTech's remuneration policy for non-executive directors, executive directors and prescribed officers. There was no change to their current remuneration policy.</p> |
| | Process | Reporting | <p><i>Who are we (Our strategy)</i> – Part of CellTech's strategic objectives is to deliver cost and process efficiency as part of their operation.</p> <p><i>About this report</i> – CellTech's strategy development process included a review of CellTech's business model and their interaction and interdependency with the external societal context. A considered assessment of the six capitals (as referred to in the IIRCs Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report. To identify and prioritise the matters for inclusion in this report, CellTech undertook a structured process involving senior decision-makers from across the company. The process involved a considered review of: CellTech's business model; their interaction with the six capitals (financial, manufactured, human and intellectual, social and relationship, and natural capital); their operating environment; the interests of their key stakeholders; and CellTech's strategy. The outcomes of this process were reviewed and signed off by the Audit, Risk and Compliance Committee.</p> <p><i>Our business (Our material risks)</i> – CellTech provides a review of their risk management processes and structures,</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2016 | | | <p><i>Our performance (Operations)</i> – CellTech reports that they continuously look at process simplification.</p> <p><i>Our performance (People)</i> – CellTech reports that they have simplified the process of their performance dialogue programme to ensure efficient and more robust discussions with employees.</p> <p><i>Independent assurance report</i> – EY notes in the independent assurance report that they interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and their selection and application of sustainability reporting policies relevant to the sustainability reporting process.</p> |
| | Risk management | Reporting | <p><i>About this report</i> – CellTech’s financial, operating, compliance and risk management controls are assessed by the company’s internal audit function, which is overseen by the Audit, Risk and Compliance Committee.</p> <p><i>Our business (Our material risks)</i> – CellTech provides a review of their risk management processes and structures.</p> <p><i>Governance review (Abridged corporate governance report)</i> – EXCO is responsible for developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels. CellTech provides an overview of their risk management.</p> |
| | Risk report | None | None |
| | Score | Reporting | <p><i>Who are we (Our strategy)</i> – CellTech reports the engagement score that they achieved on their strategic people priority as well as their national promotor score, BEE score and reputation score.</p> |
| | Strategy | Reporting | <p><i>Who are we (Our strategy)</i> – CellTech’s integrated report has a separate page dedicated to their strategy where they disclose their strategic priorities (pillars) and strategic objective. Part of CellTech’s strategic objectives is to deliver cost and process efficiency as part of their operations.</p> <p><i>About this report</i> – CellTech’s strategy development process included a review of CellTech’s business model and their</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2016 | | | <p>interaction and interdependency with the external societal context. A considered assessment of the six capitals (as referred to in the IIRC's Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report. To identify and prioritise the matters for inclusion in this report, CellTech undertook a structured process involving senior decision-makers from across the company. The process involved a considered review of: CellTech's business model; their interaction with the six capitals (financial, manufactured, human and intellectual, social and relationship, and natural capital); their operating environment; the interests of their key stakeholders; and CellTech's strategy. The outcomes of this process were reviewed and signed off by the Audit, Risk and Compliance Committee.</p> <p><i>Governance review (Remuneration report)</i> – CellTech provides a summary of their remuneration structure that includes the purpose, linked to strategy together with its performance. CellTech notes that they provide competitive pay and rewards performance. Their short-term incentives motivate and reward achievement of business and individual performance.</p> |
| | Rewards | Reporting | <p><i>Governance review (Remuneration report)</i> – CellTech notes that they provide competitive pay and rewards performance. Their short-term incentives motivate and reward achievement of business and individual performance.</p> |
| | Team | Reporting | <p><i>Chairman's statement</i> – The chairman believes that CellTech has the right team to ensure their continued ability to deliver value for all their stakeholders. The chairman expresses his thanks to the executive team.</p> <p><i>Our business (How we sustain value)</i> – Part of the activities to enhance key resources is to maintain a strong corporate governance structure and finance team.</p> <p><i>Governance review (Remuneration report)</i> – Part of the remuneration committee's focus is to conduct succession planning</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|--|
| Integrated Report 2016 | | | in respect of the senior leadership team. This financial year proved challenging for their senior leadership team given the dynamics with competitors. The objective of CellTech's reward programme is to motivate individual and team performance that drives shareholder value. |
| | Vision | Reporting | <i>Our business (Creating value)</i> – CellTech's vision is to be the best network, create the best value and deliver the best service. |
| Integrated Report 2017 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Abridged corporate governance statement</i> – The board is responsible for approving the annual budget. EXCO is responsible for developing the annual budget and business plans for the board's approval. |
| | Goals | Reporting | <p><i>Operating context</i> – CellTech provides a review of their performance against their strategic goals.</p> <p><i>Our strategic performance (Our brand and reputation)</i> – CellTech reports that the United Nations set Sustainable Development Goals which CellTech is committed to attain.</p> <p><i>Our sustainability report</i> – CellTech's sustainability governance and management section outlines their sustainability strategy and governance framework and describes their activities in support of the United Nations' 17 Sustainable Development Goals.</p> <p><i>CFOs review</i> – The CFO notes that it has been a solid year of execution for the company, meeting their strategic goals and delivering returns for shareholders.</p> <p><i>Abridged remuneration report</i> – In instances where target goals were exceeded, the bonus is capped at a percentage of the guaranteed package.</p> |
| | Incentives | Reporting | <p><i>Strategic performance (Best customer experience)</i> – CellTech reports that they have a platform to reward customers' loyalty with incentives in the form of third-party lifestyle vouchers.</p> <p><i>Abridged remuneration report</i> – The report provides an overview of the business performance and the impact on their short-term and long-term incentives.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|---|
| Integrated Report 2017 | KPIs | Reporting | <p><i>How we sustain value</i> – CellTech reports that they experienced improvements in customer-experience voice and data KPIs.</p> <p><i>Independent assurance report</i> – Contains selected KPIs.</p> |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <p><i>About this report</i> – CellTech’s report aims to provide their stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects. KPMG performed a ‘limited assurance’ engagement on selected key performance indicators linked to CellTech’s five strategic pillars. The board believes that the report addresses all material issues and presents a balanced and fair account of the company’s performance.</p> <p><i>Chairman’s statement</i> – The chairman mentions CellTech’s leading performance in its Net Promotor Score (NPS). The chairman also mentions that in addition to the employments and personal development opportunities, CellTech’s employees enjoyed the benefits of working in a diverse and broadly representative office environment that recognises and rewards top performance, invests in talent development, and fosters a culture of employee engagement. The chairman mentions that it is his primary responsibility to ensure that the board provides an informed and objective oversight of the company’s strategy and performance, and that it delivers effectively on its fiduciary responsibilities.</p> <p><i>How we create value</i> – CellTech identifies their ability to leverage off their relationship with the main holding company, driving global best practice in performance as one of their key revenue differentiators.</p> <p><i>How we sustain value</i> – CellTech reports that they’ve experienced a weaker international performance due to customer registration requirements.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2017</p> | | | <p><i>CEOs statement</i> – The CEO notes that CellTech had another year of pleasing performance in a challenging operating environment. CellTech's strong overall performance was achieved through the successful execution of their strategy.</p> <p><i>Operating context (Reviewing performance against previous three-year strategic goals)</i> – CellTech provides a summarised review of their performance on targets set.</p> <p><i>Material interests impacting value</i> – A material interest is regulatory compliance on issues such as mobile termination rates, price, security, safety, health and environmental performance. Another material interest is the strategy to ensure sustained financial performance.</p> <p><i>Our principal risks</i> – CellTech reports on their principal risks and part of their mitigating action is to track and monitor their performance in delivering a superior customer experience.</p> <p><i>Our strategic performance (Best customer experience)</i> – CellTech discloses how they added value to customers by reviewing their performance on various price and data packages. CellTech promises to guarantee the network performance to their customers. CellTech provides an overview on the performance of their national promotor score.</p> <p><i>Our strategic performance (Best technology)</i> – CellTech provides an overview on their technological performance.</p> <p><i>Our strategic performance (Digital organisation and culture)</i> – CellTech strives to create a culture of recognition that motivates employees to deliver performance that is above-and-beyond what is expected. CellTech strives for fair and consistent assessment of all their employees. They believe in performance differentiation between their people and in rewarding top performers accordingly. They are reviewing their performance management approach and will be seeking to promote more regular feedback, remove performance rating labels and provide a better framework for assistance in managing poor performance. CellTech reports that</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| <p>Integrated Report 2017</p> | | | <p>their BEE scorecard performance maintained a positive trend. CellTech also provides an overview of their safety performance. <i>Our strategic performance (Our brand and reputation)</i> – CellTech provides an overview of their reputation index performance. <i>Our sustainability report</i> – CellTech includes a summary of their performance on sustainability in this integrated report. <i>Summarised consolidated financial statements</i> – CellTech comments that the company had a strong earnings performance and provides a segment performance on their operations for the year. <i>Abridged corporate governance statement</i> – CellTech applied the principles of King IV which advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes: ethical culture; good performance; effective control; and legitimacy. CellTech reports that the board evaluated the performance of the CEO. The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. The board implemented mechanisms to identify areas of potential problematic performance before a crisis occurs. The CellTech Technology Governance Framework and charter, which are mapped to the IT governance principles of King IV, have continued to be reinforced in the organisation. Each framework element is substantiated through demonstrable processes to align technology strategy and business needs, deliver value and manage performance, and to strengthen information security management, information management, risk management, business continuity management and compliance. <i>Abridged remuneration report</i> – The chairman of the remuneration committee reports that CellTech’s financial performance was good</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|---|
| Integrated Report 2017 | | | <p>and will make their shareholders proud. The role and responsibilities of the remuneration committee include, among others to ensure competitive rewards to facilitate the recruitment, motivation and retention of high-performance employees and to review and recommend to the board the relevant performance measures for executives. All employees, including executive directors and prescribed officers, receive a guaranteed package based on their role in the company and also linked to their individual performance. The before-mentioned is underpinned and reinforced by their Performance Dialogue (PD) and talent management processes. CellTech's policy is to reward their executives for their contributions to their strategic, financial and operating performance. CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> <p><i>Independent assurance report</i> – KPMG performed a 'limited assurance' engagement on selected key performance indicators linked to CellTech's five strategic pillars. The board believes that the report addresses all material issues and presents a balanced and fair account of the company's performance.</p> |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>Chairman's statement</i> – In this statement the chairman notes that there were significant regulatory and policy developments from government.</p> <p><i>How we create value</i> – CellTech reports that they maintained their shareholder returns, with their dividend policy of paying out at least 90% of headline earnings per share.</p> <p><i>How we sustain value</i> – Part of the outcomes for the current financial year was that CellTech continued their engagement with government and regulators on regulatory and policy issues.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2017</p> | | | <p><i>CEOs statement</i> – The CEO notes that regulatory and policy developments from government remains an important challenge for CellTech.</p> <p><i>Our operating environment</i> – The notion that regulatory and policy developments from government remains an issue for CellTech is echoed in this segment of CellTech’s integrated report.</p> <p><i>Our principal risks</i> – To mitigate the risk of litigation, CellTech has policies and processes in place to ensure that they have robust contracts with their partners, staff and customers.</p> <p><i>Material interests impacting value</i> – Regarding government and regulations, CellTech will engage with stakeholders through the publication of policy engagement papers. CellTech reports that a material interest to stakeholders is to have a stable dividend policy.</p> <p><i>Abridged corporate governance statement</i> – EXCO is responsible for managing the company’s operations, developing strategy and policy proposals for the board’s consideration. The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. CellTech has a share dealing policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech’s shares. CellTech also has an approved stakeholder engagement policy in place.</p> <p><i>Abridged remuneration report</i> – A key responsibility of CellTech’s remuneration committee is to determine, agree and develop CellTech’s remuneration policy and philosophy. The remuneration committee is also responsible for the regular monitoring of the application of the company’s remuneration policy to ensure that it is appropriate, fair and reasonable from both an internal business perspective as well as an external market perspective. The remuneration report explains CellTech’s remuneration policy for</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2017 | | | non-executive directors, executive directors and prescribed officers. There was no change to their current remuneration policy. |
| | Process | Reporting | <p><i>About this report</i> – CellTech’s strategy development process included a review of CellTech’s business model and their interaction and interdependency with the external societal context. A considered assessment of the six capitals (as referred to in the IIRCs Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report.</p> <p><i>CEOs statement</i> – The CEO reports that CellTech has begun the process of transforming the company into a truly digital organisation. The CEO also notes that CellTech will continue to engage with government and the regulator regarding the Information and Communication Technology regulation process.</p> <p><i>Our principal risks</i> – The executive team regularly reviews the risk management process to improve the identification, assessment and monitoring of risk to ensure that CellTech is responsive to the changing business environment. To mitigate the risk of cyber threats, CellTech has a global risk-based security strategy, and a global security function that develops and implements relevant policies and processes. To mitigate the risk of customer data misuse or leakage, CellTech processes personal data honestly, ethically, with integrity and consistent with applicable laws and with the CellTech Global privacy framework. To mitigate the risk of litigation, CellTech has policies and processes in place to ensure that they have robust contracts with their partners, staff and customers.</p> <p><i>Our strategic performance (Best customer experience)</i> – CellTech reports that they now have a paperless process for customers to upgrade their contracts.</p> <p><i>Abridged corporate governance statement</i> – The board is in the process of establishing a succession plan for its membership which</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2017 | | | <p>would include the identification, mentorship and development of future candidates.</p> <p><i>Independent assurance report</i> – KPMG interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process.</p> |
| | Risk management | Reporting | <p><i>About this report</i> – The company’s financial, operating, compliance and risk management controls are assessed by the company’s internal audit function which is overseen by the audit, risk and compliance committee.</p> <p><i>Our principal risks</i> – The executive team regularly reviews the risk management process to improve the identification, assessment and monitoring of risk to ensure that CellTech is responsive to the changing business environment.</p> <p><i>Abridged corporate governance statement</i> – EXCO is responsible for developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels. CellTech provides an overview of their risk management.</p> |
| | Risk report | Reporting | CellTech’s key risks are reported in a separate risk management report that is available as a separate document on the internet. |
| | Score | Reporting | <p><i>Chairman’s statement and What we do</i> – CellTech has a leading performance in the net promotor score.</p> <p><i>Reviewing our performance against previous strategic goals</i> – CellTech reports on their engagement score that they achieved as well as their national promotor score, BEE score and reputation score.</p> |
| | Strategy | Reporting | <p><i>About this report</i> – CellTech’s report aims to provide their stakeholders with a concise, material, transparent and understandable assessment of their governance, strategy, performance and prospects.</p> <p><i>About this report</i> – CellTech’s strategy development process included a review of CellTech’s business model and their</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2017 | | | <p>interaction and interdependency with the external societal context. A considered assessment of the six capitals (as referred to in the IIRC's Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report.</p> <p><i>Material interests impacting value</i> – A material interest is the strategy to ensure sustained financial performance.</p> <p><i>Our principal risks</i> – CellTech has a global risk-based security strategy in place to mitigate the risk of a cyber threat.</p> <p><i>Our sustainability report</i> – CellTech's sustainability governance and management section outlines their sustainability strategy and governance framework and describes their activities in support of the United Nations' 17 Sustainable Development Goals.</p> <p><i>Abridged remuneration report</i> - CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> |
| | Rewards | Reporting | <p><i>Chairman's statement</i> – The chairman notes in its statement that CellTech recognises and rewards top performance, invests in talent development, and fosters a culture of employee engagement.</p> <p><i>Our strategic performance (Segmented propositions)</i> – CellTech reports that they also offer lifestyle rewards.</p> <p><i>Our strategic performance (Best customer experience)</i> – CellTech reports that they are rewarding loyalty through extra rewards and better service.</p> <p><i>Abridged remuneration report</i> - CellTech provides competitive pay and rewards performance and also motivates and rewards achievement of business and individual performance.</p> |
| | Team | Reporting | <p><i>Chairman's statement</i> – The chairman believes that CellTech has the right team to ensure their continued ability to deliver value for all their stakeholders. The chairman expresses his thanks to the executive team.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2017 | | | <p><i>How we sustain value</i> – Part of the activities to enhance key resources is to maintain a strong corporate governance structure and finance team.</p> <p><i>CEOs statement</i> – The CEO expresses his appreciation for having the right team to deliver on their core purpose and expresses his appreciation to the executive team for their guidance and assistance during the year.</p> <p><i>Our principal risks</i> – The executive team regularly reviews the risk management process to improve the identification, assessment and monitoring of risk to ensure that CellTech is responsive to the changing business environment.</p> <p><i>Our principal risks</i> – The executive team regularly reviews the risk management process to improve the identification, assessment and monitoring of risk to ensure that CellTech is responsive to the changing business environment. CellTech’s compliance team monitors all high-risk policies, and tracks and reports on remedial actions for non-compliance or partial compliance.</p> <p><i>CFOs review</i> – The CFO reports on the rewards CellTech received for Strategy Execution, Finance Transformation and CFO of the Year. This acknowledgement by the jury of CFO South Africa, the Community for Finance Professionals in South Africa, underpins the good work done by CellTech’s Finance team. The CFO also notes that the board and the management team critically reviewed the strategic risks faced by the company.</p> <p><i>Abridged remuneration report</i> – The role of the remuneration committee is to, among others, determine and agree the remuneration packages for the CEO, CFO and all other members of the senior leadership team.</p> <p><i>Independent assurance report</i> – CellTech’s engagement was conducted by a multi-disciplinary team including social and assurance specialists with relevant experience in sustainability reporting.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Integrated Report 2017 | Vision | Reporting | <i>Vision Statement</i> – To be a leading digital company that empowers a connected society. |
| Integrated Report 2018 | Balanced scorecard | None | None |
| | Budget | Reporting | <p><i>Corporate governance report</i> – The board is responsible for approving the annual budget. EXCO is responsible for developing the annual budget and business plans for the board’s approval. The board considers business risks when setting, approving budgets and monitoring progress against budgets.</p> <p><i>Remuneration report</i> – The target for long-term incentives for operating free cash flow is determined according to the achievement of the three-year budget plan.</p> |
| | Goals | Reporting | <p><i>Delivering societal value and Our brand and reputation</i> – CellTech is committed to play its role in attaining the United Nations Sustainable Development Goals. CellTech has identified and prioritised seven Sustainable Development Goals where they believe they can have the most meaningful impact.</p> <p><i>Remuneration report</i> – Where annual targets are achieved in full, 100% of the on-target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is capped at a percentage of the guaranteed package.</p> |
| | Incentives | Reporting | <p><i>Tax and our contribution to public finances</i> – CellTech is a major investor, taxpayer, employer and purchaser of local goods and services, and contribute to value creation in their countries of operation through capital investment and the provision of income, incentives and benefits to their employees.</p> <p><i>Remuneration report</i> – Where annual targets are achieved in full, 100% of the on-target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is capped at a percentage of the guaranteed package. The report further provides an overview of the business performance and the impact on their short-term and long-term incentives.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|---|
| Integrated Report 2018 | KPIs | Reporting | <i>Our segment performance</i> – CellTech worked relentlessly on their network, with daily focus on network KPIs to improve customer experience. |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | Reporting | <i>Chairman’s statement</i> – The chairman notes that in order for CellTech to be a leading digital company, it will require having the right organisational culture. <i>Delivering on our strategy</i> – CellTech reports that it is an ongoing challenge in ensuring internal organisational culture shift to fully embrace digital. |
| | Performance | Reporting | <i>To our investors and interested stakeholders</i> – CellTech knows that many investors and analysts don’t merely rely on a company’s financial statements to make their assessment of a company’s current and future performance. To appreciate CellTech’s ability to generate long-term value, it is important not only to look back at their past performance, but also to look forward. CellTech’s integrated report is prepared in accordance with the IIRC’s International Integrated Reporting Framework and provides a concise, material and frank assessment of their strategic path for achieving strong financial performance and for delivering on their core purpose. Their integrated report describes their business model, identifies those issues that have a material impact on how they create value, assesses our performance over the past year, and describes their strategic framework for long-term growth, reviewing how they propose to deliver financial and societal value in an increasingly dynamic business sector. CellTech believes that the report addresses all material matters, and presents a balanced and fair account of the company’s performance for the past financial year. They encourage their stakeholders to read this report and to share any feedback on the disclosure, the performance and the strategic roadmap for delivering value. |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|---------------------------|-------------------|-----------------------|--|
| Integrated Report 2018 | | | <p><i>Chairman's statement</i> – The company had an encouraging performance. The chairman states that it has been pleasing to see the strong performance this year throughout their International operations, despite various regulatory, macroeconomic and/or currency related challenges in most of the markets. This performance has been underpinned by good progress in data monetisation. Their acknowledged performance in BEE is evidenced by CellTech consistently outperforming all other network operators, and being rated this year as the 'Most Empowered Black-Managed Company' on the JSE.</p> <p><i>CEOs statement</i> – The CEO notes that CellTech had a pleasing performance.</p> <p><i>Our key relationships</i> – One of CellTech's priority interests in relation to government and regulators is the regulatory compliance on issues such as mobile termination rates, price, security, safety, health and environmental performance. Another priority interest regarding investors and shareholders is to have a strategy to ensure sustained financial performance in CellTech's operations.</p> <p><i>Stakeholder 'hot topics'</i> – CellTech is recognised for its leading BEE performance. Another hot topic is maintaining network quality and performance as unplanned disruptions in network performance negatively impacts consumer sentiment.</p> <p><i>Delivering on our strategy</i> – CellTech provides an overview of their performance against their strategic priorities.</p> <p><i>Condensed consolidated financial statements</i> – CellTech provides a condensed version of their consolidated financial statements to provide an overview of their financial performance, financial position and cash flow.</p> <p><i>Our segment performance</i> – CellTech provides a section in their integrated report where they report on their segment performance.</p> <p><i>Corporate governance report</i> – CellTech applied the principles of King IV which advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2018</p> | | | <p>effective leadership towards the achievement of the following governance outcomes: ethical culture; good performance; effective control; and legitimacy. CellTech reports that the board evaluated the performance of the CEO. The Remuneration Committee, in consultation with executive management, ensures that the Group's directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech's remuneration policy. The CellTech Technology Governance Framework and Charter, which are mapped to the IT governance principles of King IV, have continued to be reinforced in the organisation. Each framework element is substantiated through demonstrable processes to align technology strategy and business needs, deliver value and manage performance, and to strengthen information security management, information management, risk management, business continuity management and compliance.</p> <p><i>Remuneration report</i> – CellTech provides a section in this report on the performance on / achievement of policy objectives. All employees, including executive directors and prescribed officers, receive a guaranteed package based on their role in the company and also linked to their individual performance. The before-mentioned is underpinned and reinforced by their Performance Dialogue (PD) and talent management processes. CellTech's policy is to reward their executives for their contributions to their strategic, financial and operating performance. CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> <p><i>About this report</i> – This report reviews CellTech's strategy and business model, risks and opportunities, and operational and governance performance for the financial year. The report presents identified material information through a clearly structured narrative that: reviews who they are and how they create value; identifies those issues that have a significant impact on value; and outlines</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|--|
| Integrated Report 2018 | | | their strategy and performance in ensuring long-term value creation. The board believes that the report addresses all material issues and presents a balanced and fair account of the company's performance. |
| | Performance management system | None | None |
| | Performance measurement | None | None |
| | Policy | Reporting | <p><i>Chairman's statement</i> – In his statement the chairman notes that it is critical that there is a regulatory and policy framework that is conducive to the long-term investment in network infrastructure needed to increase connectivity and bring down prices.</p> <p><i>CEOs statement</i> – The CEO notes that regulatory and policy developments from government remains an important challenge for CellTech.</p> <p><i>How we create value</i> – CellTech reports that they maintained their shareholder returns, with their dividend policy of paying out at least 90% of headline earnings.</p> <p><i>Our operating environment</i> – The notion that regulatory and policy developments from government remains an issue for CellTech is echoed in this segment of CellTech's integrated report.</p> <p><i>Our key relationships</i> – Regarding government and regulations, CellTech will engage with stakeholders through the publication of policy engagement papers. CellTech reports that a material interest to stakeholders is to have a stable dividend policy.</p> <p><i>Stakeholder 'hot topics'</i> – CellTech identified government's ICT policy as a hot topic</p> <p><i>Delivering on our strategy (Best technology)</i> – CellTech achieved compliance with the global network resilience policy.</p> <p><i>Delivering on our strategy (Digital organisation and culture)</i> – CellTech's resourcing policy provides a framework for promoting good practice and equality in recruitment and performance management.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|---|
| <p>Integrated Report 2018</p> | | | <p><i>Tax and our contribution to public finances</i> – CellTech is committed to act with integrity in all matters related to tax, including a policy of full transparency with all tax authorities and the payment of all taxes properly due under the law they operate.</p> <p><i>Corporate governance statement</i> – CellTech has adopted a formalised policy on the promotion of race and gender diversity at board level. The board has an agreed process and policy in place for appointing directors.</p> <p>EXCO is responsible for managing the company’s operations, developing strategy and policy proposals for the board’s consideration. The Remuneration Committee, in consultation with executive management, ensures that the Group’s directors and senior executives are fairly rewarded for their individual contributions to overall performance and in line with CellTech’s remuneration policy. CellTech has a share dealing policy requiring all directors, senior executives and the Company Secretary to obtain prior written consent from either the Chairman or CEO to deal in CellTech’s shares. CellTech also has an approved stakeholder engagement policy in place.</p> <p><i>Our principal risks</i> – To mitigate the risk of spectrum CellTech will actively engage with government and industry organisations to find appropriate solutions that achieve the underlying policy objectives. Failure to secure additional spectrum due to government policy changes would significantly impact CellTech’s ability to increase capacity and deliver future network capabilities. Another principal risk is adverse political measures and regulatory pressures and in order to mitigate this CellTech will proactively engage with government on how these policy decisions will impact the sector. CellTech will also have a regulatory compliance policy and a related combined assurance programme in place to ensure that all risks are documented and assessed and that action plans are in place and tracked. To mitigate the risk of litigation, CellTech has</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2018 | | | <p>policies and processes in place to ensure that they have robust contracts with their partners, staff and customers.</p> <p><i>Remuneration report</i> – CellTech provides a section in this report on the achievement of policy objectives.</p> |
| | Process | Reporting | <p><i>Chairman’s statement</i> – The chairman notes that CellTech is privileged to have a very talented board of 12 directors that have the necessary depth and diversity in skills, experience and perspective to hold the executive team to account on the development and execution of its strategy. The board had a valuable opportunity this year to undertake a comprehensive review of CellTech’s Vision 2020 strategy. During a dedicated two-day board discussion in December 2017, they engaged not only with the responsible CellTech executives, but also directly with individual employees involved in developing and implementing various elements of the strategy. This more ‘experiential’ approach greatly assisted them in their role of overseeing the strategy process, enabling them to engage in some productive and robust conversations with the executive team, and helping to further refine the ambitions and activities.</p> <p><i>CEOs statement</i> – The CEO reports that CellTech has begun the process of digitising the organisation, built on a culture that fosters organisational agility and collaborative working that attracts and develops the right skills, talent and diversity.</p> <p><i>How we sustain value</i> – Developing systems and process to enable Big Data analytics.</p> <p><i>Segmented propositions</i> – CellTech is in the process of developing their own digital payment products.</p> <p><i>Delivering on our strategy (Best customer experience)</i> – CellTech implemented fingerprint authentication to enhance the logon process to their app.</p> <p><i>Delivering on our strategy (Best technology)</i> – CellTech reports that they have used Robotic Process Automation and Artificial</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2018 | | | <p>Intelligence to automate the handling of network failure queries via email and instant messaging through bots.</p> <p><i>Corporate governance statement</i> – The board has an agreed process and policy in place for appointing directors.</p> <p><i>Our principal risks</i> – An embedded enterprise risk management process supports the identification of principal risks. The risk appetite for each principal risk is reviewed and approved by the board to enable informed risk-based decision-making. The company’s risk heat map sets out the top 10 principal risks as identified through the risk management process.</p> <p><i>About this report</i> – CellTech’s strategy development process included a review of CellTech’s business model and their interaction and interdependency with the external societal context. A considered assessment of the six capitals (as referred to in the IIRCs Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report.</p> |
| | Risk management | Reporting | <p><i>Corporate governance report</i> – The CellTech Technology Governance Framework and Charter, which are mapped to the IT governance principles of King IV, have continued to be reinforced in the organisation. Each framework element is substantiated through demonstrable processes to align technology strategy and business needs, deliver value and manage performance, and to strengthen information security management, information management, risk management, business continuity management and compliance. EXCO is responsible for developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels. CellTech provides an overview of their risk management.</p> <p><i>Our principal risks</i> – An embedded enterprise risk management process supports the identification of principal risks. The risk appetite for each principal risk is reviewed and approved by the board to enable informed risk-based decision-making. The</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2018 | | | <p>company's risk heat map sets out the top 10 principal risks as identified through the risk management process.</p> <p><i>About this report</i> – The company's financial, operating, compliance and risk management controls are assessed by the company's internal audit function, which is overseen by the Audit, Risk, and Compliance Committee.</p> |
| | Risk report | None | None |
| | Score | Reporting | <p><i>How we provided value</i> – CellTech reports on their engagement score that they achieved as well as their national promotor score, BEE score and reputation score.</p> <p><i>CEOs statement</i> – The CEO is pleased with the company's net promotor score, engagement score and its BEE score achieved.</p> |
| | Strategy | Reporting | <p><i>Chairman's statement</i> – The chairman notes that CellTech is privileged to have a very talented board of 12 directors that have the necessary depth and diversity in skills, experience and perspective to hold the executive team to account on the development and execution of its strategy. The board had a valuable opportunity this year to undertake a comprehensive review of CellTech's Vision 2020 strategy. During a dedicated two-day board discussion in December 2017, they engaged not only with the responsible CellTech executives, but also directly with individual employees involved in developing and implementing various elements of the strategy. This more 'experiential' approach greatly assisted them in their role of overseeing the strategy process, enabling them to engage in some productive and robust conversations with the executive team, and helping to further refine the ambitions and activities.</p> <p><i>Our key relationships</i> – A priority interest regarding investors and shareholders is to have a strategy to ensure sustained financial performance in CellTech's operations.</p> <p><i>Delivering on our strategy</i> – CellTech provides an overview of their performance against their strategic objectives.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2018 | | | <p><i>Remuneration report</i> – CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> <p><i>About this report</i> – This report reviews CellTech’s strategy and business model, risks and opportunities, and operational and governance performance for the financial year. The report presents identified material information through a clearly structured narrative that: reviews who they are and how they create value; identifies those issues that have a significant impact on value; and outlines their strategy and performance in ensuring long-term value creation.</p> |
| | Rewards | Reporting | <p><i>Segmented propositions</i> – CellTech provides exclusive propositions and rewards for customers using their app.</p> <p><i>Delivering on our strategy (Best customer experience)</i> – CellTech rewards its customers to optimise customer experience.</p> |
| | Team | Reporting | <p><i>Chairman’s statement</i> – The chairman notes that CellTech is privileged to have a very talented board of 12 directors that have the necessary depth and diversity in skills, experience and perspective to hold the executive team to account on the development and execution of its strategy. The board had a valuable opportunity this year to undertake a comprehensive review of CellTech’s Vision 2020 strategy. During a dedicated two-day board discussion in December 2017, they engaged not only with the responsible CellTech executives, but also directly with individual employees involved in developing and implementing various elements of the strategy. This more ‘experiential’ approach greatly assisted them in their role of overseeing the strategy process, enabling them to engage in some productive and robust conversations with the executive team, and helping to further refine the ambitions and activities. The chairman expresses his thanks to the executive team.</p> <p><i>CEOs statement</i> – The CEO remains confident that CellTech have both the right strategy and the right team to drive exciting growth</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|---|
| Integrated Report 2018 | | | <p>opportunities as they seek to change people’s lives through building a connected society. In closing, he thanks his colleagues on the board and the executive team for their guidance and assistance over the year.</p> <p><i>Our business model (What we do)</i> – CellTech seek to constantly deepen their understanding of their customers and their needs, and to provide various ways for their customers to interact with service teams.</p> <p><i>How we sustain value</i> – CellTech reports that they maintain a strong corporate governance structure and finance team.</p> <p><i>Delivering on our strategy</i> – CellTech made progress in building a good team in Big Data analytics.</p> <p><i>Delivering on our strategy (Digital organisation and culture)</i> – CellTech aims to encourage more effective teamwork.</p> <p><i>Delivering on our strategy (Our brand and reputation)</i> – Across all CellTech’s operations, executive teams proactively manage their reputation with quarterly meetings that review developed reputation management plans.</p> <p><i>CFOs statement</i> – The adoption of IFRS 15 has been a significant project for the finance team and was successfully implemented for all CellTech’s markets.</p> <p><i>Corporate governance report</i> – The nomination committee’s key focus areas during the year included among others, the succession planning in respect of the senior leadership team.</p> <p><i>Our principal risks</i> – To mitigate the risk of market disruption, CellTech established a team that analyses and provides insight into customer behaviour. In order to mitigate the risk of adverse political measures and regulatory pressures, CellTech has specialist legal, regulatory and government relations teams.</p> |
| | Vision | Reporting | <p><i>Our vision</i> – To be a leading digital company that empowers a connected society.</p> |
| Integrated Report 2019 | Balanced scorecard | None | None |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2019 | Budget | Reporting | <i>Remuneration report</i> – The targets for operating free cash flow is determined according to the achievement of the three-year budget plan. |
| | Goals | Reporting | <p><i>Delivering societal value and Our brand and reputation</i> – CellTech is committed to play its role in attaining the United Nations Sustainable Development Goals. CellTech has identified and prioritised eight Sustainable Development Goals where they believe they can have the most meaningful impact.</p> <p><i>CEOs statement</i> – The CEO notes that CellTech’s initiatives will make a valuable contribution to the national and global development objectives, including the UN Sustainable Development Goals.</p> <p><i>Our key relationships</i> – A material stakeholder interest is the delivery of global and national development goals.</p> <p><i>Remuneration report</i> – Where annual targets are achieved in full, 100% of the on-target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is capped at a percentage of the guaranteed package. Although the CEO does not have a personal multiplier, his individual performance is assessed against specific individual goals which are linked to the company’s overall strategic objectives.</p> |
| | Incentives | Reporting | <i>Remuneration report</i> – The remuneration committee reviewed the short-term incentives scheme parameters. The targets and the extent to which they are achieved have a direct impact on the short- and long-term incentives payable to executives. Some key decisions made by the remuneration committee were the approval of short-term incentives for executives and the setting of performance conditions for short- and long-term incentives. The outcome of the remuneration benchmarking influences the awarding of short- and long-term incentives in the future. The pool available for short-term incentives is determined by the financial performance of the company against previously set and agreed targets. Where annual targets are achieved in full, 100% of the on- |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|--|
| Integrated Report 2019 | | | target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is capped at a percentage of the guaranteed package. The report further provides an overview of the business performance and the impact on their short-term and long-term incentives. |
| | KPIs | None | None |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | Reporting | <i>Chairman's statement</i> – The chairman notes CellTech continues to invest significantly in networks, technologies and the organisational culture needed to deepen its people-centred customer focus and to deepen the required innovation. |
| | Performance | Reporting | <p><i>Presenting our strategy for long-term value creation (To our investors and interested stakeholders)</i> – It is important for CellTech not only to look back at the year's past performance but also to look forward. CellTech believes that the report addresses all material matters, and presents a balanced and fair account of the company's performance for the past financial year. They encourage their stakeholders to share their views on the report, the performance and the strategic roadmap for delivering value.</p> <p><i>About this report</i> – This report reviews CellTech's strategy and business model, risks and opportunities, and operational and governance performance for the financial year. The report presents identified material information through a clearly structured narrative that: reviews who they are and how they create value; identifies those issues that have a significant impact on value; and outlines their strategy and performance in ensuring long-term value creation. Normalised growth presents performance on a comparable IAS 18 basis.</p> <p><i>Chairman's statement</i> – The company had an exceptional performance. The chairman states that this performance has been underpinned by the continued success of the company's financial services offering. CellTech made a substantial investment in</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2019 | | | <p>expanding network coverage and improving network performance. The chairman notes that the board provides effective oversight of the company's performance and strategic direction. The chairman expresses his appreciation to all CellTech's employees, the executive team and the board for their collective contribution to the company's strong performance.</p> <p><i>CEOs statement</i> – The CEO notes that CellTech had a solid operational performance. Their focus on financial services delivered a standout performance. The chairman expresses his thanks to the board, EXCO members and CellTech's employees for their contribution to the company's strong performance.</p> <p><i>How we sustain value</i> – A key input is an agile, performance-based, purpose-led company culture.</p> <p><i>Our key relationships</i> – One of CellTech's priority interests in relation to government and regulators is the regulatory compliance on issues such as mobile termination rates, price, security, safety, health and environmental performance. Other priority interests regarding communities and media are to be transparent on performance.</p> <p><i>Stakeholder 'hot issues'</i> – Maintaining network quality and performance as unplanned disruptions in network performance negatively impacts consumer sentiment.</p> <p><i>Delivering on our strategy</i> – CellTech provides an overview of their performance against their strategic priorities.</p> <p><i>Our segment performance</i> – CellTech provides a section in their integrated report where they report on their segment performance.</p> <p><i>Our strategy (Best technology)</i> – CellTech enhanced network performance and capabilities and improved customer experience. CellTech also improved their online performance through the optimisation of their IT systems.</p> <p><i>Our strategy (Digital organisation and culture)</i> – Agile teams have helped to improve the quality of engagement across business units, increased the level of EXCO member inputs, and</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2019</p> | | | <p>encouraged greater alignment and accountability on mutually agreed outcomes and performance indicators. CellTech also reports on their safety performance. CellTech fosters a culture of innovation and high performance.</p> <p><i>Our strategy (Our brand and reputation)</i> – CellTech reports on their reputation index performance.</p> <p><i>Sustainability report</i> – CellTech issued their sustainability report as a separate downloadable document where they reflect on their performance in implementing eight of the UN Sustainable Development Goals.</p> <p><i>CFOs statement</i> – The CFO notes in his statement that some of CellTech's performance ratios that use revenue as a denominator were affected by the adoption of IFRS 15 – Revenue from contracts with customers.</p> <p><i>Condensed consolidated financial statements</i> – CellTech provides a condensed version of their consolidated financial statements to provide an overview of their financial performance, financial position and cash flow.</p> <p><i>Board governance at a glance</i> – The King IV Report on Corporate Governance advocates an outcomes-based approach, and defines corporate governance as the exercise of ethical and effective leadership toward the achievement of the following governance outcomes: ethical culture; good performance; effective control; and legitimacy. A key focus area of the board was on financial services and digital content platforms where the performance of business units was tracked against the strategy.</p> <p><i>Remuneration report</i> – CellTech provides a section in this report on the performance on / achievement of policy objectives. Some key decisions made by the remuneration committee were the approval of short-term incentives for executives and the setting of performance conditions for short- and long-term incentives. The pool available for short-term incentives is determined by the financial performance of the company against previously set and</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|--|
| Integrated Report 2019 | | | <p>agreed targets. Where annual targets are achieved in full, 100% of the on-target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is capped at a percentage of the guaranteed package. The report further provides an overview of the business performance and the impact on their short-term and long-term incentives. All employees, including executive directors and prescribed officers, receive a guaranteed package based on their role in the company and also linked to their individual performance. The before-mentioned is underpinned and reinforced by their Performance Dialogue (PD) and talent management processes. CellTech's policy is to reward their executives for their contributions to their strategic, financial and operating performance. CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> |
| | Performance management system | None | None |
| | Performance measurement | Reporting | <p><i>Notes to the remuneration report</i> – The dividends do not include dividends receipted on awards where the performance measurement period has been concluded.</p> |
| | Policy | Reporting | <p><i>CEOs statement</i> – The CEO notes that there were encouraging developments at a political and policy level. The CEO highlights that it is critical to have a regulatory and policy framework that encourages long-term investment in network infrastructure.</p> <p><i>How we create value</i> – CellTech reports that they maintained their shareholder returns, with their dividend policy of paying out at least 90% of adjusted headline earnings.</p> <p><i>Our operating environment</i> – A trend that have a material impact on CellTech's business model is the subdued business confidence, with uncertainty on elections and key government policy issues.</p> <p><i>Our key relationships</i> – CellTech reports that a material interest to stakeholders is to have a stable dividend policy.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|---------------------------|-------------------|-----------------------|---|
| Integrated Report 2019 | | | <p><i>Stakeholder 'hot topics'</i> – CellTech identified government's ICT policy as a hot topic.</p> <p><i>Our principal risks</i> – To mitigate the risk of spectrum CellTech will actively engage with government and industry organisations to find appropriate solutions that achieve the underlying policy objectives. Failure to secure additional spectrum due to government policy changes would significantly impact CellTech's ability to increase capacity and deliver future network capabilities. Another principal risk is adverse political measures and regulatory pressures and in order to mitigate this CellTech will proactively engage with government on how these policy decisions will impact the sector. CellTech will also have a regulatory compliance policy and a related combined assurance programme in place to ensure that all risks are documented and assessed and that action plans are in place and tracked. To mitigate the risk of litigation, CellTech has policies and processes in place to ensure that they have robust contracts with their partners, staff and customers.</p> <p><i>Our strategy (Segmented propositions)</i> – CellTech continues to journey with CellTech e-School, providing free access to the full Curriculum Assessment Policy Statements (CAPS) curriculum.</p> <p><i>Delivering on our strategy (Best technology)</i> – The Governance board is mandated to manage specific projects, policy requirements and good practice to improve service resilience. CellTech achieved compliance with the global network resilience policy.</p> <p><i>Remuneration report</i> – CellTech provides a section in this report on the achievement of policy objectives.</p> |
| | Process | Reporting | <p><i>Contents</i> – CellTech's integrated reporting process comprises of the following reports: Integrated report; Consolidated annual financial statements; Sustainability report; and Operational reports.</p> <p><i>About this report</i> – CellTech's strategy development process included a review of CellTech's business model and their interaction and interdependency with the external societal context.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|---|
| <p>Integrated Report 2019</p> | | | <p>A considered assessment of the six capitals (as referred to in the IIRC's Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report. CellTech's process of identifying and prioritising the material matters for inclusion in this report involved reviewing: CellTech's business model; their interaction with the six capitals; their operating environment; and the interests of their key stakeholders.</p> <p><i>CEO's statement</i> – The CEO states that CellTech has recently launched a new payment gateway that is in the process of being commercialised. CellTech is leading in the implementation of Robotic Process Automation. To accelerate the Internet of Things opportunity, CellTech is in the process of acquiring a large systems and edge computing integrator.</p> <p><i>Our business model (How we sustain value)</i> – To further develop systems and process to enable big data analytics.</p> <p><i>Stakeholder 'hot issues'</i> – CellTech has a long-standing litigation process with a former employee.</p> <p><i>Our principal risks</i> – An embedded enterprise risk management process supports the identification of principal risks. The company's risk heat map sets out the top 10 principal risks as identified through the risk management process.</p> <p><i>Our strategy (Best customer experience)</i> – CellTech reports that they now process on average 64% of upgrades using the app.</p> <p><i>Our strategy (Best technology)</i> – CellTech enhanced network performance and capabilities without having to go through the complicated spectrum re-farming process. CellTech developed smart capex methodologies to improve returns on investment, and their machine learning network planning and commercial network optimisation process has contributed towards cost savings. Using robotic process automation, 86 processes have been automated across the business during the year, saving more than 150 000 person-hours.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2019 | | | <p><i>Our strategy (Digital organisation and culture)</i> – In this year’s People Survey – CellTech’s independently conducted annual employee engagement process – we achieved an overall workforce survey participation rate of 79%.</p> <p><i>Remuneration report</i> – The annual salary review process undertaken by the committee analysed market benchmarking and risks associated with retention of key management personnel.</p> |
| | Risk management | Reporting | <p><i>About this report</i> – CellTech’s financial, operating, compliance and risk management controls are assessed by the company’s internal audit function, which is overseen by the Audit, Risk and Compliance Committee.</p> <p><i>Our principal risks</i> – CellTech has a mature risk management framework that is aligned with the ISO 31000 International Risk Management Standard and the requirements of South Africa’s King IV Governance Code. An embedded enterprise risk management process supports the identification of principal risks. The company’s risk heat map sets out the top 10 principal risks as identified through the risk management process.</p> |
| | Risk report | None | None |
| | Score | Reporting | <p><i>The value we impacted</i> – CellTech reports on their net promotor score, their engagement score, digital index score and BBEEE score.</p> |
| | Strategy | Reporting | <p><i>Chairman’s statement</i> – The board undertook a comprehensive review of CellTech’s strategy, during a dedicated two-day discussion in which they engaged directly with the CellTech executives, as well with individual employees involved in developing and executing specific elements of the strategy. This engagement, supported by detailed preparatory work, enabled them to deepen their understanding of the strategy and to engage critically with the executive team.</p> <p><i>Our strategy</i> – CellTech has seven pillars (strategic priorities) namely: best customer experience; segmented propositions;</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|---|
| Integrated Report 2019 | | | <p>financial services; digital content platforms; best technology; digital organisation and culture; and their brand and reputation.</p> <p><i>Delivering on our strategy</i> – CellTech provides an overview of their performance against their strategic priorities.</p> <p><i>Board governance at a glance</i> – A key focus area of the board was on financial services and digital content platforms where the performance of business units was tracked against the strategy.</p> <p><i>Remuneration report</i> – CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> |
| | Rewards | Reporting | <p><i>Our strategy (Best customer experience)</i> – To optimise customer experience, CellTech provides real-time relevant rewards.</p> <p><i>Our strategy (Segmented propositions)</i> – CellTech RED proposition is aimed at delivering best-in-class service experience with compelling lifestyle rewards.</p> <p><i>Our segment performance</i> – In the year ahead CellTech will focus on improving loyalty rewards.</p> |
| | Team | Reporting | <p><i>Chairman's statement</i> – The board undertook a comprehensive review of CellTech's strategy, during a dedicated two-day discussion in which they engaged directly with the CellTech executives, as well with individual employees involved in developing and executing specific elements of the strategy. This engagement, supported by detailed preparatory work, enabled us to deepen their understanding of the strategy and to engage critically with the executive team. The chairman expresses his appreciation to all CellTech's employees, the executive team and the board for their collective contribution to the company's strong performance.</p> <p><i>Our business model (How we sustain value)</i> – A key input is that CellTech has an experienced and diverse executive team. CellTech reports that they maintain a strong corporate governance structure and finance team.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|--------------------|-----------------------|--|
| Integrated Report 2019 | | | <i>Our risks</i> – To mitigate the risk of market disruption, CellTech established a team that analyses and provides insight into customer behaviour. In order to mitigate the risk of adverse political measures and regulatory pressures, CellTech has specialist legal, regulatory and government relations teams. |
| | Vision | Reporting | <i>Our vision</i> – To be a leading digital company that empowers a connected society. |
| Integrated Report 2020 | Balanced scorecard | None | None |
| | Budget | Reporting | <i>Our principal risks and associated opportunities</i> – Operational plans and budgets are being adjusted for the Covid19 pandemic. <i>Remuneration report</i> – The targets for operating free cash flow is determined according to the achievement of the three-year budget plan. |
| | Goals | Reporting | <i>Delivering societal value and Our brand and reputation</i> – CellTech is committed to play its role in attaining the United Nations Sustainable Development Goals. CellTech has identified and prioritised eight Sustainable Development Goals where they believe they can have the most meaningful impact. <i>Delivering our strategy</i> – CellTech reports on their 2020 strategy assessment and the setting of new strategic goals. <i>Our key relationships</i> – A material stakeholder interest is the delivery of global and national development goals. <i>Our brand and reputation</i> – CellTech align their business goals with the delivery of societal benefits. CellTech remains committed to driving gender diversity and achieving its transformational goals across all of its occupational levels. <i>Our sustainability report</i> – CellTech reviews the progress they've made in empowering a connected society, reflecting on their performance in implementing eight of the UN Sustainable Development Goals. <i>Remuneration report</i> – Where annual targets are achieved in full, 100% of the on-target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|------------------------|-----------------------|---|
| Integrated Report 2020 | | | capped at a percentage of the guaranteed package. Although the CEO does not have a personal multiplier, his individual performance is assessed against specific individual goals which are linked to the company's overall strategic objectives. |
| | Incentives | Reporting | <i>Remuneration report</i> – The remuneration report provides an overview of business performance and the impact on their short-term and long-term incentives. The targets and the extent to which they are achieved have a direct impact on the short- and long-term incentives payable to executives. The remuneration committee approved short-term incentives for executives, senior managers and employees and also set performance conditions for short- and long-term incentives. The pool available for short-term incentives is determined by the financial performance of the company against previously set and agreed targets. |
| | KPIs | None | None |
| | Management engagement | None | None |
| | Mission | None | None |
| | Organisational culture | None | None |
| | Performance | Reporting | <p><i>Our strategy for value creation (To our investors and interested stakeholders)</i> – In this report CellTech looks back on the year's performance. CellTech believes that the report addresses all material matters, and presents a balanced and fair account of the company's performance for the past financial year. They encourage their stakeholders to share their views on the report, the performance and the strategic roadmap for delivering value.</p> <p><i>About this report</i> – This report reviews CellTech's strategy and business model, risks and opportunities, and operational and governance performance for the financial year. The report presents identified material information through a clearly structured narrative that: reviews who they are and how they create value; identifies those issues that have a significant impact on value; and outlines their strategy and performance in ensuring long-term value</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2020</p> | | | <p>creation. Normalised growth presents performance on a comparable basis.</p> <p><i>The value we created</i> – CellTech provides an overview of their financial performance.</p> <p><i>Chairman’s statement</i> – Given the tough operating environment, performance in South Africa was very positive. Services delivered another strong performance. CellTech made a substantial investment in expanding network coverage and improving network performance.</p> <p>Offsetting this generally strong performance, there were some significant regulatory and policy challenges. The company’s performance against its 2020 strategy, and its specific commitments through to 2025, are reviewed in more detail throughout this report. The chairman encourages the reader to read the report and to give them feedback on CellTech’s performance and its stated ambitions and roadmap. The chairman notes that the board provides effective oversight of the company’s performance and strategic direction.</p> <p><i>CEOs statement</i> – The CEO notes that CellTech had a year of strong performance in a tough environment. Their pleasing performance this year reflects the effective execution of their strategy, building on their systems of advantage across each of their seven strategic focus areas. An improved second-half performance contributed to an increase in service revenue. Across CellTech’s various propositions, they delivered a good performance in monetising mobile data. The chairman expresses his thanks to the board, EXCO members and CellTech’s employees for their contribution to the company’s strong performance.</p> <p><i>Delivering our strategy</i> – CellTech reports on their 2020 performance.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2020</p> | | | <p><i>How we sustain value</i> – A key input is an agile, performance-based, purpose-led company culture. CellTech reports a mixed safety and good health performance.</p> <p><i>Our key relationships</i> – One of CellTech’s priority interests in relation to government and regulators is the regulatory compliance on issues such as mobile termination rates, price, security, safety, health and environmental performance. Other priority interests are regarding communities and media is to be transparent on performance.</p> <p><i>Stakeholder ‘hot topics’</i> – Maintaining network quality and performance as unplanned disruptions in network performance negatively impacts consumer sentiment.</p> <p><i>Segmented propositions</i> – CellTech has continued to deliver a pleasing performance in each of the four focus areas of their accelerated data growth strategy. CellTech Business delivered another solid performance. Total service revenue was driven by a strong performance in roaming revenues.</p> <p><i>Best customer experience</i> – CellTech was able to regularly update key elements of their IT assets and infrastructure to maximise system performance and service delivery. CellTech provides an overview of their national promotor score performance.</p> <p><i>Digital content platforms</i> – CellTech’s performance this year shows that they have a strong base to grow from.</p> <p><i>Best technology</i> – Mobile network performance improved overall. CellTech’s self-service app had major improvements in performance.</p> <p><i>Digital organisation and culture</i> – The teams have helped to improve the quality of engagement across business units, increased the level of Executive Committee inputs, and encouraged greater alignment and accountability on mutually agreed outcomes and performance indicators. CellTech reports further on their safety and wellness performance.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|-----------------------------------|-------------------|-----------------------|--|
| <p>Integrated Report 2020</p> | | | <p><i>Our brand and reputation</i> – CellTech report on their reputation index performance.</p> <p><i>Sustainability report</i> – CellTech issued their sustainability report as a separate downloadable document where they reflect on their performance in implementing eight of the UN Sustainable Development Goals.</p> <p><i>CFOs statement</i> – The CFO notes in his statement that CellTech had a pleasing performance, although affected by the tough economic environment.</p> <p><i>Condensed consolidated financial statements</i> – CellTech provides a condensed version of their consolidated financial statements to provide an overview of their financial performance, financial position and cash flow.</p> <p><i>Remuneration report</i> – CellTech provides a section in this report on the performance on / achievement of policy objectives. The remuneration committee believes that the CellTech remuneration philosophy and policy remains fit for purpose and achieves the high-level objectives of attraction, retention and performance motivation of their staff. Some key decisions made by the remuneration committee were the approval of short-term incentives for executives and the setting of performance conditions for short- and long-term incentives. The pool available for short-term incentives is determined by the financial performance of the company against previously set and agreed targets. Where annual targets are achieved in full, 100% of the on-target short-term incentives will be paid. In instances where the target goals are exceeded, the incentive is capped at a percentage of the guaranteed package. The report further provides an overview of the business performance and the impact on their short-term and long-term incentives. All employees, including executive directors and prescribed officers, receive a guaranteed package based on their role in the company and also linked to their individual performance. The before-mentioned is underpinned and reinforced</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------------------|-----------------------|---|
| Integrated Report 2020 | | | by their Performance Dialogue (PD) and talent management processes. CellTech's policy is to reward their executives for their contributions to their strategic, financial and operating performance. CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance. |
| | Performance management system | None | None |
| | Performance measurement | Reporting | <i>Notes to the remuneration report</i> – The dividends do not include dividends receipted on awards where the performance measurement period has been concluded. |
| | Policy | Reporting | <p><i>Chairman's statement</i> – Offsetting the generally strong performance, there were some significant regulatory and policy challenges. It is noted that it is critical to have a regulatory and policy framework that encourages long-term investment in network infrastructure.</p> <p><i>CEOs statement</i> – The CEO notes that it has been a volatile year with sustained pressure on consumer and business spend in South Africa and increased regulatory and policy pressure.</p> <p><i>Our profit formula</i> – CellTech reports that they maintained their shareholder returns, with their dividend policy of paying out at least 90% of adjusted headline earnings.</p> <p><i>Our external environment (Material trends impacting value)</i> – The growth happened despite regulatory and policy uncertainty. All mobile network operators are facing sustained tax and regulatory pressure, with political volatility and high levels of regulatory and policy intervention impacting telco activities across the region.</p> <p><i>Our key relationships</i> – A material stakeholder interest for investors and shareholders is to have a stable dividend policy.</p> <p><i>Our principal risks and associated opportunities</i> – The priority market review on wholesale and retail could increase regulatory requirements. Another principal risk is adverse political measures and regulatory pressures, in order to mitigate these risks CellTech</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
|------------------------|-------------------|-----------------------|--|
| Integrated Report 2020 | | | <p>needs to engage with government and regulatory and public bodies to communicate key messages and proposals on how policy decisions positively and negatively impact the sector. CellTech also needs to ensure that a regulatory compliance policy and a combined assurance programme are in place and all risks are documented. In order to mitigate the risk of spectrum CellTech will actively engage with government and industry organisations to find appropriate solutions that achieve the underlying policy objectives.</p> <p><i>Best technology</i> – In the event of a disaster at a regional mobile network exchange facility, CellTech has recovery solutions in place. These solutions are regularly tested, to ensure they meet their internal resilience policy targets.</p> <p><i>Digital organisation and culture</i> – CellTech have launched and promoted a mental health policy.</p> <p><i>Remuneration report</i> – CellTech provides a section in this report on the achievement of policy objectives.</p> |
| | Process | Reporting | <p><i>Contents</i> – CellTech’s integrated reporting process comprises of the following reports: Integrated report; Consolidated annual financial statements; Sustainability report; and Operational reports.</p> <p><i>About this report</i> – CellTech’s strategy development process included a review of CellTech’s business model and their interaction and interdependency with the external societal context. A considered assessment of the six capitals (as referred to in the IIRC’s Integrated Reporting Framework) informed both their strategy and the internal materiality process used to determine the content and structure of this report. CellTech’s process of identifying and prioritising the material matters for inclusion in this report involved reviewing: CellTech’s business model; their interaction with the six capitals; their operating environment; and the interests of their key stakeholders. A considered assessment of the six capitals (as referred to in the IIRC’s Integrated Reporting Framework) informed both CellTech’s strategy and the internal</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| <p>Integrated Report 2020</p> | | | <p>materiality process used to determine the content and structure of this report.</p> <p><i>Chairman’s statement</i> – The CEO notes that a thorough recruitment process was followed for the appointment of a new non-executive director.</p> <p><i>CEOs statement</i> – The CEO states that the assignment of available high-demand spectrum seems imminent, with Independent Communications Authority of South Africa (ICASA) indicating that this process will be concluded by the end of this calendar year. CellTech is pioneering in the implementation of Robotic Process Automation.</p> <p><i>Our business model (How we sustain value)</i> – Positive investor relations is a key focus in the strategic decision-making process.</p> <p><i>Our external environment (Material trends impacting value)</i> – A material regulatory issue is ICASAs Priority Market Review on the mobile broadband market, and timing and nature of high-demand spectrum licensing process.</p> <p><i>Stakeholder ‘hot topics’</i> – CellTech’s security and privacy by design and assurance process has been fully implemented and rolled out across most of our organisations. This process allows the privacy, security and risk teams to assess privacy and security risks in respect of all products and processes.</p> <p><i>Our principal risks and associated opportunities</i> – An embedded enterprise risk management process supports the identification of principal risks. The company’s risk heat map sets out the top 10 principal risks as identified through the risk management process.</p> <p><i>Financial services</i> – CellTech’s new automated claims process, launched this year, has reduced the process from five days to approximately five minutes, delivering significant efficiencies and an improved customer experience.</p> <p><i>Our brand and reputation</i> – CellTech have put in place a process to collect and refurbish used phones.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2020 | | | <p><i>Segment performance</i> – CellTech can continue to add new offerings while improving process and profitability. Digital transformation of the customer experience is yielding results, with the introduction of process automation.</p> <p><i>Remuneration report</i> – The annual salary review process undertaken by the committee analysed market benchmarking and risks associated with retention of key management personnel.</p> |
| | Risk management | Reporting | <p><i>About this report</i> – CellTech’s financial, operating, compliance and risk management controls are assessed by the company’s internal audit function, which is overseen by the Audit, Risk and Compliance Committee.</p> <p><i>Stakeholder ‘hot topics’</i> – CellTech adopted and implemented a privacy risk management approach based on compliance with the EUs General Data Protection Regulation.</p> <p><i>Our principal risks and associated opportunities</i> – CellTech have a mature risk management framework that is aligned with the ISO 31000 International Risk Management Standard and the requirements of South Africa’s King IV Governance Code. An embedded enterprise risk management process supports the identification of principal risks. The company’s risk heat map sets out the top 10 principal risks as identified through the risk management process.</p> |
| | Risk report | None | None |
| | Score | Reporting | <p><i>CEOs statement</i> – CellTech ended the year leading in customer net promotor score.</p> <p><i>Delivering our strategy</i> – CellTech reports on their net promotor score, their engagement score, digital index score and BBEEE score.</p> |
| | Strategy | Reporting | <p><i>About this report</i> – This report reviews CellTech’s strategy and business model, risks and opportunities, and operational and governance performance for the financial year. A considered assessment of the six capitals (as referred to in the IIRC’s Integrated Reporting Framework) informed both CellTech’s</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| <p>Integrated Report 2020</p> | | | <p>strategy and the internal materiality process used to determine the content and structure of this report.</p> <p><i>Chairman’s statement</i> – The Chairman is confident that CellTech has the right vision and strategy, as well as culture and leadership teams to deliver on its ambition of connecting people for a better future. The company’s performance against its 2020 strategy, and its specific commitments through to 2025, are reviewed in more detail throughout this report. The chairman encourages the reader to read the report and to give them feedback on CellTech’s performance and its stated ambitions and roadmap.</p> <p><i>CEOs statement</i> – CellTech’s financial results reflect the continued successful execution of their financial and digital strategy. CellTech’s pleasing performance this year reflects the effective execution of their strategy, building on their systems of advantage across each of their seven strategic focus areas.</p> <p><i>Delivering our strategy</i> – CellTech reports on their 2020 strategy assessment and the setting of new strategic goals.</p> <p><i>Our business model (How we create value)</i> – CellTech’s strategy leads us to build on our substantial investment in network infrastructure. CellTech communicates their service offerings and maintain their brand presence through their marketing and brand strategy.</p> <p><i>Our profit formula</i> – CellTech’s strategy aims to diversify revenue streams further in key verticals such as financial services. Despite the current strong focus on driving affordability and accessibility through their pricing transformation strategy, they see significant opportunity for sustained revenue growth.</p> <p><i>Our external environment (Material trends impacting value)</i> – CellTech’s strategy is intended to ensure that they are best positioned to seize the opportunities and mitigate the risks associated with these trends. CellTech’s strong focus on their data pricing transformation strategy, delivered significant reductions in data prices.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2020 | | | <p><i>Our key relationships</i> – A material interest to stakeholders is CellTech’s employees as their skills, experience and productivity drive the development and execution of strategy. Another material interest to stakeholders is to have a strategy to ensure sustained financial growth.</p> <p><i>Network quality and coverage</i> – CellTech’s strategy includes clear commitments to remove barriers to digital access. CellTech implemented a retail transformation strategy that encourages black ownership on their franchise channel.</p> <p><i>Our principal risks and associated opportunities</i> – CellTech report on the risks associated with their strategic pillars.</p> <p><i>Segmented propositions</i> – CellTech has continued to deliver a pleasing performance in each of the four focus areas of their accelerated data growth strategy.</p> <p><i>Delivering on our strategy</i> – CellTech provides an overview of their performance against their strategic priorities.</p> <p><i>Tax and our contribution to public finances</i> – CellTech remains committed to act with integrity, honesty and transparency in the creation and execution of their tax strategy.</p> <p><i>Segment performance</i> – CellTech’s platform strategy was designed to stimulate reasons to consume data and delivered strong growth.</p> <p><i>Board governance at a glance</i> – A key focus area of the board was on financial services and digital content platforms where the performance of business units was tracked against the strategy.</p> <p><i>Remuneration report</i> – CellTech provides a summary of their remuneration structure that includes the purpose and link to strategy together with its performance.</p> |
| | Rewards | Reporting | <p><i>Segmented propositions</i> – CellTech RED proposition provides various exclusive rewards. This year CellTech launched a contract rewards platform.</p> |

| Document Used | Keywords Searched | Preparing / Reporting | Context Used |
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| Integrated Report 2020 | | | <i>Best customer experience</i> –CellTech provides a rewards programme which rewards customer loyalty and digital engagement via the app. |
| | Team | Reporting | <p><i>Chairman’s statement</i> – The Chairman is confident that CellTech has the right vision and strategy, as well as culture and leadership teams to deliver on its ambition of connecting people for a better future.</p> <p><i>Digital organisation and culture</i> – The teams have helped to improve the quality of engagement across business units, increased the level of Executive Committee inputs, and encouraged greater alignment and accountability on mutually agreed outcomes and performance indicators.</p> |
| | Vision | Reporting | <p><i>Our vision</i> – To be a leading technology communications company in Africa, connecting for a better future, and one of the world’s greatest places to work.</p> <p><i>Chairman’s statement</i> – The Chairman is confident that CellTech has the right vision and strategy, as well as culture and leadership teams to deliver on its ambition of connecting people for a better future.</p> |