

South African businesses missing out on the efficiency benefits of integrated reporting, a year into the mandate, according to CarbonSystems

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JOHANNESBURG – May 15th, 2012 – After a year of grappling with integrated reporting, South African companies have realised that the demands far exceed the capacity of existing accounting systems and associated business processes, says CarbonSystems, a global provider of environmental and energy management solutions.

Integrated reporting, which replaced traditional annual corporate reporting for listed companies in South Africa beginning in 2011, requires that public businesses report corporate governance and sustainability metrics in addition to their yearly financial results. Each of the three criteria must now be given equal coverage to give a more rounded view of a business's performance.

Companies that have tried to achieve this using a combination of existing accounting systems, spreadsheets and manual recording have found that the practice is fraught with risk, being labour intensive and susceptible to inaccuracy, according to Karl Campbell, managing director South Africa, CarbonSystems. "Integrated reporting throws up all sorts of new pressures around the need for reliable consistent data capture, quality and reporting. Today, most companies don't really have accurate non-financial data, which presents a real challenge – not getting this right could hurt their brand."

CarbonSystems' comments echo those of Professor Mervyn King, chair of the Global Reporting Initiative, who in February claimed that only half of listed companies in South Africa had so far got to grips with integrated reporting.

The new discipline requires new business processes and systems for reliable and consistent automated data capture, Mr Campbell notes, as well as broader reporting capabilities to cope with the new regulatory demands. The mandate to collect and report on additional data about environmental performance in particular presents businesses with an opportunity to take back control over inefficient consumption of resources, he adds.

"The supply and cost of energy is a big issue in South Africa, so the ability to collect detailed data about its use across an organisation is a very powerful enabler, allowing companies to target efficient measures and change behaviour to reduce wasteful consumption. As well as looking better in the company's year-end results, reducing an organisation's carbon footprint and its exposure to a future carbon tax, there is significant scope for direct cost savings once problem areas have been highlighted."

Detailed governance reporting, meanwhile, gives organisations a better handle on their risk and their performance against internal corporate social responsibility targets and external benchmarks, enabling HR and marketing to hone their focus.

CarbonSystems' cloud-based integrated reporting solution is rapidly gaining traction both in South Africa and internationally. Locally, organisations as diverse as banking group Investec and car dealership chain Combined Motor Holdings have implemented the software to bring their corporate reporting in line.

CarbonSystems has more than 110 business clients, including more than 25 billion-rand revenue organisations, using its software as a service solution. At an international level, Microsoft recently adopted CarbonSystems' Environmental Sustainability Platform (ESP) as its new global standard for managing energy efficiency and environmental performance reporting across 640 facilities in 110 countries.

ABOUT CARBONSYSTEMS - <http://www.globalcarbonsystems.com>

CarbonSystems is a global provider of sustainability software. Its technology helps companies manage their carbon, energy, environmental and social responsibility performance and operate more efficiently by driving cost savings in their use of energy, fuel, gas, water, waste, and other environmental metrics.

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