DRIVERS OF SUSTAINABILITY DISCLOSURE
IN LIBERTY HOLDINGS

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Abstract

This research assesses the drivers of sustainability disclosure in Liberty Holdings. The relevance of reporting on sustainability is growing for both listed and non-listed companies in South Africa. However, many companies many companies still coming to terms with reporting process, although others are doing exceptionally well. Liberty Holdings is one of the insurance organisations that has continuously improved their sustainability reporting and disclosure of their sustainability issues, in a sector that previously perceived such concerns as low on their agenda, due to the perception that they had a low impact on the sector. The research findings reveal that the process of sustainability disclosure in Liberty Holdings is driven by several elements that are strategically linked and are aligned to the core strategy of the organisation. The findings also indicate that in order to understand and implement viable sustainability processes, the processes must be embedded in a well-informed sustainability strategy that is aligned with this core strategy.

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List of abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officers
CSR	Corporate Social Responsibility
DTI	Department of Trade and Industry
BBBEE	Broad Based Black Employment
ESG	Environmental Social and Governance
FSB	Financial Services Board
FTSE	Financial Times Stock Exchange
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
NGO	Non-Governmental Organisation
PIC	Public Investment Corporation
PSI	Principles of Sustainable Insurance
SAIA	South African Insurance Association
SRI	Socially Responsible Index
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative

Chapter 1. Introduction

1.1. *Introduction*

Sustainability disclosure is a non-financial reporting process that focuses on an organisation's environmental, social and governance (ESG) issues, as well as the management of all material issues of a business (Overland, 2007). Different organisations are driven to disclose their sustainability attributes for different reasons. A study by KPMG (2014) lists various factors as the drivers or enablers of sustainability reporting. These include aspects such as regulations, access to capital, an expanded consumer base, a social license to operate, innovation, brand and reputation, as well as operational efficiency. Dobbs and van Staden (2011) examine the motivation behind corporate voluntary reporting on social and environmental information in New Zealand, a country where reporting is not a mandatory requirement. Their findings revealed a strong stakeholder influence as one of the major factors. Nakabiito and Udechukwu (2007) also examined corporate sustainability disclosure, although their focus was on identifying the factors influencing the amount of sustainability information published by Swedish companies. Several factors were found to play a role, including stakeholders' influence, the legitimacy of strategy, and the supporting guidelines. Two further studies, Clark (2012) and Stigter (2012), identify and refer to drivers as a term that is interchangeable with reasons, motivations and incentives in sustainability practices.

In light of these studies, this research will review sustainability reporting platforms in Liberty Holdings, the sustainability reports and integrated reports, and try to ascertain the major influencing factors, as well as the general elements influencing and driving sustainability disclosure. The research will also identify drivers of reporting, as highlighted in various other studies, in order to allow for an informed conclusion. The supporting theory will also be reviewed in order understand the background of sustainability reporting, as well as to highlight links between theory and practice~~s~~.

1.2. Research problem

Sustainability reporting is undertaken either as a voluntary process, for non-listed companies, or under mandatory requirement for listed companies as part of the King code requirements (Institute of Directors in Southern Africa, 2009). The focus of this research is to assess and determine the drivers of sustainability disclosure in Liberty Holdings, a JSE listed company; to provide an insight into Liberty Holdings' sustainability reporting practices; as well as to determine the key driving factors in sustainability reporting within the organisation, presumed to be the institutional and stakeholders' influence.

The number of companies reporting on sustainability issues has consistently risen in South Africa, as the country went through a process of making this a requirement for all listed companies (Institute of Directors in Southern Africa, 2009). Reporting is thus more prevalent in the Johannesburg Stock Exchange (JSE) listed companies than in non-listed companies (IRIS, 2012). Stakeholders play a key role in identifying and driving reporting on key issues at all levels of the reporting initiatives (Global Reporting Initiative, 2013). Notably, many sustainability reporting platforms show that as organisational stakeholders change, so do the issues being disclosed. This also applies with any change in legislation, as well as a change of management. This is therefore sustainability reporting in companies, especially in one that would be influenced by regulations.

1.3. Sustainability reporting

1.3.1. Sustainability report overview

Sustainability reporting has been defined as the act of communicating organisational performance on material matters relating to economic, social and governance activities within an organisation (KPMG, 2008). It should enable organisations to convey disclosures on key impacts on their environment, society and the economy (Global Reporting Initiative, 2013). The core areas of sustainability reporting are corporate policy, corporate strategy and objectives regarding sustainable development, and the link between an organisation's current performance and its specific environmental and social targets (Ng, Carmen 2008). Different sustainability reports are produced by different organisations under different names. The reports include:

- sustainability reports;
- corporate social responsibility reports;
- social and environmental reports; as well as
- environmental, health and safety reports (Ng, Carmen 2008)

Sustainability reporting assists in the tracking and monitoring of sustainability issues. It also contributes towards an increase in the quality of information being reported, thereby helping to improve organisations' operations and drive innovation (Working Group on Environmental Auditing: International Organization of Supreme Audit Institutions, 2013). Sustainability reporting gives an organisation a competitive edge, and studies reveal a link between an organisation's financial performance and its sustainability performance (The Global Reporting Initiative, 2014). Sustainability reporting has been lauded as a very valuable undertaking both externally and internally (Working Group on Environmental Auditing: International Organization of Supreme Audit Institutions, 2013). South Africa is one of the few countries to make sustainability reporting a stock exchange listing requirement (KPMG, 2013). State-owned entities, private companies and NGOs are also expected to prepare reports as a principle of good governance and accountability (SAICA, 2015). This is done through the Johannesburg Stock Exchange's Socially Responsible Index (SRI).

The SRI was launched by the JSE in order to assess reporting on environmental issues, societal governance and climate change, as per the listing requirements, as well as to promote sustainable and transparent business practices (Johannesburg Stock Exchange's Socially Responsible Index, November, 2014). The index helps ensure that disclosure by the included companies is not superficial, and that companies are disclosing issues that reflect and integrate the three pillars of sustainability: environmental, social and economic effects (Johannesburg Stock Exchange's Socially Responsible Index, November, 2014). The Johannesburg Socially Responsible Index (November, 2014) indicates that as of the year 2014, a total of 156 companies listed on the JSE and the Financial Times Stock Exchange (FTSE)/JSE All Share Index were assessed for their integration of the triple bottom line and good governance in their organisation's strategy for the year.

The SRI disclosure requirement places strong emphasis on well-informed and conclusive reporting. Organisations that do not conform to the requirements are excluded on the grounds of superficial disclosure. For example, in 2010, a third of the listed companies were excluded from the index for various reasons, ranging from non-compliance with environmental policies to lack of reporting (Trialogue, 2011). The JSE listing requirement is regarded as one the key motivations for sustainability reporting for listed companies in South Africa.

KPMG (2013) examined some of the organisations that helped drive sustainability disclosure in South Africa over and above the JSE's listing requirements, and cited the Public Investment Corporation (PIC) as an emerging driver in South Africa, as well as the Corporate Governance Rating Matrix 88, which also focuses on the disclosure of environmental, social and governance performance and all aspects that define sustainability disclosure. The Global

Reporting Initiative (GRI) is also perceived as one of the major institution' that helps drive sustainability reporting.

1.3.2. Trends in sustainability disclosure and reporting

Sustainability disclosure globally remains a largely voluntary process in most countries, although many companies, finding themselves wanting to influence decisions at political, regulatory, sectorial and regional levels aimed at increasing the attractiveness of the markets in which they operate, make use of it (Katsoulakos and Katsoulacos, 2006). A growing trend can also now be observed in that there is a seemingly growing number of regulatory bodies, governments and stock exchanges that are beginning to introduce mandatory sustainability disclosure (KPMG, 2013). Stock exchanges and regulators around the world are creating initiatives that encourage sustainability reporting; countries such as South Africa, Belgium, Japan, Australia, China, France, Denmark, India, Finland and Italy now have mandatory sustainability disclosure policies supported by either the government or the stock exchange (Corporate Knights Capital, 2014).

As of 2013, there were over 30 countries or governments and stock exchanges that required some level of sustainability disclosure. By 2013 the European Commission also announced a directive for large companies to start disclosing their major economic, environmental and social impacts (Boston Centre for Corporate Citizenship and Ernst & Young LLP, 2013). According to Deloitte (2014), over 90% of the global 250 companies were producing a sustainability report, with 5000 organisations in 88 countries adhering to the use of the Global Reporting Initiatives Index for the recommended guidelines for sustainability reporting and disclosure. By 2011, the Global Reporting Initiative (GRI) witnessed an increase of no less than 30% per year in companies using their standards as the preferred guidelines. The number of small to medium-sized companies that were reporting increased, and an overwhelming 84% of the reports using the GRI guidelines came from large companies more than half of which were listed (Global Reporting Initiative, 2011a).

The GRI (2011a) reports that South Africa is one of the countries with the largest number of sustainability reports registered on their database, and it also takes the lead in the number of integrated reports produced. In 2011, 128 South African reporting entities had produced and registered their reports on the GRI website, a 25% increase from the previous year (IRIS Integrated Assurance Services, 2012).

The role of both regulatory and non-regulatory institutions in driving sustainability has garnered acclaim in the various sectors that deal with sustainability issues. GRI (2014) echoes these sentiments by highlighting those countries that drive sustainability disclosure through listing institutions and points out the importance of and the unique position that market operators and regulators have in sharpening sustainability disclosure. These institutions have contributed in putting a clear perspective on sustainability and what it entails.

1.4. Liberty Holdings

Liberty Holdings was recognised as one of the top ten companies in 2014 in EY's Excellence in Integrated Reporting Awards (EY, 2014a). These awards are based on a survey that assesses the integrated reports of the top 100 JSE listed companies, with the selection of these companies based on their market capitalization at 31 December of each year (EY, 2014a). The evaluation process analyses the integrated reports and awards a mark out of 10 based on three main areas of reporting:

1. The framework's fundamental concepts
2. The International Integrated Reporting Council six guiding principles (strategic and future orientation, connectivity of information, stakeholder responsiveness, materiality conciseness, reliability and completeness, and lastly, consistency and comparability); the six content elements (organizational overview and external environment, governance, strategy resource allocation, opportunities and risks, performance and future outlook)
3. The use of frameworks around fundamental concepts, such as an explanation of the business model and how value is created in an organisation (EY, 2014b).

Liberty Holdings Limited's integrated report took first position for 2014, and had previously been amongst the ten best reporting companies for the last 3 years (EY, 2014a).

A look at the EY's Excellence in Integrated Reporting Awards (2015) revealed that Liberty Holdings was the only insurance company ranked in the top ten category. Other categories included Excellence, which had 21 companies; Good, which had 27 companies; Average, which had 24 companies and Progress to be made, which had 17 companies. The other listed insurance companies such Sanlam, Old Mutual and MMI Holdings were distributed in the Good and Average categories. Liberty Holding's has been exemplary over the years in reporting and disclosure, as seen through these awards, which is exceptional for an organisation in a sector where sustainability reporting is not very strong. This aspect makes Liberty Holdings a subject of interest for this research. Assessing and evaluating the drivers of sustainability disclosure in the reports will help to gain an understanding of the possible factors which could contribute in driving sustainability disclosure and practices amongst peer organisations.

The insurance industry has come to be considered an enabler of sustainable economic development, because it is linked to all spheres of society (Kirk, 2011). The sector is able to promote businesses through risk transfer; work with government as risk advisors through various research undertakings on issues of natural disasters; and promote consumer wealth through the processing of claims (UNEP Finance Initiative, 2007). These are elements that also set the tone for sustainability (UNEP Finance Initiative 2007). The South African Insurance Association (SAIA) can also be considered one of the major facilitators of integrating sustainability issues in the insurance sector as it is an affiliate member of the Principles of Sustainable Insurance (PSI) with 54 insurance member companies (SAIA, 2014). SAIA members are therefore increasingly starting to face the prospect of having to disclose sustainability issues, as this is a core requirement of PSI (UNEP Finance Initiative, 2012).

Sustainability reporting in the insurance sector is also being driven by the United Nations (UN). The UN also took a unique step in its bid to drive sustainability reporting across the sector, and launched the Principles of Sustainable Insurance (PSI) in 2012 as part of a global drive to promote consideration of ESG risks and opportunities in insurance organisations (UN Environmental Programme, Finance Initiative, 2012). PSI focuses on sustainability disclosure within the insurance sector and it specifies that reporting on ESG risks is a vital part of responsible practices. Therefore signatories to the principles commit to incorporating a sustainability approach into their business strategies (UN Environmental Programme, Finance, 2006).

Chapter 1 highlights the background of sustainability disclosure: what it is, what literature is available on what are considered to be drivers of sustainability disclosure, and what studies have been done to support the perception of these drivers. The institutions that have a major impact on reporting are also described. A section on how the process of sustainability reporting is growing in popularity is also included so as to validate its global importance. Finally, the background of Liberty Holdings is also highlighted which reflects why it was considered for the research. Various studies have been compiled in order to shed light on the factors that drive companies to report on either social or on a broader aspect, report on sustainability issues. Research in this space normally takes a conceptual or a theoretical approach and Imenda (2014) explains the difference between the conceptual and theoretical approach as having one aspect being guided by literature or concepts and the other being guided by theory/theories respectively. Theoretical approach in research gives an in-depth understanding and sheds light on the history behind a subject matter whereas the conceptual approach provides one with a list of issues or answers supporting one's research. The literature review chapter gives an insight into these aspects.

Chapter 2. Literature review

2.1. Literature review background

The literature review explores both the theory and the conceptual aspects that have been used to analyse the drivers of sustainability disclosure in an organisation. The first part of this literature review chapter explores the literature and understanding around sustainability disclosure, as well as some of the conceptual studies that have been conducted. The chapter is structured around the following three topics:

- Understanding the literature supporting and guiding sustainability reporting and disclosure, i.e. the Global Reporting Index (GRI) and International Integrated Framework.
- The literature driving sustainability practices and reporting within an organisation.
- The theory driving sustainability disclosure.

The purpose of the chapter is to highlight the studies and theories that have an influence in analysing the disclosure process of sustainability. Sustainability reporting and practices are guided by several principles at an organisational level. The literature reviews the two reporting guidelines, the GRI and Integrated Reporting Frameworks. These guidelines provide a link between theory and practice. Sustainability reporting can be perceived as an organisation's reporting on how their actions or practices impact on all spheres of society (Economist Intelligence Unit, 2010). The literature highlighting the drive of sustainability practices at the organisational level is also reviewed. Stakeholder theory and legitimacy theory are the main focus of this research. An analysis model based on the literature and theories is included for the data analysis process. The analysis model links theory and questionnaire themes as the basis of the research conclusion. The analysis model is informed by research done by Nakabiito and Udechukwu (2007).

2.2. Sustainability reporting and GRI

Sustainability disclosure is influenced by guiding principles such as the King III report, the GRI and the International Financial Reporting Standards (Global Reporting Initiative, 2013). According to KPMG (2008), sustainability reporting is based on principles that ensure that reporting meets the following:

- the information disclosed is material and relevant to the reporting entity;

- the relevant stakeholders have been identified~~,~~ and included and a consultation process has been followed;
- the reporting reflects all aspects of sustainability;
- the reporting covers all aspects of sustainability with regard to content material, reporting boundaries and sustainability indicators;
- the reporting is balanced, meaning that it reflects both positive and negative issues experienced by an organisation within that reporting year;
- it ensures that stakeholder issues are truly reflected and issues are accurately reported;
- in instances of repeated reporting, it should be ensured that the information is consistent and that data can be compared to the previous years' reports;
- it should be ensured that the report~~s~~/information is easily and conveniently accessible to all interested parties;
- the information should be handled and reported in a way that does not raise issues of reliability; and
- the reporting should reflect all of the organisation's operations as well as joint entities in which the reporting organisation has autonomy.

The GRI reporting framework offers one of the best platforms for sustainability disclosure, although other guidelines and initiatives are available and used by many organisations to promote ESG factors (North American Task Force UNEP Finance Initiative, 2008). Stakeholders play a key role in identifying and driving reporting on key issues at all levels of the reporting initiatives (Global Reporting Initiative, 2013). Boston College Centre for Corporate Citizenship (2013) reinforces the role of stakeholders in the process of sustainability reporting and highlights the drivers of sustainability disclosure, the inclusion of stakeholders and stakeholder issues in the process of reporting, as well as regulatory and institutional requirements.

Sustainability issues are reported under two separate processes in an organisation; either as a standalone sustainability report (Global Reporting Initiative, 2013) or as part of an annual integrated report (International Integrated Reporting Council, 2013). One notable trend is the growing advocacy for the integration of sustainability issues with financial issues in a single report. This has successfully been achieved in integrated reporting through the International Integrated Reporting Committee (IIRC) working in conjunction with other organisations supporting sustainability reporting, such as the GRI (Working Group on Environmental Auditing: International Organization of Supreme Audit Institutions, 2013).

2.3. Integrated reporting

Integrated reporting encompasses the process of an organisation reporting for public disclosure both financial and non-financial aspects of the business, following an inclusive stakeholder process (Soyka, 2013). According to the IIRC (2011), integrated reporting should serve as a channel that reflects and highlights material information which drives an organisation's strategy, governance, performance and prospects. This should be done in a way that adds value to an organisation and the context within it operates (International Integrated Reporting Committee, 2011). Reporting should associate and link different reporting components, such as financial, management commentary, governance, remuneration, and sustainability disclosure in a way that reflects an organisation's ability to create and sustain value (International Integrated Reporting Committee, 2011). Integrated reporting requires an organisation to report on issues that are material to its business, and is guided by the following principles:

- strategic focus and future orientation
- connectivity of information
- stakeholder responsiveness
- materiality and conciseness
- reliability and completeness
- consistency and comparability (International Integrated Reporting Council, 2013).

Integrated reporting is based on six main types of capital: human, financial, natural, manufacturing, intellectual, and social and relationships (International Integrated Reporting Committee, 2011). The principles of integrated reporting create flexibility and balance with regard to what is material to an organisation, without compromising on the issues of comparability and consistency across organisations, hence facilitating an organisation's ability to create and maintain value over time (Busco, Frigo, Quattrone and Riccaboni, 2013). Integrated reporting has important benefits for an organisation, such as better resource allocation, improved relations and engagement with all stakeholders, lowering of reputational risk, meeting the needs of investors who are interested in environmental, social and governance issues, and managing regulatory risks (Eccles and Saltzman, 2011). Integrated reporting is structured in a way that accommodates the use of other various guidelines which facilitate reporting on social, environmental and economic disclosures. The guidelines can be applied in conjunction with the various sustainability guidelines which different organisations adopt depending on what is relevant to them. The GRI guidelines have been widely accepted as the most suitable guidelines for sustainability disclosure as they cover most aspects of material sustainability issues, and also work in conjunction with the other sustainability guidelines, a trait that is also favourable with the IIRC guidelines (International Integrated Reporting Council, 2013). The process of integrated reporting is also highly driven by stakeholder consultation (both internal and external) and this plays a vital role in influencing what to disclose, as well as influencing the quality of the reported information and the nature of sustainability practices within an organisation (EY, 2013).

2.4. Organisational Sustainability

According to the Royal Institute of British Architects (2012), sustainability practices can be perceived as initiatives and activities that uphold and strive towards living within our environmental carrying capacity; developing a just and healthy society; and adopting good governance and a sustainable economy. They include the processes, policies, systems and activities that an organisation adopts to take into account both financial and non-financial considerations in everyday business decision-making, with regards to the three components of sustainability (The Institute of Chartered Accounts in Australia, 2011). Sustainability practices are the bedrock of embedding sustainability within an organisation as these are issues that are subsequently reported by an organisation (Network for Business Sustainability, 2010). According to Jones, Pomeroy, Foley, Butt, Farrar, Cooper and Jones-Evans (2004), the overall aim of embarking on a sustainability journey for any organisation should be to make a valuable contribution towards sustainable development, i.e., "development that meets the needs of the present without compromising the ability of the future generations to meet their own needs" (United Nations Commissions on Environment and Development, 1987).

According to the Network for Business for Sustainability (2010), sustainability can be fostered in an organisation by applying the following four practices:

- Fostering commitment. This is considered to be an informal approach. It focuses on internal and external stakeholder engagement with the aim of motivating participation and reinforcing the importance of sustainability. Its main point of departure is engaging, signalling, reinforcement, communication and talent management.
- Clarifying expectations. This takes a formal approach and mainly looks at practices that support the already-existing sustainability systems. There are seven key areas of action identified around this aspect: codify, integrate, assign, train, incentivise, assess and verify. The first three elements set a foundation for sustainability practices in an organisation by integrating informal sustainability elements within the core business strategy and processes. The next two practices are formal elements that look at incentivising and encouraging employees to take part in sustainability issues. The last two practices encourage benchmarking, reporting and tracking of sustainability issues within an organisation.
- Building momentum. This intends to effect positive sustainability change through fostering an approach that encourages new ideas and practices. It looks at raising awareness, championing sustainability causes, inviting new ideas, experimenting, sharing knowledge and re-envisioning.
- Installing capacity change. This fosters creativity and enables proactive knowledge-building as a means of building sustainability initiatives through learning and development.

Corporate sustainability has become more than just means of practice but a communication portal that companies today are using to communicate their environmental and social goals to the public and what strategies have been put in place to achieve the goals (EY, 2013). Corporate sustainability reporting simply measures sustainability disclosure information for companies existing practices (United Nations Environment Programme, 2014). The perception over the years towards corporate sustainability has been cantered reporting on the triple bottom line "triple bottom line", a term coined by Elkington (1994) which refers to the environmental, economic and social aspects of an organisation and around integrating the eco-efficiency and socio-efficiency into their business (Dyllick, T., and Hockerts, K., 2002).

Sustainable development practices lay the foundation for organisational sustainability as they help cement organisational commitment to sustainable development at a high level, continuous systems improvements and innovations, commitment to regional economic improvements, commitment to staff development and wellbeing, community involvement and participation, seeking ways to help towards resources consumption reduction, and working towards waste reduction and environmental impacts of transportation (Jones et al, 2004). In a study done by Petrini and Pozzebon (2010) where they looked at the integrating of sustainability into business practices, they pointed out that sustainability practices within an organisation are influenced by leadership style, governance, communication and training, reporting, both top- and lower-level commitment, and stakeholder pressure.

2.5. Why organisations disclose on sustainability issues

Different organisations disclose on sustainability issues in order to fulfil various strategic organisational commitments (Global Reporting Initiative, 2011a). Ernst and Young (2012) indicate that the reasons for sustainability disclosure are also growing at the same pace as the process of reporting. This has evolved from having organisations simply trying to meet reputational and compliance requirements, to embedding sustainability as a core part of strategic planning within the organisation as companies are increasingly facing mounting pressure from the public with regard to being more transparent and accountable for their sustainable impacts.

Sustainability disclosure is not only driven externally but also by internal forces that play a pivotal role in the disclosure process, with external forces driving disclosure issues while internal forces oversee decisions around reporting (Accenture and Chartered Institute of Management Accountants, 2011). Ernst and Young (2012) cite cost implications, stakeholder expectations, risk management, revenue generation and government regulations as being the drivers of sustainability disclosure. The Economist Intelligence Unit (2010) goes further and explores drivers of sustainability disclosure through interviews with senior executives in companies leading the way in sustainability reporting, as well as individuals who provide leadership in global organisations that are currently setting the benchmark for reporting. The drivers discovered also include regulatory requirements, public opinion, consumer preferences, NGOS, media pressure, employees' demands, peer pressure, an organisation's strategic implementation and investor demands. Epstein and Roy (2001) also state that stakeholder reaction and financial performance drive sustainability disclosure in organisations.

Sustainability reporting and disclosure also have benefits for-reporting organisations, and this may go some way towards answering the question "why do companies report?" The Boston Centre for Corporate Citizenship and Ernst & Young LLP (2013) highlight that sustainability reporting and disclosure implies that an organisation is transparent, and this builds its reputation, and further offers more reporting benefits, which include:

- improvement in financial reporting
- access to investors and capital
- innovation and efficiency
- improved risk management
- building reputation and consumer trust
- employee loyalty
- social benefits (Boston Centre for Corporate Citizenship and Ernst & Young LLP, 2013)

Other benefits include better resource allocation, improved relations and engagement with shareholders and stakeholders, the lowering of reputation risk, meeting the needs of investors who are interested in environmental, social and governance issues, and managing regulatory risks (Eccles and Saltzman, 2011). Hohnen, (2012) highlights the benefits of sustainability disclosure as also being a channel which governments, businesses and civil society are able to utilise as a means to actively contribute towards sustainable development. A survey conducted by Ernst and Young (2012) highlighted the fact that sustainability within an organisation is overwhelmingly supported by the board and the CEO in companies where sustainability practices are embedded in organisational strategy. It has also become standard practice for most organisations to set up a sustainability team with a view to ensuring that programmes and solutions are aligned with the overall organisational strategy and goals (Gilbert and Bradford, 2011). These teams are set up to help drive the sustainability agenda in an organisation (Gilbert and Bradford, 2011). The human resources department is also seen as the backbone of policy formulation and implementation, due to its strategic position. As a result it has the ability to push and drive sustainability policies and practices at all levels of the organisation through employee motivation (EY, 2013).

Reviewing organisational sustainability lays the foundation to understanding sustainability best practices. These practices are becoming the centre of what is reported and measured, as they feed either into an internal organisational reporting framework or into external standardised reporting guidelines such as the Global Reporting Initiative G4 Guidelines for Sustainability, the United Nations Global Compact, the Organisation for Economic Co-operation and Development (OECD), and Guidelines for Multinational Enterprises. The section on why organisations disclose their sustainability issues gives background to internal issues that drive sustainability. Sustainability first needs to be fostered within an organisation before it can gain momentum to be reported on a larger platform. A look at the literature and theories that support organisational social and environmental issues will foster a well-informed background of the reasons for social and environmental disclosure, bearing in mind that this research does not focus specifically on comparing the theories or on the theoretical aspect, but rather on all elements that influence sustainability reporting and disclosure.

2.6. Theoretical overview

2.6.1. Supporting theories

Various pieces of literature give differing insights into the factors that drive sustainability. This aspect of sustainability disclosure is also considerably supported by several theories. Using the theory-based approach gives an added advantage as it tends to have a much wider scope of use and understanding, highlights the history of the field, and can be applied beyond one research problem (Imenda, 2014). It also embodies and clarifies defining terms, concepts or variables, the domain in which the theory is applicable, and shows how issues are connected (Imenda, 2014). Both theory-based and conceptual-based approaches have their place in research, although the theory-based approach gives wider scope to explore. The theory-based approach corresponds with and is based on existing theory in literature (Bendassolli, 2013). The conceptual-based approach stems from specific concepts and propositions informed by practical or empirical observations and insights (Nalzaro, 2012).

Research conducted by Krongkaew-arreya and Setthasakko (2013) uses a conceptual approach to investigate the factors driving the production of a complete and reliable sustainability report in Thailand. They focus on the investigation of internal factors, and find that the main determinants were the initiation of the report from the company chair, board of directors or parent company; having a supporting organisational design; and attitudes towards social and environmental disclosure (Krongkaew-arreya and Setthasakko, 2013). In other research Tschopp (2012) used the same approach in understanding the drivers of corporate social responsibility reporting. The thesis investigates three reporting companies, in order to understand the drivers of corporate social responsibility reporting. Tschopp (2012) concluded that the primary reasons for the three organisations' practice of issuing a corporate social responsible (CSR) report were government pressure and shareholder influence.

Dobbs and van Staden (2011) take a different approach, and use a theory-based approach in their investigation into the motivation behind corporate voluntary reporting on social and environmental information in New Zealand. They review the numerous social theories commonly used in social disclosure to understand why companies report on social and environmental information in New Zealand. De Villiers and Barnard (2000) also adopt a theory-based approach, where they analyse the content of the annual reports of listed South African mining companies in order to discover the number of listed companies that disclose certain environmental information.

Most available research around disclosure in South Africa leans towards the conceptual approach rather than the theoretical approach. Vos and Reddy's report (2014) examines ten South African companies in each industry that are listed on the Johannesburg Stock Exchange Socially Responsible Investment Index as at the end of 2012, which were assessed on whether they were promoting environmental sustainability. They found that disclosure was driven by the need to enhance the public image of these companies. Steyn (2014) looked at the findings of the perceptions of chief executive officers (CEOs), chief financial officers (CFOs) and senior executives of South African listed companies, on the organisational changes achieved as a result of implementing integrated reporting requirements. He/she found that social performance was the most highly reported sustainability dimension, although other sustainability dimensions were also fairly high. This was attributed to increased pressure on the social front from general society as well as from labour and government on mining organisations, as the country continues to make a transition towards a new inclusive dispensation.

This research looks at both theoretical and conceptual studies, as well as analyses issues and observations that help drive sustainability disclosure within an organisation.

2.6.2. Competing theories in non-financial disclosure

According to Cristina, Grecco, Filh, Segura, Sanchez and Dominguez (2013), corporate sustainability disclosure is commonly explained using legitimacy theory and stakeholder theory, as these complement voluntary social and environmental disclosure. They highlight the fact that that both theories focus on the relationship between organisation management and the environment in which it operates. Ali and Rizwan (2013) confirm that legitimacy theory and stakeholder theory are commonly used to understand and explain voluntary disclosure. Aggarwal (2013) takes a similar view, stating that legitimacy theory and stakeholder theory explain the drive for organisations to be sustainable and to incorporate social issues as a core part of their business.

For this research, both legitimacy and stakeholder theory were reviewed to gain an in-depth understanding on how theory can explain the drivers of non-financial disclosure. Furthermore, in adding to the supporting research, the aspect of stakeholders is frequently mentioned in Liberty Holdings' integrated and sustainability reports, and the aspect of legitimacy is reflected throughout the report as the organisation has been acknowledged by legitimacy bodies such as regulators and legislative institutions.

2.6.2.1. Stakeholder theory

Stakeholder theory is a moral and value-based theory that highlights the means by which stakeholders' interests are protected, and managers are held accountable for stakeholder interests when making business decisions (Phillips, Freeman and Wicks, 2003). The stakeholder theory has evolved in recent years to become the foundation of a strategic view of corporate responsibility issues and come to be regarded as another field of strategic management theory. In three separate research studies by Kent, Windsor and Zunker (2011), Kent and Chan (2009) and Elijido-Ten (2007), Ullmann's (1985) stakeholder framework was used to explain how stakeholder theory can be applied in social and environmental disclosures.

According to Elijido-Ten (2007), Ullmann's framework is three-dimensional, and was drawn from Freeman's stakeholder theory which looks at stakeholder power, strategic posture, and economic performance as the central elements of stakeholder theory. However, the research does not clearly specify how one can use the framework to identify elements of stakeholder theory in practice. Although the framework has been modified in several studies, a study by Husillos and Álvarez-gil (2007) confirms that the three aspects of the framework remain relevant, as they also used them to study the environmental information disclosures of a sample of small and medium enterprises in the automobile industry in Spain. Another study by Kakabadse, Rozuelv and Lee-Davies (2005) explores the implications of the development of the stakeholder models or framework through the stakeholder literature in the context of corporate social responsibility (CSR), where they define CSR as encompassing elements including sustainability and social contract, by law as well as voluntary. The study also uses the framework, which sets the basis for the stakeholder approach.

Freeman (2004) highlights that the stakeholder approach places emphasise on an organisation investing in the relationships with its stakeholders. The stakeholder approach should be based on four principles: "who, what, how and when" (Kakabadse et al., 2005).

- Who: this is linked to the process of defining an organisation's strategy with regard to stakeholders in relation to sustainability, as well as identifying the associated stakeholder relationships, processes and outcomes (Kakabadse et al., 2005). These aspects are included in the process of identifying material sustainability issues which an organisation discloses and that help to address shareholders' and stakeholders' legitimate claims in a fair way (Kakabadse et al., 2005).
- What: stakeholder relationships tend to be instrumental or normative, where they can be used to identify existing or non-existent links between stakeholders and management (Donaldson and Preston, 1995). This offers possibilities for integrating sustainability issues raised by stakeholders into the sustainability disclosure process.
- How: this is the process of managing and monitoring stakeholder groups and ensuring that the organisational leadership acknowledges sustainability and ethical issues during the process of sustainability disclosure (Kakabadse et al., 2005).
- When: this is the timeline in which sustainability responses are to be addressed, and it may be either proactive or reactive (Kakabadse et al., 2005).

Stakeholder theory is categorised into three main approaches. Both the descriptive and instrumental approaches are descriptive, while the normative approach, is based on ethics and is theoretical (Donaldson and Preston (1995). These are discussed below. Stakeholder theory is believed to have become dominant in corporate social policies (Damak-Ayadi and Pesqueux, 2005) and is driven by ethics. Damak-Ayadi and Pesqueux, (2005) points out that the theory is able to focus on the manager-stakeholder relationship, as well as offer practical results. Donaldson and Preston (1995) highlights how stakeholder theory can be used understand organisational characteristics and behaviour as well as executive managerial influence. Descriptive: This has been commonly used to understand and explain specific corporate characteristics and behaviour, in instances where stakeholder theory is used to try and explain an executive or decision maker's response to stakeholder issues (Donaldson and Preston (1995). The descriptive aspect highlights an organisation's behavioural and cultural aspects, and is used for presenting and explaining relationships observed in the external world (Donaldson and Preston, 1995). It is further used to understand how managers deal with stakeholders and how they represent stakeholders' interests (Fontaine, Haarman and Schmid 2006).). This would also help reflect and understand instances that drive organisations to perform in areas on stakeholders' interest with regards to sustainability disclosure.

- Instrumental: this examines how an organisation relates with its stakeholders. The instrumental aspect is an approach that that inquires whether certain practices are carried out, and if the results of those practices are tracked Donaldson and Preston (1995). The instrumental approach also looks at the organisational consequences of management taking stakeholders into account, by examining the connections between the practice of stakeholder management and the achievement of various corporate governance goals (Fontaine, et al, 2006).

- Normative: The normative approach on the other hand is seen as the central core of stakeholder theory, and is underlined with the perception that managers and other agents act as if all stakeholders' interests have intrinsic value (Donaldson and Preston, 1995). The approach explains why an organisation should morally give consideration to their stakeholders (Donaldson and Preston, 1995). Fontaine et al (2006) confirm the fact that the normative approach is central in understanding stakeholder theory in practice, as it responds to questions about the companies' responsibilities in respect of stakeholders, as well as the companies' need to take care of interests other than those of shareholders.

Donaldson and Preston (1995) point out that these three aspects of stakeholder theory play a vital role in the explanation of stakeholder theory in practice. Understanding these stakeholder aspects allows for a different approach in research. Egels-Zandén and Sandberg (2009) also acknowledge that they are vital as a point of departure in approaching stakeholder management research. Freeman (2004) adds his voice and states that the three stakeholder typologies can help in research that focuses on confirming that an organisation takes its stakeholders into account (an instrumental view). He also explains that an organisation does consider stakeholders strategies (a normative approach), and that organisations give consideration to stakeholder issues; (a descriptive approach). It perceived that positive feedback on such research is an indication of the presence of stakeholders and subsequently stakeholder influence which play a role in driving social issues.

Thus stakeholder theory is seen as a management theory intended to help understand managerial decisions in areas including balancing stakeholders' interests, bearing in mind that organisations tend to have different groups of stakeholders at different levels (Reynolds, Schultz and Hekman, 2006). Stakeholders have been defined as any group or individuals that can impact or can be impacted by an organisation's decision or actions (Freeman, 1984,). According to Mitchell, Agle, and Wood (1997), not all stakeholders have the same amount of influence on the organisation, and therefore it is important to differentiate. Stakeholders include:

- Customers;
- employees;
- local communities;
- suppliers and distributors;
- shareholders;
- the media;
- the public in general;
- business partners;
- future generations;
- past generations (founders of organizations);
- academics;
- competitors;
- NGOs or activists – considered individually, stakeholder representatives;

- stakeholder representatives such as trade unions or trade associations of suppliers or distributors;
- financiers other than stockholders (debt holders, bondholders, creditors);
- competitors, and
- government, regulators, and policymakers Fontaine, et al, 2006).

In a study by Ernst and Young (2013), polls showed that clients or customers were perceived to be the most influential group with regards to sustainability strategy implementation within an organisation, followed by employees and then the board. The influence of stakeholders is most effective during the sustainability reporting processes Zainal (2014) reveals the influence of different stakeholders in corporate social responsibility reporting (CSRR). Although the study focuses on a mandatory situation, it was observed that despite the implementation of the mandatory CSR reporting, the influence of the different stakeholders tended to differ.

King III has a provision for stakeholder engagement which puts forward the following guidelines for reporting organisations, as part of the process to ensure uniformity in engaging with different stakeholders (Institute of Directors in Southern Africa, 2009):

- Identify material stakeholders and assess the related risks and opportunities they present
- Develop and implement stakeholder strategies
- Develop a mechanism for constructive stakeholder engagement with all material stakeholders
- Adopt communication guidelines for stakeholders covering the content of the report, published policies and the nature of the interaction with stakeholders.

Deloitte (2011) also gives a breakdown of the process of stakeholder engagement and emphasises on having an engagement policy that clearly considers ways to facilitate the following:

- Defining the scope of the policy
- Defining the owner and the decision-making process where the owner is mandated to be accountable

- Defining the governance process
- Identifying relevant and key stakeholders to ensure constructive feedback
- Developing an engagement plan which focuses on frequency, method and channel of the engagement process
- Facilitating the stakeholder engagement process
- Identifying the legitimate concerns and interests of key stakeholders
- Designing a process that will deal with conflicts between stakeholder concerns
- Defining a mechanism to feed stakeholder concerns into strategic planning to ensure alignment
- Providing feedback to stakeholder groups
- Generating reports, including input for an integrated report.

These elements, although not exhaustive, should be exhibited in any organisation with some sort of stakeholder consultation process. Nedbank is an example of an organisation with a stakeholder engagement policy that highlights the scope, purpose, objectives, stakeholder identification, method of engagement and feedback, ownership, accountability, measuring, and breach of policy, and the policy draws on the three principles of engagement (Nedbank Bank, 2015). Woolworths (2012) also makes a similar point by stressing the principles of the stakeholder engagement approach, stating that they take an approach that is constructive and is based on cooperation between parties, is open and transparent, develops mutual respect and partnership, is supportive of stakeholder issues and provides feedback, provides structured frequency in engagements, is based on critical issues that are material to the business, and considers that stakeholders are valuable as they are potential customers (Woolworths, 2012). The Global Reporting Initiative (201b) clearly points out that an engaging organisation should exhibit the following: have an approach to their stakeholder engagement process, and have an identified selection of stakeholders with whom they consult. These elements create a baseline for any engaging organisation, and it is through the process of setting this up that it is ensured that stakeholder engagement is more than just a consultation process, and is rather a beneficial engagement between parties Global Reporting Initiative (2011c).

2.6.2.2. Legitimacy theory

According to O'Donovan (2000), legitimacy theory is regarded as an appropriate theory to explain the increase in and motivation behind environmental and social disclosure in organisations. It is driven by the importance of managing stakeholder needs and demands in order to ensure organisational legal standing. Legitimacy theory in sustainability disclosure is associated with the increase in disclosures following social incidents or environmental disasters (Deegan and Rankin, 2006), and several studies have been done in this area that looked at the different legitimacy approaches. Legitimacy theory is based on the principle that:

"Companies seek to ensure that they operate within the bounds and norms of their respective societies" Deegan (2009).

Brinkerhoff (2005) stresses that the influence of legitimacy theory is evident in an organisation if the organisation is aligned with the enabling legislation, statutory law and regulations, standards, codes, and licensing as well as performance expectations. As mentioned earlier, South African listed companies report on sustainability as a mandatory requirement. However, it should be noted that King III clearly states that companies have a choice to either apply the King III principles on integrated reporting and disclosure, or to explain the reason for non-disclosure (Institute of Directors in Southern Africa, 2009).

According to Suchman (1995) organisations tend either to want to gain, maintain or repair legitimacy. By gaining legitimacy, O'Donovan (2000) states that management takes a proactive stance, by having advance knowledge of the change that could possibly threaten the organisation's legitimacy, and this is done in a way that facilitates control when disseminating information. Maintaining legitimacy is much easier. The only challenge is to identify stakeholders' needs, as needs change over time (O'Donovan, 2000). Legitimacy repair is seen as a reactive response to a crisis (Suchman, 1995). Research by Dobbs and van Staden (2011) sheds light on a different organisational response to legitimacy. Although the research starts off by reviewing several other theories and the influence of shareholders, the conclusion puts the issue of community concerns in the spotlight as being one of the most influential factors when it comes to companies' decisions on what to report. This principle is aligned with the aspect of maintaining legitimacy. In a study done by De Villiers and Barnard (2000), it is highlighted that legitimacy is strongly linked to the drivers of disclosure in the mining sector, as mining companies feel the need to make environmental disclosure due to their large impacts. This aspect is consistent with the notion of repairing legitimacy. In response to De Villiers and Barnard's study, De Villiers and Antonites (2003) noted a decrease in disclosure specifically around environmental issues post-1998 in follow-up research, and they attributed this to a possible lack of legal requirements with regard to the reporting of environmental information at that time, which enabled companies to decide what to report and what the extent of the reporting should be. They further suggested that a possible explanation could be that due to companies' fear of litigation and bad publicity, companies may because of the sensitive nature of such information have elected not to report specific environmental information. The reasoning behind this decision may have been that stakeholders could perceive the information to be negative and/or that the information could impact negatively on the corporate image (De Villiers and Antonites, 2003). This is also in line with legitimacy repair. De Villiers and Van Staden (2004) also confirmed De Villiers and Antonites (2003), and confirmed that disclosure specifically around environmental issues decreased in the mining sector during the period between 1998 and 2004. They echoed that this might have been due to the fact that this period was marked by a lack of understanding around the legal requirements, and thus management opted rather not to report on perceived threatening issues that would paint a bad image of the organisation and risk bad reputation. According to Tilling (2004), legitimacy theory can be seen as a very subjective concept, and so can prove to be a challenge in directly establishing this within an organisation. However, one can take the approach of understanding that legitimacy enables entities to attract resources as investors perceived them to be legitimate (Tilling, 2004).

In conclusion, there is a considerable amount of research to support the fact that legitimacy and stakeholder theory have an influence in environmental and social disclosure in organisations, although research also shows other theories in this realm. It is essential that theory is included in the analysis model in order to have an insight of the stakeholder influences and to understand how the aspects of maintaining, driving and repairing of legitimacy would impact and play a role in sustainability disclosure. Both the legitimacy theory and stakeholder theory stem from the same point of departure, that of external influences, and it is these influences that will give an insight into the drivers of sustainability disclosure.

2.7. Analysis model

The analysis model for this study is framed around the work of Donaldson and Preston (1995), with reference to the research done by Pedersen (2004) and Nakabiito and Udechukwu (2007). The data collection section comprises the basis of the questionnaire compilation and data analysis method that was used. This chapter also shows a link between the various stages of the analysis framework, i.e. the literature review, employing a questionnaire, and arriving at the findings and the different methods, procedures and techniques utilised.

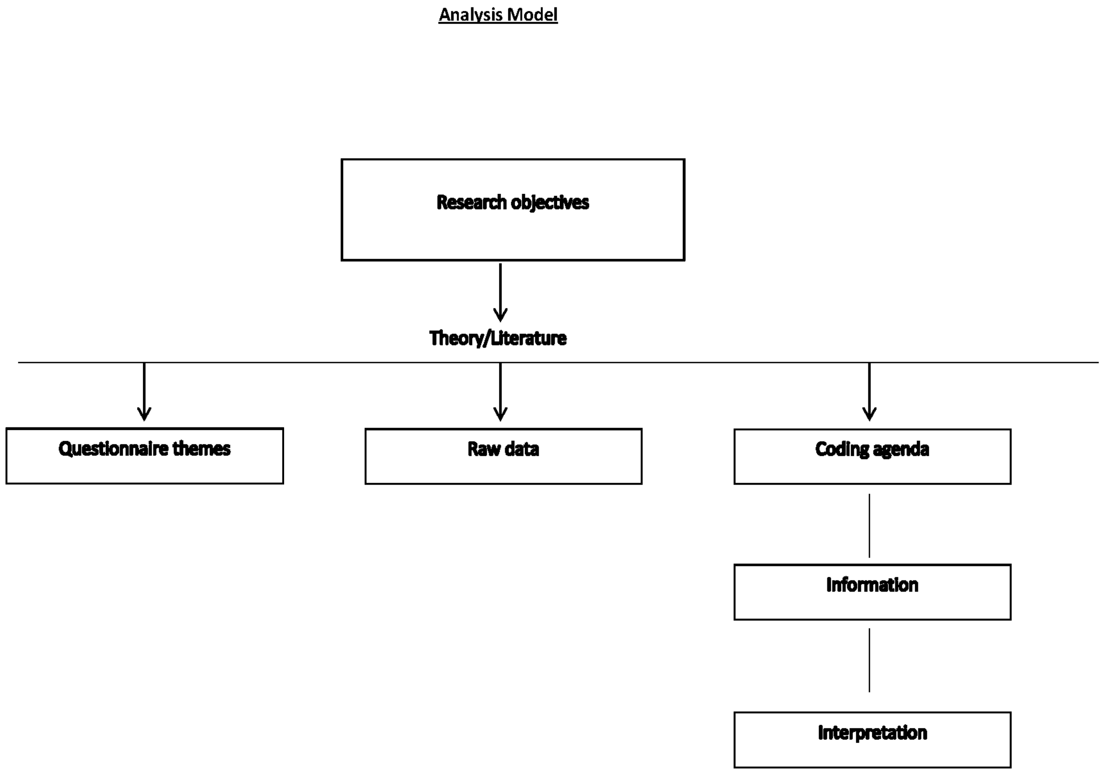

Figure 1: Analysis mode (Donaldson and Preston, 1995).

The review of the relevant literature gives the researcher a frame of reference that facilitates the identification of relevant themes to use for the questionnaire. The application of stakeholder theory and legitimacy theory helps in conceptualising how sustainability reporting is influenced by both internal and external forces. The elements of the stakeholder approach, as defined by Pedersen (2004) and Oruc and Sarikaya (2011), are used as the basis in determining the influence of stakeholder theory on the organisational sustainability disclosure process. This is reflected in the questionnaire when looking at stakeholder influence, which will subsequently help affirm the presence of stakeholders as well as stakeholder influence in the process of sustainability disclosure. Thus the descriptive approach, which places an emphasis on the presence of stakeholders in an organisation, is applied, as is the instrumental approach, which looks an organisation's ability to link stakeholder strategy and management strategy. This approach is used to look at how management deals with stakeholder's issues. This is linked in the analysis to issues of management and stakeholder engagement. The normative approach, on the other hand, is embedded in the aspect of trying to understand why organisations consider the interests of stakeholders and stakeholder issues. It is driven by aspects such as the licence to operate and social contract. It is linked in the analysis with management issues and practices.

With regard to legitimacy theory, the three aspects of legitimacy theory will also be considered in determining other aspects apart from stakeholders' interests that influence sustainability disclosure. The three aspects of legitimacy theory which are relevant are the maintaining, gaining and repairing of legitimacy. Although studies have been undertaken to show the influence of legitimacy theory in social and environmental disclosure, only the aspect of maintaining legitimacy relates to this research. The aspect of maintaining legitimacy is used as the basis of the questionnaire when looking at management relations and response with regards to stakeholder issues and organisational practices, as well as the organisational response to compliance issues.

The other themes of the questionnaire are drawn from the reviewed literature as well as from desk top data provided by the organisation, Liberty Holdings. The reporting guidelines play a vital role in this aspect as they lay the foundation of what to report and how to report it.

The questionnaire themes, which are the stakeholders' influence, regulatory influence, management drive, and risk management, draw out the main driver of sustainability disclosure, as the themes are set against the backdrop of theories, reporting guidelines and organisational practices around sustainability disclosure.

In conclusion to this chapter, there is a considerable amount of research to support the premise that legitimacy and stakeholder theory have an influence on environmental and social disclosure in organisations, although research also shows other theories in this realm. It is essential that theory is included in the analysis model in order to have an insight into stakeholder influences, and to understand how the aspects of maintaining, gaining and repairing of legitimacy would impact and play a role in sustainability disclosure. Both legitimacy theory and stakeholder theory stem from the same point of departure, that of external influences, and it is these influences that provide insight into the drivers of sustainability disclosure. This process of arriving at a conclusion is explained in the methodology chapter, which looks at the applicable research method, the sampling approach, how the research data was collected, and the content analysis.

Chapter 3: Methodology

3.1 Methods, procedures and techniques

This chapter starts by highlighting the main objectives and sub-objectives of the research. These objectives form the basis of the research and influenced the process of data collection and analysis. The research methodology is also outlined, as well as the sampling method employed. The description of the data collection process indicates how it was ensured that the collected data met the research objectives by considering the research method limitations. This section also highlights the theoretical basis of the questionnaire compilation and data analysis method that was used. The chapter also shows a link between the various stages of the analysis framework, i.e. the literature review, the decision to use a questionnaire, and the methods, procedures and techniques used to arrive at the conclusion. A framework describing how the drivers of sustainability disclosure which are highlighted in the literature were used as guidelines as well as points of comparison during the analysis process, and how they influenced the findings, was also included in this chapter. The chapter concludes with a description of the research limitations.

The key objective of this research was to understand the drivers of sustainability disclosure in Liberty Holdings Limited. This was supported by secondary objectives, which were:

- to provide a comprehensive analysis of the sustainability reporting practices of Liberty Holdings Limited;
- to unpack the key factors which support and drive sustainability disclosure at Liberty Holdings; and
- to understand the influence of stakeholders in the reporting process.

This was achieved by:

- examining Liberty Holdings' sustainability reporting process;
- analysing Liberty Holdings' stakeholders processes;
- enquiring as to whether stakeholders played a role in the sustainability disclosure process; and

- analysing Liberty Holdings Limited's commitment to reporting and disclosure processes, as well as to adhering to regulations.

The organisation's sustainability and integrated reports served as the point of departure with regard to giving an insight into what seems to be influential in the process of sustainability disclosure within the organisation. The research methodology was centred on meeting the above objectives, particularly regarding the role of stakeholders, and especially the regulatory stakeholder, in order to examine the element of legitimacy, as well as understanding the other underlying factors that influenced reporting. The research was based on a rigorous literature review as well as an in-depth interview process. This is reflected in the first part of the analysis model.

3.1.1. Paradigm

This research is based on the post-positivism paradigm. Post-positivism holds the view that reality is not a fixed entity but the creation of individuals involved in the research (Creswell, Ebersohn, Eloff, Ferreira, Ivankova, Jansen, Nieuwenhuis, Pietersen, Plano and van der Westhuizen, 2010). It accepts interaction between the researcher and the interviewees, and it tends to focus on objectivity as well as generalisation. This type of research is normally qualitative. Post-positivism requires the ability to understand the whole picture and to take a distanced view or an overview by taking a scientific approach (Ryan, 2006). The post-positivism paradigm focuses on deriving interpretations from a systematic and transparent process where observed data, data collection and data analysis methods are aligned towards an in-depth inquiry focusing particularly on personal and shared meaning, as well as the interpretation and presentation of findings (Wahyuni, 2012). Denzin and Lincoln (2000), state that post-positivism allows for both qualitative and quantitative research methods, depending on the researcher's desired and planned outcome.

3.1.2. Qualitative research

This research uses a qualitative approach and is based on non-numerical data analysis. Elliott and Timulak (2005) state that the qualitative approach is commonly used in research that is based on non-numerical data as opposed to numerical data, and employs meaning-based data analysis rather than statistical forms of data analysis. According to Mason (2002), qualitative research is scientific research grounded in a philosophical position and is based on an approach to data collection and generation that is both sensitive and flexible to the social context in which the data is based. Yin (2011) explains that qualitative research is characterised by the following aspects:

- it has the ability to contribute towards existing or emerging concepts that try to explain human social behaviour; and
- it accommodates the use of multiple sources of evidence, rather than relying on a single source alone.

The main techniques of data collection in qualitative research include observation, in-depth individual interviews, focus groups, biographical methods such as life histories and narratives, and analysis of documents and texts (Ritchie and Lewis, 2003). These allow for an analysis that reflects the complexity, detail and context of the data, as well as the emergent categories and theories, rather than imposing *a priori* categories and ideas (Ritchie and Lewis, 2003). Curtis, Gesler, Smith and Washburn (2000) state that sampling in qualitative research should allow for non-statistical generalisation, as should provide the opportunity to select and examine observations of generic processes which are key to the understanding of new or existing theory about the phenomenon being studied.

3.1.3. Case study approach

Qualitative research techniques are also referred to as the research strategy of enquiry, and they give meaning to and set paradigms in motion, as well as enable the researcher to explore ways of analysing empirical material (Denzin and Lincoln, 2000). Qualitative research has its origins in several disciplines, including anthropology, sociology, philosophy, and psychology, and this allows for a broader analytical approach (Ritchie and Lewis, 2003). According to Denzin and Lincoln (2000) there are several research strategies that can be used in qualitative research, and these include narratives, phenomenology, ethnographies, grounded theory and case studies.

A case study involves the researcher making an in-depth exploration of specific research cases, and through this process, collecting information using a variety of procedures over a given period of time (Creswell, 2003).

This research is an exploratory case study. An exploratory case study enables the researcher to familiarise themselves with and explore a topic of interest. This kind of study is appropriate for persistent phenomena (Babbie, 2013). Exploratory studies are conducted in order to meet three purposes: to satisfy the researcher's curiosity and need for learning; to test the feasibility of undertaking a more extensive study on the research; and to develop methods for follow-up research (Babbie, 2013). In the case of this research, these were the overall objectives

3.2. Sampling

Mason (2002) defines sampling and selection as being principles and procedures governed by an underlying logic, which are used to identify, choose, and gain access to relevant data sources. According to Haque (2011), sampling is important in the process of data collection ~~as~~ because it offers several advantages such as tending to be cheaper and more economical than a large-scale census. Simultaneously, it also allows for accurate data analysis and collection as well as enabling a researcher to access a good representation of a large population, such as the population of a country. Some of the most common sampling techniques associated with qualitative research are quota sampling, purposive sampling and snow ball sampling. Sampling can be perceived as the key or link between collecting relevant data so as to meet the objectives of using the questionnaire, and arriving at a conclusion when linked to the analysis framework.

The goal of purposive sampling is to have a sample representation of those participants that are bound to yield the most relevant and plentiful data with regard to the topic of study (Yin, 2011). The sampling method employed for this study was the purposive method, such that the sample was selected in order to ensure that it was relevant to the context of the research and was able to facilitate detailed exploration of the research interest (Ritchie and Lewis, 2003). The population sample was the different individuals having varying responsibilities within Liberty Holdings with regard to sustainability. The sample was selected with an intention to ensure that the researcher was able to obtain the required information from the questionnaires.

Three Liberty Holdings staff members were identified during the planning process. They were selected based on their departments' contribution towards the sustainability reporting process. The business units selected were the Integrating Reporting Office, the Risk Department and the Stakeholder Relations Office. The different business units contribute towards sustainability reporting at different levels. The Integrating Reporting Office deals with all aspects of integrated reporting; the Risk Office handles all aspects of risks during the reporting process, and subjects all issues to be reported to a rigorous risk analysis process;

and the Stakeholder Relations Office looks after stakeholder issues, In addition, the sustainability office looks after all aspects of sustainability including sustainability disclosure and practices within the organisation. Individuals interviewed from these business units were identified on the basis of their ability to give meaningful input into the enquiry.

3.3. Data collection

Multiple data sources were assessed during both the literature review phase and the interview phase, as highlighted in the analysis framework. The documents included Liberty Holdings Limited's Integrated and Sustainability Reports (2009-2014), stakeholder engagement documents, and relevant information from the company website. The documentation used was requested from the organisation as well as downloaded from the internet. A combination of in-depth telephonic interviews using semi-structured open-ended questionnaires and emails in instances where the researcher was unable to obtain an interview was used. Comprehensive notes were transcribed from the telephonic interviews and filed on record as interview transcripts (See Appendix 2). The notes and questionnaires from the email correspondence were also filed on record (See Appendix 2). The online sustainability reports, as well as the integrated reports and other supporting documents, were also reviewed, and important points were noted down and both the original documents and the summarised notes were filed (See Appendix 2). The data reviewed consisted of both qualitative and quantitative data.

The structuring of the questionnaire was informed by research done by Wallén and Wasserfaller

(2008), which focused on internal organisational factors influencing voluntary corporate social responsibility reporting. The questionnaire composed by Wallén and Wasserfaller (2008) only focused on two main themes, and the research looked at more than one organisation; whereas the attention in this research was focused on one organisation with several themes in the questionnaire. The themes for this research were also inspired by the drivers of sustainability disclosure identified from literature.

Subsequent to the general literature reviewed, the Liberty holdings online sustainability and integrated reports were also used to inform the questionnaire. Another similar study by Nakabiito and Udechukwu (2007), which also looked at the factors influencing the degree of disclosure in sustainability reporting, provided the basis for the approach to the issue of stakeholder engagement for the development of the questionnaire as well as other aspects of the research. The documents were reviewed using pre-determined themes derived from the questionnaire. The themes can be simplified to three main focus areas, these being stakeholder management, sustainability management, and risk and regulatory management. The themes were structured so as facilitate data that would:

- provide a comprehensive analysis of Liberty Holdings' sustainability reporting practices
- unpack the key factors which support or drive sustainability disclosure at Liberty Holdings; and
- shed light on the influence of stakeholders in the reporting process.

The questionnaire was guided by stakeholder theory in order to understand the stakeholder relationship with and influence in Liberty Holdings. Legitimacy theory provided insight into management behavior and the organisation's commitment to sustainability issues, while the reporting guidelines provided background information regarding the reporting of trends and responses to the prescribed requirement. Internal issues that can be perceived as fostering sustainability within the organisation were highlighted subsequent to assessing the organisational sustainability practices. These aspects would eventually help understand the drivers' sustainability disclosure in Liberty Holdings.

The themes of the questionnaire included:

- understanding of sustainability disclosure;
- regulatory requirements and affiliations;
- reporting trends;
- sustainability practices;
- reporting benefits;
- risk management; and
- stakeholder engagement (internal and external).

The questions supporting these themes were designed to shed light on the influence of stakeholders, the organisational structure and systems, risk management, other external factors and sustainability practices in the reporting process, as well as to establish the connection between the regulatory structures and the organisation's attitude to reporting. These themes we also influenced by what the literature suggested as common drivers for organisation sustainability disclosure.

3.3.1 Interview technique

Interview techniques can include face-to-face interviews and telephonic interviews as well as email. Telephonic and email interviews were the techniques used for this research. Interviews were conducted; 4 of the interviews were telephonic, one was a response sent via email and another one was face-to-face.

Table 1. Interviewees

Title	Role
Group Sustainability Manager	Integrated and Sustainability Reporting
Sustainability Analyst	Integrated and Sustainability Reporting
Corporate Affairs Director	Head of corporate affairs and sustainability
Division Director Group Stakeholder Management	Head of stakeholder relations
Actuarial Specialist	Part of the team responsible for ensuring that management identifies key risks. Their objective is to assist in the effective management of all risks identified within the group.
Project Manager	Liberty Holdings, Stakeholder Engagement (Email correspondence)

The interview recordings were transcribed as originally recorded for further interpretation by the researcher. This approach to data collection has the advantage of being cost effective, as the researcher saved on travel costs and accommodation. It also allows the researcher to engage with in-depth questions. However, the disadvantage is that it is time consuming and costly to do on a widespread scale.

Table 2: Documents analysed

Documents analysed
Liberty Sustainability Report 2009
Integrated Annual Report 2010;
Integrated Annual Report 2012;
Integrated Annual Report 2013; online additional information: 2013
Integrated Annual Report 2014; online sustainability review 2014;
Integrated Annual Report 2014

3.4 Data analysis

Data analysis involves the collection of data, data categorising, linking relationships amongst the different categories of data and finally interpreting findings (Kawulich, 2004). An analysis framework was designed in order to establish the relationship between theory, data collection process and the research findings (See figure 2).

3.5. Content analysis

Kohlbacher (2006) defines content analysis as a comprehensive approach to data analysis which is specifically suitable for case study research as it adds and enhances rigor, validity and reliability to the research. The main method of analysis was the direct content approach which was guided by a structured process. Existing theory and prior research as well as empirical data were used as the basis of the analysis. The key focus for the data analysis was to meet the research objectives.

The content analysis steps were as follows:

1. Reviewing of literature;
2. drawing up a questionnaire using themes identified from literature;
3. reading of all the transcripts (interview responses);
4. selection and copying of all the text that could be linked to the research main objectives and summarising the text.

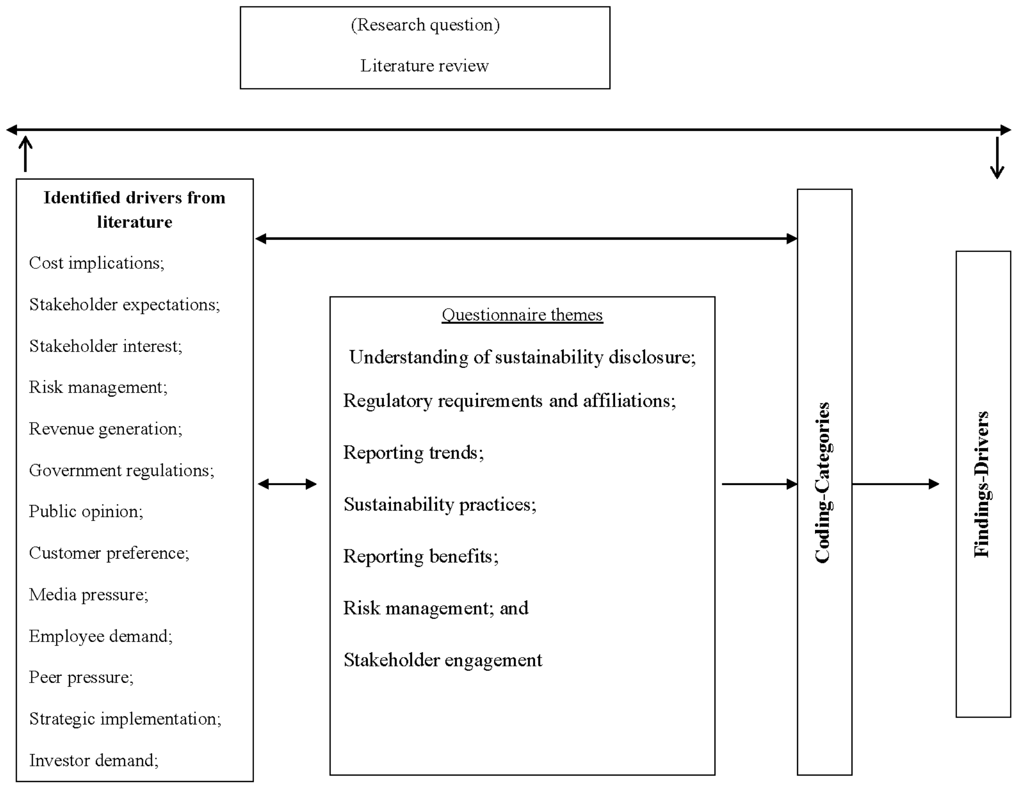

Figure2: How sustainability drivers identified from literature influenced the analysis process and the findings (Nakabiito and Udechukwu, 2007).

Subsequent to the literature review, the sustainability drivers identified from the literature were noted and taken as the point of departure for analysing the texts as well as confirming the findings. This process was guided by the research question and the research objectives. The sustainability drivers identified in the literature also informed the questionnaire themes. The questionnaire was the main tool of data collection. Raw data was collected and linked to the research question and the relevant texts were linked to different codes. The text and the codes were continuously checked to ensure credibility. The codes were later grouped into categories which were defined by the literature, including theory. Findings were subsequently extracted after the analysis process and these were linked to key themes. The findings were compared to what the literature highlighted as drivers of sustainability disclosure.

3.7. Method criticism

The emphasis in this research was focused on credibility, dependability, conformability and transferability of the research and the findings. Credibility in research is explained as the extent to which one can have confidence in truth of the findings (Lincoln and Guba, 2013). In order to facilitate this, the researcher conducted a prior assessment of Liberty Holdings' existing stakeholder engagement processes and current organisational sustainability practices before the data collection process. This was done by reviewing the data that was available in the public domain i.e. the company website and the internet. This was done in order to prevent respondent bias during the interviews, as there was an element of reputational risk as a result of the organisation's exceptional performance with regard to its image as one of the best integrated reporting organisations. The semi-structured interviews provided an opportunity for further probing in order to enhance the understanding of the organisational sustainability process. The questions also helped avert the possibility of having unclear answers in situations where the respondent was uncertain of the right answer and would otherwise provide answers to questions that they were not sure of.

Dependability is the ability to assess the accuracy of the research process (Lincoln and Guba, 2013). This was done by keeping track of all the research processes, data collection and processing methods. Whilst dependability looks at the research processes, conformability looks at assessing the research findings and assessing whether the findings, interpretations and recommendations are supported by the data reviewed (Lincoln and Guba, 2013). Emphasis on the transferability of the research means assessing the degree to which the research findings can be transferred to other contexts in other future research, or how the findings of one study can be applied to other situations (Anney, 2014). This was achieved by providing a thorough descriptions of the research context so as to allow future researchers into the same topic to have a clear understanding of the research. This was reinforced by recording and tracking all the research processes which the researcher compiled in a personal diary. The tracking included the data collection process, the production of the report, details of the organisation being investigated and where it is located, detailed sample size and reasons for the selected sample, the data collection methods employed, the number of data collection sessions as well as the length where applicable, the time period for the data collection and the research content, as well as an in depth description of the enquiry process (Shenton, 2004). The results and findings of the research were sent via email to Liberty Holdings Actuarial Specialist and the Group Stakeholder Manager to check and validate the findings and were also sent for peer review.

3.7. Ethical considerations

Informed voluntary consent was obtained in writing from interview participants once the proposal had been approved by the Rhodes Business School Ethical Committee. Ethical approval was obtained from the Rhodes Business School Ethical Committee for the research project as a whole. The covering letter and the interview protocol were submitted to the Rhodes Business School Ethical Committee for approval.

3.8. Limitations

One of the main problems of content analysis is that the analysis can only be as good as the text on which it is based (Bryman and Bell 2007). Liberty Holdings has recently undergone an internal restructuring process which resulted in job losses and people resigning from the organisation. This resulted in having fewer people to access for the interview than planned. This had the following implications on the research:

- It was a challenge to find people holding the relevant positions with regard to the research objectives;
- most people could not find time for interviews due to work commitments; and
- most people holding senior positions could not be reached.

The following chapter provides a comprehensive analysis of Liberty Holdings' sustainability reporting practices through the analysis of data that outlines the key factors supporting sustainability disclosure at Liberty Holding. This was achieved through an understanding of the research approach, a themed questionnaire, data analysis themes and ensuring that the research method limitations were taken into consideration. The chapter also reflects the analysis framework stages. The questionnaire was structured in such a way that it was able to facilitate the collection of data as it was guided by the pre-determined themes. The drivers of sustainability disclosure are derived from the collected data after the content analysis.

Chapter 4: Results and findings

This chapter highlights the results and findings of the research following the analysis of data in (Appendix2). The researcher collected data from interviews with the company representatives as well as from a review of integrated and sustainability reports. The chapter summarises and gives an interpretation of the raw data in the appendix. The analysis is driven by themes which were derived from the text or raw data. The themes that emerged from interview data and the reports were management as a driver of sustainability disclosure; stakeholders as drivers of sustainability disclosure; how regulations drive sustainability disclosure; risk management as a driver of sustainability disclosure; and how strategy drives sustainability disclosure. These were driven by the research objectives.

4.1. Management as a driver of sustainability disclosure

In this context, management looks at both the implementation and decision making on issues pertaining to the organisation. Management encompasses both the executives or senior management and board representation. Management ensures that sustainability material issues are identified and constantly updated as highlighted by Interviewee 3: "*We are going through a review process this year, so we are creating a new sustainability strategy and framework this year and will be identifying our material issues and we are going to be reviewing our indicators again"*. The documentation review also showed evidence of management's powerful influence in the production of the integrated report, which is prepared in collaboration with the group sustainability report and group finance report.

4.1.1. Senior management

Management is required to report on sustainability, including aspects that are voluntarily and not legislated, as part of the business strategy. This aspect was noted as being part of good practice by Interviewees 1 and 2 where the former stated that "*By reporting we feel we are being a corporate citizen and that is a good thing. It allows you to look at yourself from inside-out; we also look at ourselves from an external perspective. It keeps us in check because it is easy to get lost in your issues*". The need to be good corporate citizens includes the need to be transparent and accountable. In this organisation, these issues are driven by management.

Management plays a vital role in sustainability disclosure. They play a key role in identifying the material sustainability issues which are disclosed in the reports and are aligned to sustainability practices within every aspect of the business. Interviewee 2 pointed out that "*We report on our policy reach, (how many lives are insured by our policies). We go over and above GRI request, we also look at employee engagement matrix, looking at what is the* *number of learnerships that are eventually converted into employment, looking at what is the number of the disabled that we have actually employed (HDSA population that we have been actually reporting) which is not really a reporting requirement but we have been reporting anyway, it is something we report on anyway, there is quite a number of indicators that we have been doing over and above in terms of compliance.*" Similarly, Interviewee 1 stressed the importance of management in disclosing material issues by pointing out that all material organisational issues are reported and are not left undisclosed. Material issues are identified by management and are considered as important to the sustainability of the business. It was acknowledged by Interviewee 1 that the process of identifying material issues is not done in the absence of other interested stakeholders; "*the way we are approach sustainability management is that we have to identify material issues to the business, to the sustainability of our business and that cuts across the stakeholders; what is material issues per stakeholder group so we then report for that time period.* Liberty Holdings Group's sustainability is overseen by the Head of Corporate Affairs and the CEO is held accountable on all sustainability issues by the Social Ethics and Transformation committee.

4.1.2. Board

The sustainability and integrated reports are considered as board reports in Liberty Holdings. This was confirmed by all the interviewees and it was indicated that the Board Committee approve the reports as well as the final material issues. Interviewee 1 explained that "*the SET sub-committee meets every quarter and they table different matters, they set the agenda according to material issues. The sub-committee meeting in May and will review the current material matters, they will look at the immediate passes and what we have done and then every quarter we have to update them. All issues are presented to the board for the final decision".* The interviewees all agreed that Liberty Holdings had the right leadership within the organisation that fostered and drove reporting. Interviewee 1 explained "*We have a board that is well versed in sustainability and sustainability issues are a standing agenda at board, the report is always reflective of the board's views of business risks and opportunities".* The Liberty Holdings (2011) integrated report also highlights this aspect, and it is stated that the board, through the Social, Ethics and Transformation Committee, pays particular attention to key sustainability issues and approves key sustainability material issues after rigorous consultation with stakeholders. The documentary evidence shows that Liberty Holdings started reporting after their listing in 2009, with the core issues changing over time as management wanted to ensure that key issues were continuously updated.

4.2. Stakeholders as drivers of sustainability disclosure

The stakeholder engagement process is strategically guided by a stakeholder policy as well as a stakeholder framework in Liberty Holdings. Liberty Holdings has established a strong relationship with its stakeholders that is based on a two-way communication process, with constant feedback and responses. Interviewee 1 indicated that stakeholders were a large part of the sustainability reporting process: "*stakeholders inform a lot of what inform content process in terms of sustainability disclosure. The issues that we report on are influenced by outcomes from interactions with stakeholders which help define the issues that are more material to our business".* Because the stakeholders play a vital role in the process of sustainability disclosure, their influence can be regarded as driving the report content. Interviewee 1 also specified that the organisation was responsive in reporting stakeholders' issues, although not all issues are dealt with: "*We do not do everything that stakeholders wish but we need to be responsive"*. The company documentation also reinforces this aspect; it explains that the sustainability material issues raised by the stakeholders are consolidated with other issues that are identified internally and inform the reporting process. It is also explained that sustainability reporting and issues are influenced by outcomes from interactions with stakeholders, showing their importance to the business.

4.2.1. Stakeholder relation and engagement

Liberty Holdings has a diverse profile of stakeholders, and these are acknowledged as being a key part of the business; therefore, any issues raised by them are considered of high importance. According to interviewee 5, "*We have started to conduct what we call stakeholder sentiment survey and it will be done every second year where we commission an independent agency outside of Liberty to speak to our stakeholders in order to get views of how they perceive Liberty in terms of the manner in which we do our business*". Data from the reports also highlights how important Liberty Holdings considers their stakeholders and stakeholder issues. Interviewee 3 also reinforced this by pointing to the way crucial stakeholder issues were addressed and how the organisation had come to perceive stakeholder relations as having a significant impact on the business.

Liberty Holdings therefore affirms the importance of stakeholders with regard~~s~~ to reporting on sustainability, and acknowledges that establishing a good relationship with them helps the business to be sustainable. The documentation reveals that Liberty conducts stakeholder engagement interviews with selected individuals from a variety of stakeholder groups to discuss the organisational sustainability issues, identify the company's main material issues and to consider appropriate approaches to addressing the issues identified. Interviewee 1 also emphasised the importance of stakeholder relations with regards to sustainability and indicated that "*The way we are approach sustainability management is that we have to identify* *material issues to the business, to the sustainability of our business and that cuts across the stakeholders; what is material issues per stakeholder group so we then report for that time period"*. Liberty Holdings acknowledges the importance of understanding the stakeholder agenda in order to report on their issues correctly. Interviewee 1 referred to its relationship with the government as an example and stated that, "*We have to understand the agenda for the government of the Republic of South Africa and to do that we find ourselves in the National Development Plan. We pick out issues from there on things that we feel we can play meaningful roles in*".

Liberty Holdings has a well-established stakeholder engagement process and this was affirmed by the interviewee 5: "*Stakeholder engagement is very critical to the way we do business and to our sustainability. The stakeholder processes are implemented through a stakeholder strategy which is linked to the overall organisational strategy. You cannot run any stakeholder engagement outside of the overall business strategy*". Stakeholder engagement allows the organisation to review the material issues: he also indicated that "*we always have to look at our stakeholder and hear what they say and also look at the current environment and access if issues are still critical to our sustainability as a business and if not then the board has a final say*".

Both the internal and external stakeholders play a major role in what is disclosed in the reports. As stated by Liberty Holdings (2009) "*the material issues highlighted by the stakeholders are consolidated with the issues that had been identified internally to form the basis of the sustainability report*" Interviewee 6 stated that "*the issues that we report on are influenced by outcomes from interactions with stakeholders whitch with help define which issues are more material to our business*".

Liberty's stakeholders include the national government, various government departments, partners, employees, political parties, labour unions, and communities as well as investors. These influence the disclosure of different issues in the reports. "*Internal stakeholders own the data, a lot of these people are data owners and this goes across our business*", Interviewee 2. Liberty Holdings also puts a lot of emphasis on external stakeholders being the main influence on the report content: "*External stakeholders - they inform a lot of what inform content process in terms of sustainability disclosure. A lot of it talks to regulations, it also talks to what is current best practices, what is currently out there, what are our competitor doing and it feeds into the content of sustainability disclosure in terms of the* *indicators where we disclose what we disclose and how we disclose it. Our stakeholders do carry the same influence"*, is another pointed raised by Interviewee 2. Thus many of the interviewees highlighted the importance of stakeholders' issues that are disclosed in the report.

4.3. How regulations drive sustainability disclosure

One of issues on which the interviewees agreed most strongly was that of how highly regulated Liberty Holdings, as well as the sector overall, is. Emphasis was also placed on how important it was for Liberty to meet the regulatory requirements: Interviewee 1 explains, "*We are a sensitive group in terms of complying with regulations; we never want to be found on the wrong side. Whatever the regulatory requirements, we are quite strict in terms of the government regulations; we must comply"*. Although dealing with sustainability issues can be perceived as voluntary in most cases, Liberty Holdings is cognisant of the importance of reporting fully and ensuring that reporting is aligned with the relevant regulations. Thus Interviewee 1 states, "*We have specific data owners and their job is to ensure that they monitor specific regulations, obviously changing regulations can be a challenge but we've got to be on top on this and we have to engage with specific regulators. When it comes to sustainability and regulations, we are currently in a good place, remember with sustainability most of it is voluntary*". Regulators are seen as partners with the same amount of vested interest in the organisation, and they help to ensure that Liberty takes audit of all its reporting processes, including sustainability reporting. Interviewee Number 1 pointed out the implications of regulators by stating, "*We do things properly and because we are also a sensitive industry, we are highly regulated. We have got the FSB and we have to maintain good relationships with regulators and we ensure that we have got quite a significant compliance approach to issues which is acceptable"*. The documentation data indicate the number of regulatory requirements that Liberty Holdings meets, including the sustainability and integrating reporting requirements as a JSE listed company.

4.4. Risk management as a driver of sustainability disclosure

Risk management is embedded in every aspect of the business in Liberty Holdings, and is the core of every process within the organisation. According to Interviewee 1, Liberty Holdings has 10 risks that it tracks and monitors. Interviewee 2 also confirmed this and pointed out that, "*There is a risk log that gets tracked and managed by the risk team, there is a sustainability team that looks at issues of sustainability that are material to the business, they will be an overlap in some aspects, in some aspects not*". Sustainability risks are seen as reputational risks, and the organisation has certain indicators that they track, as confirmed by Interviewees 1, 2 and 4. Interviewee 1 stated that, "*With regards to assurance and risk, we have certain indicators that we have selected; financials - and the assurance is really to assure the accuracy of it and that those figures are valid. We have separate assurance for sustainability indicators and that get assured, we appoint auditors, the group risk committee appoints that*". The documentation reveals that Liberty Holdings identifies sustainability issues through internal risk assessments, which are combined with feedback received from external stakeholder engagement processes. Interviewee 2 explained that "*There is no separate sustainability register which is a good thing because you are integrating it into the business as usual and it is complimentary risk that takes into consideration the climate change, energy usage"*.

Sustainability risks are not necessarily high within Liberty Holdings, although the sustainability team does look at risks that are associated with issues that are material to the business. Sustainability risks are normally linked to and are integrated with business risks, and so are addressed together. Interviewee 4 stated that risk management contributes to the quality of the report: "*We collectively go out there and identify potential risks and devise or design mitigating ways against each and every one of those risks including sustainability reporting*".

4.5. Strategy as a driver of sustainability disclosure

Sustainability within Liberty Holdings translates to incorporating social, economic and environmental aspects into the organisational strategy, and establishing how this can provide opportunities and mitigate risk. Interviewee 2 indicated that sustainability can be used to strategic advantage, rather than purely as a compliance mechanism. Organisational strategy encompasses every aspect of the business including sustainability reporting. It forms the basis of every decision made within Liberty. Interviewee 1 stated that "*We do our strategy and like most of the organisations the overall strategy comes from the financial team and we want to make sure that we achieve our strategy in the best sustainable manner we can*". Interviewee 1 highlighted the role of strategy in sustainability reporting and stressed that, "*We have identified the material issues for the sustainability of our business, they themselves are informed by the strategy that we have adopted, and we have got a strategy trajectory between now (2016) and 2020*". Interviewee 3 also reinforced this point by stating that, "*Sustainability practices and procedures are based on the organisation strategy*". He also emphasised that stakeholder processes are equally informed by the organisational strategy, bearing in mind that stakeholder issues inform sustainability reporting content: "*Stakeholder processes are implemented through a stakeholder strategy which is linked to the overall organisational strategy. You cannot run any stakeholder engagement outside of the overall business strategy*". Interviewee 5 also stressed the same point and stated, "*Every engagement activity or initiative that we run out of stakeholder relations as a unit, is informed by our view of the strategy from the business perspective overall*".

Decision making around sustainability in Liberty Holdings is thus driven by the organisational strategy. As Interviewee 1 stated, "*When you approach the strategy, there are certain things that are material for us to develop that strategy not just between now and 2020 but for the sustainability of the business*". This strategic approach to sustainability is reflected within the organisation through the aligning of major influences and drivers of sustainability, which then report to the overall organisational strategy. Interviewee 3 stated, "*We are looking at a sustainability strategy that incorporates all the sustainability things that we found material; that is stakeholder engagement, CRS, sustainability transformation and a whole lot of others*". The overall organisational strategy informs every other operational strategy within the business, including strategy regarding management decision, strategy implementation, risk management strategy, strategy regarding stakeholders, and the regulatory approach. This aspect is reflected throughout the sustainability and integrated reports.

The data, therefore, reveals the key aspects of the organisation which drive sustainability disclosure. It also indicates how these are interlinked and how they make reporting possible. The next chapter will provide the researcher's interpretation of the results, and discuss the implications of the findings.

Chapter 5: Discussion

The discussion chapter aims at answering the research question through the interpretation of the findings presented in Chapter 4. The interpretations are presented in light of the supporting literature and practical observations. The goal of this research has been to understand the drivers of sustainability disclosure in Liberty Holdings Limited.

Several studies have been carried out to determine the drivers of sustainability reporting in various organisations. The Boston College Center for Corporate Citizenship (2013) examined the insurance sector and carried out a survey in order to identify the drivers of sustainability disclosure in the insurance sector, and found that the following were seen as important reasons to disclose this information:

- transparency with stakeholders;
- competitive advantage;
- risk management;
- stakeholder pressure;
- company culture and strategy; and
- brand reputation.

The research findings in this current study revealed that sustainability disclosure in Liberty Holdings is influenced by both internal and external forces. The data collected showed evidence of management, stakeholders, regulatory requirements, risk management and organisational strategy as major factors in the process of sustainability disclosure. These findings have been cited in several earlier studies as either the main drivers of sustainability disclosure or as the main factors influencing sustainability disclosure in an organisation. Each is discussed below.

The findings show that Liberty Holdings management and the board committee are vested with the responsibility of ensuring that all sustainability processes are strategically implemented and are aligned with the core strategy of the organisation. Management can be seen as the custodian of all sustainability issues, it also sets as well as steers the direction of sustainability within the organisation, rather than simply dictating which issues to disclose. Its involvement in sustainability disclosure involves ensuring sustainability strategy implementation and the facilitation of the process of identifying material issues, as well as ensuring that the issues are aligned to overall organisational strategy. Management's major role with regards to sustainability disclosure can thus be seen as ensuring that the content of the reports are material to the business, as well as ensuring that all parties involved in the process act as a whole and not in silos.

Most studies around the role of management in sustainability reporting have indicated that management's role is simply to manage overall sustainability processes, as opposed to actively driving disclosure. Price Waterhouse Coopers (2012) shows this in a study which provides a breakdown of executive management's role in sustainability as:

- core business and operations - 19%;
- internal engagement - 32%;
- external engagement - 21%; and
- developing strategy - 28%.

A study by GreenBiz (2016) also found that reporting or sustainability disclosure had ranked as second over a period of five years as a key responsibility for managers and executives. It preceded strategy development.

These studies do not stress the issue of management as being the driver of sustainability disclosure, which is inconsistent with what was observed in Liberty Holdings. In light of this, what emerges from the findings is that management in Liberty Holdings, unlike the organisations in other studies, can be seen as having the authority to drive the production of the reports and to foster all sustainability processes and reporting. The issue of driving disclosure is also influenced by other aspects, but it is management that drives the strategy around sustainability processes.

Evidence from Ernst and Young (2013) indicates that both internal and external stakeholders play a huge role in driving sustainability reporting in Liberty Holdings. Evidence shows that Liberty Holdings has a considerable number of stakeholders who have different agendas on sustainability and other areas affecting the business. The importance of stakeholders in the developing of sustainability reports was observed in a study by Kaur and Lodhia (2014), where the authors explore the state and level of disclosures on stakeholder engagement in sustainability reporting in Australian local councils. Their findings revealed that stakeholders were key in the reporting of sustainability issues. It was shown that the external stakeholders drive the report content, as well as key material issues, while the internal stakeholders help refine aspects of sustainability practices within the organisation, as is the case Liberty Holdings. Liberty Holdings acknowledges the value of stakeholders and has put in place a robust stakeholder engagement process that is based on consultation. According to Hohnen (2012), there can be no sustainability disclosure in isolation from stakeholders' issues. The stakeholder-engaging process helps drive sustainability disclosure, and stakeholders form part of the strategic relationship building process (Kakabadse et al., 2005). This is also evident in the case of Liberty Holdings, where it was observed that the organisation continuously consults with stakeholders on issues that are important for the sustainability of the business. Evidence also indicates that the stakeholders' role with regard to sustainability disclosure can be seen as driving report content, as most issues raised in the reports are influenced by outcomes from interactions with the stakeholders. Findings from research by Wallén and Wasserfaller (2008) also highlighted the influence of stakeholders on report content. The study looked at the internal organisational factors influencing voluntary CSR disclosure, and one of the key findings was that stakeholders influenced the shaping of the report. It affirmed that internal stakeholders drive the level of reporting, while external stakeholders influence the content or formation of the report. Another study by Saka (2013) in Japan similarly found that different stakeholders affected the information in the CSR reports and the different disclosure items.

An important finding that emerged from Liberty Holdings was the way in which all stakeholder engagement processes are strategically implemented and are aligned to the organisational core strategy. The stakeholder processes are implemented through a stakeholder strategy which is linked to the overall organisational strategy, confirming the link between stakeholder and sustainability processes. Stakeholders in Liberty Holdings were observed as playing a major role in sustainability disclosure by influencing and driving the report content through their contribution in identifying material issues.

According to Rossouw (2011), another of the key drivers of sustainability disclosure is the regulatory forces. Regulators are seen as contributors towards sustainable value creation through their role in governing financial stability and market conduct in Liberty Holdings. Although regulators command compliance on particular regulations, the relationship Liberty Holdings has developed with regulators can be perceived as co-operative as opposed to one based on imposition. The applicable regulations in sustainability reporting include those both mandatory and non-mandatory. The regulations with regards to sustainability reporting are

vital for Liberty Holdings as a JSE listed company. This can be seen as driving the reporting standard and consistency which facilitates a good peer review and benchmarking process. Sustainability disclosure in Liberty Holdings is driven and guided by close to ten reporting regulatory frameworks and guidelines which have become standard reporting platforms. This outcome is inconsistent with most studies which instead show that regulators help drive report quality.
According the Global Reporting Initiative (2014) position paper version 1, regulators and operators are seen as key in encouraging enhanced quality and quantity in sustainability disclosure. This observation was also made by Suttipun and Stanton (2012) in a study that looked at determinates of environmental disclosure~~s~~ in corporate annual reports of the stock exchange of Thailand (SET). The findings showed that an overwhelming number of Thai listed companies began to make environmental disclosure in their annual reports after SET asked them to promote and build environmental issues as part of good corporate governance practices in their annual reports. It was observed that that this also helped improve the quality of the annual reports.

Liberty Holdings sees being in compliance with all regulations as a means of fostering a trusting relationship with both its internal and external stakeholders. This allows it to meet the prescribed reporting requirements which in this instance include adhering to the guidelines set out in the Integrated Reporting Framework or the Global Reporting Index. Liberty Holdings also reports under the King III King Code, CRISA, BBBEE under DTI and the ISFRA Codes. These help set and meet reporting standards which can be perceived as one way which regulators drive sustainability disclosure. Liberty Holdings' engagement with regulators or any regulatory requirements is in line with the overall organisational strategy.

The Boston College Center for Corporate Citizenship (2013) ranks risk management as third on the list of sustainability drivers in the insurance sector. Liberty Holdings has integrated sustainability within its organisational risk strategy, and this is part of its risk management policy. Reputation risk is considered as one of the main risks associated with sustainability disclosure within Liberty Holdings. According to the Working Group on Environmental Auditing (2013), organisational reputation and risk is one of the main motivators of sustainability reporting in the private sector. Although studies in this area are scarce, a study by Price Waterhouse Coopers (2014) shows that reducing risk is one of the drivers for sustainability reporting for most corporate organisations, and that this was primarily as a result of investors or stakeholders believing that reporting on sustainability issues is one way of mitigating risk~~s~~. Similarly, this is also the case with regard to companies listed on the Malaysian Stock Exchange in a study of undisclosed risk in corporate environmental and social reporting in emerging Asia (World Resources Institute and International Finance Corporation, 2009). It was observed that reducing risk was one of the main reasons cited for a company's interest in reporting on environmental and social issues. The same study also noted that good disclosure practices and a well-informed process for identifying and managing risks motivated investors to push for sustainability disclosure.

Disclosure in any aspects of the business including sustainability and issues of compliance is highly governed by a strong risk management process that is strategically driven in Liberty Holding. Sustainability issues are first filtered through a risk management process before any disclosure is made. Some sustainability indicators are assured as a process of mitigating risk and ensuring quality in reporting. Risk management in Liberty Holdings can be perceived as driving the quality of sustainability disclosure and content control.

In terms of their relation to overall organisational strategy, EY (2013) show that reporting and strategy differ in that one places emphasis on content or disclosure, while the other builds on sustainability to help the organisation understand where it sits in terms of internal and external impacts on the business respectively. A strategy should at least outline where the company hopes to position itself relative to its competitors and how it intends to meet its stakeholders' expectations (International Institute for Sustainable Development, 1992). This should form the basis of driving the organisation's material issues. The core organisational strategy sets the tone for every aspect of business within Liberty Holdings. The organisational strategy is vital, such that Liberty Holdings updates it every 4 years so as to ensure that material and current issues are constantly up to date. According to the International Federation of Accountants (2011), the business strategy serves as an umbrella for all the critical driving factors and activities that help organisations embed and address sustainability. This includes aspects such as defining what sustainability means to an organisation; establishing leadership buy-in; setting values and vision; setting governance structure and monitoring; pursuing stakeholder engagement; and promoting risk management.

The core organisation strategy in Liberty Holdings informs all material issues that ensure business sustainability, as well as every decision making process around sustainability reporting including every other driver~~s~~ of sustainability reporting. Van Zyl (2013) observes in her study that as a response to mitigating risk and addressing stakeholders' issues, most organisations have incorporated material issues including sustainability issues as part of the core business strategy and have linked sustainability issues to organisational strategy. Material issues as well as sustainability issues are informed and driven by the core organisational strategy in Liberty Holdings. The overall organisational strategy drives and informs the basis of every other strategy adopted within the organisation.

In conclusion, the drivers of sustainability disclosure in Liberty Holdings reflect observations made in the literature as well as in other studies done in the same space. The findings of this research reflect~~s~~ a strong stakeholders' drive in the disclosure process of all the three pillars of sustainability, managed through a strong risk management policy and a dedicated management team with a well-informed strategy. These aspects make up the overall drivers of sustainability disclosure in Liberty Holdings.

Chapter 6. Conclusion

6.1. Main findings

The main objectives of this research were to understand the drivers of sustainability disclosure in Liberty Holdings, a listed insurance organisation in South Africa. This was achieved by conducting a case where six (6) key people with regard to sustainability reporting were interviewed and desk top data was also reviewed.

The results revealed that more than one aspect plays a role in driving the process of sustainability disclosure. After the final analysis of the findings, the researcher made an observation that sustainability disclosure is driven by 5 key aspects, with the organisational strategy being the core or sitting at the central point. The following observations were made: management drive the material content and the production of the report; stakeholders drive the content of the report; regulators drive the standards of reporting; risk management drives the quality of the reports; and organisational strategy drives the all processes aligned to sustainability reporting.

From a theoretical perspective, the study indicated that both stakeholder theory and legitimacy theory cannot be excluded in explaining the influence of reporting within the company. From a literature point of view, it showed that various aspects play a role in the process of well-informed sustainability disclosure. This influenced the researcher by ensuring that different organisational aspects considered during the research processes.

An organisation requires the integration of various elements within the business for it to be sustainable; hence it is only right that different elements drive different parts of sustainability disclosure in Liberty Holdings. Sustainability disclosure is not driven by one element but several that are strategically linked. The research helps understand and explain the different factors that influence sustainability reporting.

Apart from using the research findings as a benchmark in understanding some of the main drivers of sustainability disclosure and on how an organisation can use it to improve their reporting process, it also sheds light on the processes of sustainability disclosure in a highly regulated industry; as well as providing insight into the ways management can integrate every aspect of sustainability into the core business strategy. In light of these conclusions, the evidence has shown that an organisation needs a well thought through sustainability strategy which should be aligned with the core business strategy in order for it to successfully implement any processes of sustainability. Sustainability should not be done in silos but should be linked to every aspect of the business processes and operations strategy, coupled with a well-informed and dedicated management support team.

6.2. Suggestion for future research

One area of interest that emerged from the report was the differing influence of strategy and management with regard~~s~~ to driving aspects of sustainability. Any researcher interested in this area can look into the different roles management and strategy play~~s~~ in driving sustainability reporting, bearing in mind that strategy is most commonly driven by management.

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APPENDIX 1

Semi-Structured Interview Questionnaire

Please answer the following comprehensively, to the best of your knowledge. When in doubt, a longer, more diverse answer is preferable.

1. **Understanding of sustainability disclosure**

   - What is the organsational understanding of sustainability ?
   - What is the organsational understanding of sustainability disclosures?
   - What are the organisational responsibilities towards environmental, social and economic issues?
   - How is board involved in the managing of key sustainability issues?
   - What is your reason for disclosing/reporting?

2. **Regulatory requirements and organizational affiliations**

   - What regulatory requirements are applicable to you?
   - What regulatory institution is the organisation affiliated to?
   - What regulatory requirements do you adhere to with regard to sustainability disclosure?
   - How is it ensured that management of sustainability issues are adhered to the guidelines?
   - How much influence do the regulators have with regards to sustainability reporting?

3. **Reporting trends**

   - What report/ reports do you produce?
   - How long have been producing the reports?

- What guidelines do you use?
- Has this changed over the years?
- What do you report on?
- Who do you consider to be your main audience of your report?

4. **Sustainability practices**

- What sustainability initiatives do you have I place?
- What is your reason for choosing your type of initiatives?
- Who oversees the approval of sustainability projects?
- How is the budgeting for the projects determined?
- How involved is the board with regards to sustainability reporting?
- In your opinion, at what point would you not report on sustainability issues?
- In your opinion, at what point would the sustainability team be let go/dissolved?

5. **Reporting benefits**

- What would you say have been the benefits of disclosing on sustainability issues?
- Has your reason for disclosing changed from the time the organisation started reporting?
- What would you say is the compared estimated cost and benefits of disclosure
- Are you inspired by other organisations' sustainability practices and if so how?

6. **Risk management**

- How much of sustainability issues are integrated in the organisation risk profiling?
- In your opinion, at what point would you not disclose sustainability issues?

- Do you have an external assurer and if so what KPIs are constantly assured?
- How much of sustainability risk are part of your risk register?
- How much of an influence is risk management part of the sustainability disclosure process?
- What is the role of risk management when it comes to identifying stakeholder risks?

7. Stakeholder engagement

- What does your stakeholder policy entail?
- How do you engage with your stakeholders?
- What role do your internal stakeholders play in the sustainability disclosure process?
- What role do your external stakeholders play in the sustainability disclosure process?
- Which stakeholder have a major influence on the reporting process
- What are your stakeholders' issues?
- What issues are regarded as important by your stakeholders?
- How do you communicate with your stakeholders?
- How do you ensure that raised stakeholder issues are reported?
- What would consider to be organizational material issues and why?

APPENDIX 2

<u>Interview recording</u>

Interviewee 1; Corporate Affairs Director

Sustainability for Liberty Holdings means economic sustainability in terms of the company, social sustainability and environmental sustainability. Although environmental aspect is not so huge in terms of our footprints, since we own shopping centres that have some kind of carbon foot print we measure carbon footprint in centres that we own. Integrated Reporting is important to us in terms of doing it properly and also being as part of the Standard Bank Group financial institution and we also want to do the best that we can. We cannot claim to be pioneers but we do the best that we can.

We are sensitive group interns of complying with regulations; we never want to be found on the wrong side. Whatever the regulatory requirements, we are quiet strict in terms of the government regulations; we must comply. Even in terms of our reporting e.g. our BEE reporting, our employment equity we stick to the deadlines, we are a sensitive industry in terms of complying with regulations. *We do things properly and because we are also a sensitive industry, we are highly regulated. We have got the FSB and we have to maintain good relationships with regulators and we ensure that we have got a quite a significant compliance approach to issues which is acceptable.*

We report on other things that are not necessarily regulated and we report all those. The way we view ourselves as an organisation- we do not want to be lagging behind, we want to stick to the best practices, and we are neither pioneer. We are that type of company that will report on things that are expected of us to report on by stakeholders. Stakeholders are quiet an influential thing and we take them seriously. What people say about us, especially key stakeholders, we take seriously. For example, if state issues are actually pending; if a particular issue is raised or happening in the country, then we do not need regulations because we are quite aware that we need to be responsive to communities that we are in because that makes business sense for us. It is also a sustainability issue, if you have to make business sense you need mindful of the communities, you cannot shut yourselves off and be driven by narrow self-interest. You got to be responsive.

Our approach to stakeholders is quite fascinating because we have got certain stakeholders grouping that we acknowledge in our business that they have become key. One of the central stakeholders is our customer. *Somehow we regard them as stakeholders. Customers got to have a sense of; that they are being treated fairly, that they are being responded to, if we do not respond to our stakeholders then our business is gone.* So we are sensitive to responding to sensitive customers and that is important. The other grouping of stakeholders that is important is our investors, our shareholders. We need to respond to them, they provide us with capital. *We are informed by what our investors or shareholders are saying for our finances.* Then we have got our employees. *Our employees our equally important to the extent that whatever we do should come from employees*, we invest in our employees to inspire them, to live out what we think of ourselves as a business. *If we want to serve customers well, our employees must feel they are part of the business; they must be an obligation that drives you-because am part of the business this is what we do, have a sense of pride, this is what we do.* Then we have got partners; business partners, this rates from suppliers- people that supply us with things. We have got to treat them well- to do business with them, pay them on time, those are our business partners, getting into joint ventures JHI is one of the biggest partners that we have in terms of stakeholders and then there is a category of stakeholders we call communities. This is where we operate, whether we are doing social investment. Particularly for us we are looking at education, investing in education. *Those are very critical issues. Within the partners, we've got regulatory bodies; we regard them as partners while their mission is not contrarily to ours. From regulators we get financial stability consent and they help us protect customers. We understand the role of regulators to having a working relationship, otherwise our services become flaky and those become critical stakeholders and those are the reasons we choose them as stakeholders. Communities are powerful stakeholders, we get our consumers, and we get our employees from there, our social licences to operate.* We are very mindful, when we operate in a country, we operate in a number of countries, you got to understand the political challenges that the countries face and to make your contribution which must be sustainable. In South Africa we have a regulation that says pledge 1% of your Net profit and we do that. In any other country that we operate we do that. We have to respond. We have chosen the theme of education, they are a lot of social challenges that can be addressed we have picked education because it address a person, a human being it is such a powerful way of facilitating so many things and it aligns with the business that we have. *If we want to make a difference in people's lives; if we to want to make financial freedom possible for a person, one of the cornerstone has to be education. So those are some of the stakeholders and why we think they are important.*

Whatever is critical issues are raised by stakeholders, we need to address. *Every two years we have a stakeholder survey to address things. We have got to try and respond to the all them as quick as* *possible and as long as our stakeholders are concerned about it, because in our relationship critical stakeholders are the authority that we deal with*. We do not do everything that stakeholders wish but we need to be responsive. What we also do is that we do report that we do report that we are active in the industry policy but we do not report what we talk about in detail but it is not a state secret. We try to keep our ears on the ground with what is happening, what our stakeholders are saying for instance labour unions are critical stakeholders, what they say about the country the, the industry, the company we have to be responsive, we do respond for example if the government says the sector is not invest their money, we have to respond. We engage with the government directly, we do not always report all the issues but we do report. They are certain things that are core that we always report, a matter of footprint we report on it continuously because of our best practice. Issues that stakeholder raise we do report on it. *If they do not raise any issues we still report and this will based on what is material for the business.*

The way we are approach sustainability management is that we have to identify material issues to the business, to the sustainability of our business and that cuts across the stakeholders; what is material issues per stakeholder group so we then report for that time period. For instance, we say we one of the material issues is that we must have for example resources, that is a material issue for the community stakeholders we got to report it, *as long as it is deemed material will continue reporting it. That is how we approach things; we will not drop anything that is material, if it is important to our stakeholders and to ourselves then will report it.*

The way the governance works around sustainability is that I am (Corporate Affairs Director) the head of corporate affairs and sustainability, reporting to the group executive who reports to the group CEO *and the group CEO is held accountable on this issues by the SE&T sub-committee of the board. So whatever we do; the sustainability report is really a board report (Social Ethics & Transformation sub-committee)* and is approved by the board. *Every quarterly when the SET sub-committee meets they have to table different matters, they have to set the agenda according to material issues.* For instance we are meeting now in May (2016*) they will review the current material matters they will look at the immediate passes and what we have done and we have got to say to them that this we are going to do towards the end of the year, and then every quarter we have to update them.*

By reporting we feel we are being a corporate citizen and that is a good thing. It allows you to look at yourself from inside-out; we also look at ourselves from an external perspective. It keeps us in check because it is easy to get lost in your issues.

The company has got the top ten risks that it tracks and monitors. *The material issues that we have identified in sustainability, some of them overlap with these risks so there is a relationship*. Most of the risk that get outlined you can literally track them under one of the risk for example fraud issue is a financial issues. *One of the material issues we have is that we deliver sustainable result but we do not exclusively and report and say that the risk we have is this, we report on sustainability issues. We do not subject material sustainability issues under risk management. There is a risk log that gets tracked and managed by the risk team, there is a sustainability team that looks at issues of sustainability that are material to the business, they will be an overlap in some aspects, in some aspects no*t. Risk is very great in some in the business for instances IT risk, we do not look at IT risk.

With regards to assurance and risk, we have certain indicators that we have selected; financials -and the assurance is really to assure the accuracy of it and that those figures are valid. We have separate assurance for sustainability indicators and that get assured, we appoint auditors, the group risk committee appoints that.

Sustainability reporting drivers- *We have identified the material issues for the sustainability of our business, they themselves are informed by strategy by the strategy that we have adopted , we have got a strategy trajectory between now (2016) and 2020. When you are approach the strategy, they are certain things that are material for us to develop that strategy not just between now and 2020 but for the sustainability of the business. Those things are critical; having a relationship with your customers is a material issue for the sustainability of your business not just for 5 years but for a long term so that drives us. We have to be watching because when you report on financial results, you report on revenues are like this but you do not report on the relationship with your customers, those things drive us, we must always be mindful of those kind of things. For this company sustain itself into the future certain issues we got always to watch and report. The employee's sentiments, in terms of whether they are happy, it is material issue for our companies and that drives us. Material issues are considers important, we hold them and say, this is what drive us to report. We need to be aware of them, unless we measure them, report them, we will not be able to manage them and that is driven by the overall organisational strategy.*

End

Interviewee 2: Sustainability Manager

1. in terms of how it applies to Liberty as a whole: *Sustainability is being applied as it is defined by the Brandtland report incorporating stakeholder's views and how you create a better future for all taking into consideration economic and social and economic impacts, how we could actually look incorporating our social and economic and environmental aspects in to strategy and how those can provide opportunities and mitigate risks.*

2. *The reasoning behind report is that there is a greater call for transparency and accountability of the private sector and that is one of the key drivers. In terms of legislative requirements, generally in SA there been a big focus on legislation, because as a listing requirement, you are required to report on your financial and non-financial matrix and that's the same sentiments echoed by King III. What we have is a big compliance or regulatory framework where people are requested to disclose over and above the fact that we view it as the right thing to do about being open and transparent with our stakeholder.*

3. *In terms of regulations there is quite a lot. From the South African Reserve Bank there is a lot regulations especially looking the Twin Peaks model which looks at credential management of your finances, the Solvency II regulatory in the insurance industry which is a big regulatory change, the SAM (Solvency Asset Management as big component; Treating Customers Fairly because the organisation is customer centric those are one of the areas of focus, over and above (Page 66 for a complete overview) we subscribe to CRISA, we also members of the United Nations Principle for Responsible investments, which a voluntary reporting framework, National Health Insurance is one element but although not a regulation as yet but is one area we are looking at, Pension reform and all our environmental, social and governance aspects related to our investment segment which our JSE which I have mentioned, our King iii reporting and also the GRI which a voluntary requirement to report that way but it has taken us, we also report against the reporting segment which the IIRC six capitals model.*

4. Reporting trends

We have two teams working on the process sustainability disclosure. The main report is the integrated annual report which comes out in collaborate with the group sustainability report and group finance we integrate some of the sustainability practices with the finance segments, risks and strategy. Over and over we also have the on line sustainability review which is purely sustainability information and the global reporting index.

Liberty has been reporting for over 5 years. Between 2007/2008 Liberty Group limited Holdings was not listed on the JSE so it was not at a holdings level, it was after the change to the structure then Liberty Holding s started reporting.

We report under the G4 guidelines. We also report under the International Integrated Council framework, adopt the King III King Code, CRISA, BBBEE under DTI and the ISFRA Codes.

We have adopted G4 which you will find in the report as well, there is a communication of that change happening and also the six capital model is a new model that we have started reporting on as well.

When it comes to reporting on the three pillars on sustainability, there is no focus on one, I suppose that is the point that we look at "it is not so much which pillar we focus but how we integrate all three into business as usual. I think the key challenge that we face is "not about what we do after we create value but how we create value", what I mean to better illustrate is- instead of saying we respect the environment in our property portfolio by switching to energy efficiency light bulbs, instead of doing that we would say we invest in renewable energy infrastructure already as part of our business and there is a financial return and there is a social benefit in terms lowering reliance on the grip and accessing security energy and there is an environmental benefit of not using coal based power.

Main audience- We have key stakeholder groupings, we have our shareholders and our investors and our own employees, our customers as well would be reading it. It is also a communication tool used with regulators, potentially also communities.

Over and above- *We report on our policy reach, (how many lives are insured by our policies). We go over and above GRI request, we also look at employee engagement matrix, looking at what is the number of learnerships that are eventually converted into employment, looking at what is the number of the disabled that we have actually employed (HDSA population that we j[have been actually reporting) which is not really a reporting requirement but we have been reporting anyway, it is something we report on anyway, there is quite a number of indicators that we have been dong over and above in terms of compliance.*

Benefits- Yes I see the benefits….. I think the key question here is not just want is happening at Liberty but there is change in momentum around reporting and how reporting is now becoming management practice. *So with the right kind of leadership, we have both that is committed to reporting this and understanding what these issues and what it is, is evolving the business from one that looks purely at the financial bottom line to integrating the non-financial risk into that model.* So I think it is driving the process, it is an on-going process and I do not think it is at the end, historically our focus has been on producing a Report rather than how we are managing these areas, so what happened with the legislative requirements in South Africa is a lot times we have "the tail wagging the dog" where reporting would drive the management processes but I see that it is beginning to change and unravel now.

Practices- one big one that we have been working on is the Project Sekhela which focuses on efficient energy management of the group and which also deals in investment in renewable energy – roof top based and not so much as commercial scale. Over and above those we have investment portfolio quite a substantial amount that we have invested in approximately R2 billion invested in the renewable energy project and I think roughly R1.6 of the amount was in solar energy and the reminder in the wind energy. We also look at greening our buildings in terms of property portfolio as well. In terms of SANLIB and Liberty even though we are under one umbrella, were are moving towards de-centralising model effect to centralised model which has its challenges but this means there is a combination of collaboration with different initiative like the UNPRI that's one engagement with government around sustainability goals and also the UNPSI, which we participated in last year to provide South Africa's input on this.

Budget approval- Done by the Group Executive for HR, and then he will then channel those in to our People, Social and Transformation Ethics EXCO for approval and will also go for noting to our Social and Ethics transformation Board Sub-Committee.

Board involvement - we *have a board that is well vest in sustainability. As mentioned the Social and Transformation Ethics approves all projects, and promotes any noting of non-compliance or any sustainability issues we may have missed. It is something that is a standing agenda item on the board.*

There has been numerous benefits to disclosing and there is three I would like to focus on. One would be, firstly it's reputational and is aligned to our values and what we are trying to achieve, our mission, and that's one benefits because it gives people the sense that you are walking the talk: then secondly is I think in just engaging our employees, engaging our different business units, a bigger component of sustainability leads to organisational culture and understanding how initiatives fit in with each other and seeing ourselves as a holding company instead of as a business units or department, creating a sense of togetherness, I have not seen it anywhere but I have seen it is starting to happen which is very encouraging. Last year also, in terms of a means to strategic access new markets, if you are looking at sustainability issues, if you are dealing with those issues, you inherently are in a better positioned to access new markets. Other organisations inspire us, for example DHL is has implemented some cultural changes by taking away parking from Exec and opening it up to pregnant women and people with disability as first preference small things like that are cultural changes but they make a big difference. I look Swiss ray, a big part of their portfolio even if there are an insurance company as well is made of sustainable development practices or policies or products I think that is fantastic, I also look at companies that are in the high impact segment and they are using sustainability as a strategic advantage rather than as a compliance mechanism. So it works actually.

Risk Management-*The Way it works is that there is no separate sustainability register and for something else, which is a good thing because you integrating it into the business as usual and it quite complimentary risk that takes into consideration the climate change, energy usage*, i.e. what is happening with ESKOM, there is quite a lot that is integrated I would like to see a more robust going forward but what is happening it is not bad.

External assurance. - We do have an external assurer and they provide assurance for specific KPIs (online sustainability report it is on page 36). 15 indicators are assured in the 2014 report

What KPIs carry potential reputation risk- it is also potential management of your financial systems. There reputational damage that can be associated with any of our buildings. Bribery and corruptions are big ones, fraud is especially high because of the financial impact, and also climate change impacts have far reaching effects even though it is something you may not see from day to day within the business, the issues of focus are what customers want and in a bigger customer centric organisations those issues will change and it is how fast we adopt to those changes. It is not just the sustainability issues but the pace, the volume and scale at which these changes are happening.

Stakeholder holder- *Internal Stakeholders own the data, a lot of these people are data owners and this goes across our business. We are collaborating with group finance in the data correlation process.*

External stakeholders- they inform a lot of what inform content process in terms of sustainability disclosure. A lot of it talks to regulations, it also talks to what is current best practices, what is currently out there, what are our competitor are doing and it feeds into the content of sustainability disclosure in terms of the indicators where we disclose what we disclose and how we disclose it.

Our stakeholders do carry the same influence. There are different levels of impacts and different levels of influence, we cannot prioritise one totally over the other but the ones that have higher impact, higher influence of course are our regulators, shareholders and investors. Issues addressed by stakeholders have changed over the years; there is a big change in terms of regulatory reform. I have mentioned all the compliance areas we focus on as well. These are all new issues that have come up from the regulatory perspective. It has been a small stringent process in term of investor, investor relations in terms of sustainability because there now a big momentum being created with a focus on ESG, if you look at the JSE their social responsible index has now changed it is now being linked up to the FTSE a responsible index database in the USA and that is going to create a change.

Validating stakeholders' issues- *The way it works is that issues go through our stakeholder management team, then they consolidate the responses and get signed off by our CFO and those* *issues will be communicated in the report and if we miss anything of course the person signing off takes accountability, there is verification process as well but I would like to see going forward a more open channel of verification and validation although it does exists…*

End

Interviewee 3: Sustainability Analyst

Liberty Holdings looks at ESG when it comes to defining sustainability. We one has three departments which look at sustainability, *we have one sustainability which incorporates the environment and then there is another one CSR which we can reach to our communities and engage with them.*

Sustainability KPIs- *We are going through a review process this year, so we are creating a new sustainability strategy and framework this year and will be identifying our material issues and we are going to be reviewing our indicators again.*

The aim of the sustainability strategy is to align it with the organisational strategy which is strategy 20/20 which is more financial related which says we understand business, we want a sustainability strategy that incorporates all the sustainability things that we found material; that will stakeholder engagement, CRS, sustainability transformation and a whole lot of others.

Regulations- *We have specific data owners and their job is to ensure that they monitors specific regulations, obviously changing regulations can be a challenge but we got to be on top on this and we have to engage with specific regulators.*

When it comes to sustainability and regulations, we are currently in a good place, remember with sustainability most of it is voluntary. We are using GRI; we respond to CDP, we are looking FTSE/JSE that will be something new that is the index that took over from the SRI index. We are looking into the UNGP, the Equator Principles and we still need to decide if will adopt them or not, but we are looking into them.

King IV is placing a lot emphasis on ethics. We as a business are looking at our ethics and we are able to comply with it as business as usual. We are going to have a framework to assure on how we can improve all of that. We are going to have an ethical strategy and that will incorporate King IV.

Sustainability initiatives- *Historical board was not very involved in sustainability but since last year they have become more involved. We had a restructuring of the sustainability department and now the board is quite involved and it is driven top-down which is beneficial in a large company so we have a buy in.*

Risk management- *Risk management team go out to identify all different areas that are that key risks, of that they identified stakeholder and environmental key risks and then we engage with them, we have like a working group. We then present what we feel are our major risk so that they can monitor it, quantify it. We work according to the specific standards that they do.*

Stakeholder- *There is a stakeholder policy and we engage with our stakeholder regularly*. It was after our restructuring last year we had a stakeholder survey and that was more of a dip stick survey, we wanted to get an idea of where we were after the restructuring and then we are planning another survey in two or three months and that will be more in-depth and address a wider range of our stakeholders. *The employees feed into the sustainability process, they collect the information of the departments and they know what is key, they help us write the story of the different departments so that we when do report we have fair representation.*

Benefits- We are looking into that at the moment. *We are interested in knowing how many people have been affected by the report, who is reading our reports, what do they read it for, are they all researchers? Are we getting some audience from the general public, investors*? At the moment we do not have that data but we are aiming to get it because there is a significant amount of time and resources that we invest into the reports. And if no one is reading it then we do not know how beneficial it is, *currently we do it to ensure that we have a report for our stakeholders*. (based on best practices) *We do not need our stakeholder to assume that we are doing something negative would rather report what we are doing and how well we are doing it, we also obviously reporting on the negatives.*

We want to be leaders in the industry and we are proud of what we are doing, *to make sure that our customers know what we are doing so that they can know what our business is about, how well our procedures and controls are well in place, our data collection, to make sure that we are managing our key risks and opportunities. Sustainability practices and procedures are based on the organisation strategy, we do our strategy and like most of the organisations the overall strategy come from the financial team and we want to make sure that we achieve our strategy in the best sustainable* *manner we can*

End

Interviewee 4: Group Risk Manager

1. *Sustainability is about generating value to all the stakeholders not just in the short term but in the long run, that in short what it is and I guess all of us have different concepts of the term "value". If you look at the investor it is obviously shareholder or share returns and dividends growth and the sustainability thereof and if you look at the customer it is the ability to trust the promise that he buys from the insurer, it's in the level of customer service that they receive. For employees is having a work environment that talks his language so to speak. We must acknowledge that it has different meanings for different stakeholders.*

Initiatives

2. Water wastage is important, for example if you look at flushing toilet and all that, and the replacing the stuff to stuff that are water more friendlily, but that is the stuff that I see. In terms of the other initiatives, am not too sure, I know there is a project on the goal to reduce reliance on ESKOM. Am not too sure if that is a sustainability thing or proper risk management in terms of load shedding.

Board Support:

Most definitely. *If you read through all the sustainability reports you see that the board has embraced sustainability in totality so the board supports totally.*

Benefits

Reporting on sustainability makes a difference for the organisation. I remember when I was younger and you look at the financials, it like the only outcome that the business focused on many moons ago was on the financial outcome but obviously an insurer or any organisation touches lives on many more points than just the financial outcomes so in terms of the importance of sustainability you need to be aware of the many spheres you touch people's lives.

Risk

If you look at the sustainability of the business to generate value over a long term, it is fully integrated. If you look at the risk appetite that is reported, our risk appetite focus on three measureable criteria which is the headline earnings which basically the short term focus but then *obviously we got the economic and regulatory capital coverage which talks to how do we address the measurable long term risks within the business and making sure we got the capital available to be sustainable in the long run.*

Currently if you talk about our stakeholders, the regulator is more intense and intrusive in the lives of all financial institutions; it's not Liberty per specific but across financial landscape and that comes at a cost. The purpose of that more detail supervision is to protect the policy holder more but that come at a cost.

The report highlights who the stakeholders are and give a proper description of all of them, if I think quickly, obviously it's the investors, those guys whose capital we employ, it will be our customers, without them will not have any business, it's the employees of the business, it's also the regulators around us and it's also the communities in which we operate. In terms of report to the regulator, according to the Insurance Act, they prescribe the reports in which we must submit. Then obviously you must submit the reports they are both quarterly and annual ones and then you respond to the queries on those reports. In addition to that, the regulator have got what they call on site visits, so from time to time they will visit the business and we'll discuss whatever theme of the visit is. *There is quiet a regular engagement with our regulators.*

The sustainability report highlights how the business interact with the customers and to what extent it influences the report for example the stuff they complain about and the level of complaints, all of that it is reported on. *They are more one avenue of complaints open to customers, they can complain to the insurer directly but if they are not happy with that they can raise it with the ombudsman of long term insurance, alternatively they can raise it with the Financial Services Board.*

End

Interviewee 5: Division Director Group Stakeholder Management

We do value our stakeholder, all of them. We have got key stakeholders, we have got whole broad range of stakeholder and each of them are important to the way we do business, to the extent that we would like to get to hear what they think about the way we conduct business. We have started to conduct what we call stakeholder sentiment survey and it will be done every second year where we commission an independent agency outside of Liberty *to speak to all our stakeholders obviously they will sample them up in order to get views of how they perceive Liberty in terms* of the manner in which we do our business

It goes some product to the behaviour of all our people. In a long winded way, each and every stakeholder of Liberty is important to the way we do business today and the way we are going to do business tomorrow, which can be linked to the sustainability point of view. We take them on our journey.

Samples of our key stakeholders include the government- government is a key stakeholder. *We do answer to our shareholders, yes we have to make profit, our commitment is also to the extent that that we should be seen to be developing the communities in which we operate whether* that's here in South Africa or elsewhere across the continent where we have our businesses and to be to do that we must understand the agenda of the government of the day in each market is concerned. *We have to understand the agenda for the government of the Republic of South Africa and to do that we find ourselves in the National Development Plan. We pick out issues from there on things that we feel we can play meaningful roles in.* In other words, it is really about community development. *For us to develop and grow the business community must also grow and then we find ourselves giving back to the communities enabling growth and development in the very society in which we are operating.*

Within government you drill down a little further and to ask who in government; we start all the way from the presidency and then the departments. The presidency includes the National planning commission because they house the National Development Plan and it is not necessarily the presidency as in the president but we are speaking about the office. From there we go to each Department or Ministry because we are a financial service provider we look at the National Treasury. *The Department of National Treasury is important for us because we answer to them, they are our regulatory authority.* Within the National Treasury you then also have, where we are moving into now with the Twin Peaks initiative. We have the Financial Services Board, which feeds into the National Treasury, the Reserve Bank which also feeds into the National Treasury and these two will now sit under one umbrella within the Twin Peaks model. Within the National Treasury itself you find that there are certain sections of the National Treasury that we focus on as our key stakeholders because they are regulators, that is just the National Treasury. We then have Development International Corporation because are growing into the rest of the continent and it is important for us to understand the foreign policy of governments and to do that we must be in-sync with the Department of International Relationship so that when we go out there we do not just go as a business but we also going out there carrying the South Africa flag because we are domicile in South Africa and then first and foremost we are a citizen of South Africa as a corporate. Where we are operating in other markets, we assume citizenship of other markets as well. For all this we must ride on the wave of the Department of International Relations and its policies. They have other bi-national commissions and bi-national agreements with other countries and we cannot just go into Ethiopia on our own, we must first understand the relationship between Ethiopia and South Africa. *The relationship impacts on the way we are going to do business in a particular country and in certain instances they make or break* *in terms of our business sustainability in those markets.* For example we go into the Democratic Republic of Congo or Namibia for that matter; we must understand that there is a history between Namibia and South Africa in the sense that Namibia was once a colony of the Republic of South Africa. The same goes for Angola where the South African government sent troops during the civil war in that country. That is important because the way we are going to conduct our business we be informed by our knowledge of the market locally. So if we that there is a history of hostility then we must know how we are going to behave in that market because in some instance they would retaliate on a commercial basis. DTI is also an important stakeholder because we deal with enterprise development and many other things including the Employment Equity which is driven by DTI which is important for us to understand where they, what they are thinking and what they are going to do next from an EE point of view. Home Affairs is equally important because we also have nationals of other countries coming to work ate Liberty. We have to make sure that their documentations are right and to be able to do that we must have a relationship with Home Affairs. Parliament is important because of the they understand the legislative framework of the country and of the government and to do that we must have a relationship with the National Assembly and Parliament, we go there for budget and the budget speeches and for the State of the National Address. We have to interact with all the political parties that are represented in the National Assembly in Parliament. We talk to the EFF, we must talk to the DA, and we must talk to the ANC. To be able to do that one needs access to the Chief Whips, one needs access to their leaders individually as political parties and the best place to find that is the National Assembly, they are all in one house. This is just the government arm or the state. From government side, we then move to the regulatory operatives like the long term insurance ombudsman. It is important because we are a financial provider and we do provide insurance and we have asset management in here, so the longer term insurance ombudsman is key stakeholder and so is the short term insurance ombudsman. We make sure that we do speak to them on a regular basis. We have quarterly formal meetings with them were everything is minuted, we speak to them, we get to know what they are thinking about us and we also get to tell them what we are finding difficult in terms of executing or performing our duties. The regulatory issues are taken to the right regulatory office and we highlight the issue if it is going to hurt the consumer and if there is another way of approaching it and making it favourable to both parties, the business as well as the customer.

We have to interface with trade unions as well. Labour is important so we picked the three labour federations; COSATU, FEDUSA and NACTU, we build relationships with them, we must understand them. We are not just chasing money from them, yes we want to do business with them but we must also understand how they view us as a business and how they view our product and how they view policy matters. You might find that at some stage you support retirement reform and government is a key stakeholder and there we support the retirement reform but the Union who have certain segments of the retirement reform programme and that they are not happy with it we must be able to deal with them without getting them upset or infuriating them. You have to know how to work with your stakeholders.

Our employees are obviously our key stakeholder, they have to know what we are doing, and we must understand, give them airtime as well and listen to them. Our shareholders are also very important. We have recently developed a new stakeholder group which is called the Envoy Group which is the ambassadors and the high commissioners based in South Africa. We must have relations with the High Commissioner of Kenya, the ambassador of Zimbabwe and we the other countries we operate in. They must to their country understand how we do business, how we do the things that we do from here because when we their country it makes it easy we just send a note to the high commission. When we go to new markets where we are not operating we try to know their representative office here in South Africa first so that we get a view of the cultures, the traditions, the way of doing business, the dos and the don'ts and how to connect ourselves and that is why before we even sell our products. We build a relationship before we sell our products and then we go into a country and build our relationship there with the local authority before we even market anything or put up a banner. It is important to be able to do that because we are not just there to make money but to be part of the community development.

Material issues are material because they important to our sustainability as a business but they cannot be taken in isolation outside of the view and perspective of the stakeholders. What makes them material is that they important to us and our key stakeholders.

The stakeholder unit within our business reports into the board sub-committee which is the Social and Ethics and Transformation Committee. That can tell you stakeholder engagement process is viewed very highly at board level, it has airtime at board level. Stakeholder engagement is very critical to the way we do business and to our sustainability. For example, if you not engage with the labour movement on issues you can have a run on the institution, it dangers your reputation and institutions have been known to have been run-aground they have just not listened to their stakeholders.

The stakeholder processes are implemented through a stakeholder strategy which is linked to the overall organisational strategy. You cannot run any stakeholder engagement outside of the overall business strategy, we must know that if we are going to talk to the Secretary General of the ANC we have to look at our strategy and say- based on our strategy, why would we want to engage with the secretary general of a ruling party and that is how we approach it. If we are going to talk to the long term insurance ombudsman, we have to understand why we would want to talk to them and all of that is based on our strategy. If we are saying we are going to be customer centric and that is a key pillar of our strategy then we have reason to be able to speak to the long term insurance ombudsman because we are saying that when our customers are upset with us then they come to you as the ombudsperson and we must get to know what the customers think and when they get to a third party, the regulators so that we address their needs appropriately. *Every engagement activity or initiative that we run out of stakeholder relations as a unit, is run is informed by our view of the strategy from the business perspective overall.*

Stakeholders inform a good part of the sustainability strategy. We have decided to be customer centric and by being customer centric we take the views of our customers and other stakeholders and take their views, their perception thinking and their expectations in formulating our strategy. The input from the stakeholder surveys is what informs our actions for tomorrow.

Risk management with regard to stakeholder is taken off from the reputation management point of view because that is where risk resides with regards to sustainability and stakeholder engagement. We work closely with the risk team. Our team sees ourselves as the custodian of the reputation of the organisation and having said that, it means therefore that we have to be cognisant and collectively so of any risk that are lying outside that might impact or influence our business in a negative and sometimes in a positive way. We must know all these. *We collectively go out there and identify potential risk and devise or design mitigating ways against each and every one of those risks. Some of the mitigations would mean a little more emphasis on engaging specific quarters or doing business differently. We cannot do things differently without speaking to our customers and our stakeholders at large.* We have to understand the impact of any business model that we are running before we do it because it does come with inherent risks. Our role is to be able to create a conducive environmental for our business to be able to go out there and do what it does best, which is to save our customers.

Disclosure of sustainability issues is driven by the aspect that it is the right thing to do. Yes there is legislative component to it but I can stress that it is the right thing to do and we must report on sustainability and that is the only way we can feed back to the communities and other stakeholders highlighting who we are and how we do our business and therefore the customers can bank on us because our tomorrow is still solid. We have to present to our different communities a credible picture that give them confidence that we are a solid business, and solid in many facets and not just from financial best point of view but also from a people point of view such as; doe we have the right people that are running the business today and will they run the business tomorrow. *We look at sustainability across the board not just from the financial muscle point of view; you can have lots of money but if* *you do not have right people to run the business you still fail. If you not have the right approach to the community, to the society you also fail, if you disregard regulatory issues you also fail. Reporting for us is really a practical demonstration of the state of the business to all our stakeholders so that they can make informed decision.*

On a regular basis we go back and re-look at our material issues because times change. What maybe critical today may not be critical tomorrow and what may not be critical today maybe critical tomorrow. We always have to look at our stakeholder and hear what they say and also look at the current environment and access if issues are still critical to our sustainability as a business and if not then the board has a final say. All issues are presented to the board for the final decision. We are very flexible; we move with the times and review our martial issues on an on-going process.

End

Interviewee 6-Email: Project Manager- Stakeholder Engagement

Stakeholder engagement

How do you engage with your stakeholders? –The frequency and platforms of engagement varies according to each stakeholder group and the particular issue at hand. We are proactive in identifying and responding to its stakeholders' expectations, concerns and conflicts .i.e. Meetings, Intranet, Internal Magazines and activations for employees, our website, summits, sentiment surveys, call centres, campaigns newsletters for our customers and suppliers, CSI interventions on our CSI Focus area, road shows and issues specific platforms.

What role do your internal stakeholders play in the sustainability disclosure process?

In our SET Committee, one of the standing items is Sustainability and which issues are material, therefore the report is always reflective of the board's views of business risks and opportunities.

What role do your external stakeholders play in the sustainability disclosure process?

The issues that we report on are influenced by outcomes from interactions with stakeholders with help define which issues are more material to our business.

Which stakeholders have a major influence on the reporting process

Customers, Regulators, Government, Employees and Industry Associations.

- What have been your stakeholders' issues for the past 5 year?

Employees

- **People development strategy.**

Suppliers

- **The efficiency of Liberty's procurement process.**

Customers

- **Superior customer experience.**
- **Delivering against contractual promise**

Intermediaries

- **Development and training of financial advisers.**
- **Provision of quality products and support to fulfil customers' needs.**
- **Service experience**

Government

- **The private sector`s contribution to the implementation of the NDP.**
- **Retirement Reform.**
- **Employment Equity (EE).**

Regulatory bodies and industry associations

- **Adherence to regulation.**
- **Responsible risk management.**
- **Treating Customers Fairly (TCF).**
- **Solvency Assessment and Management (SAM)**
- **Protection of Personal Information (PoPI).**
- **Foreign Accountant Tax Compliance Act.**
- **Financial Sector Code.**

Trustees of the various retirement and medical schemes

- **Customer service.**
- **Investment returns.**
- **Benefit payments.**
- **Fund transfers.**

- Scheme solvency.
- Governance.

Liberty's shareholders, investors and analysts

- Access to company information.
- Transparent, relevant, comparable and timely performance reporting.
- Adherence to shareholder agreements and codes of good corporate governance. Continue to deliver sustainable earnings growth.
- Appropriate financial and non-financial risk management.
- Sufficient management time is allocated to engage with the investment

Communities

- Liberty's influence on issues of national importance. •
- Communication of Liberty's social activities and contribution to socio-economic development

Media

- Understanding Liberty's business and strategy. • Consistent, transparent, relevant and timely performance reporting. • Understanding Liberty's brand essence.
- How do you verify that the report is a fair reflection of the stakeholder issues that have been identified - ***The stakeholder management unit is responsible for facilitating a coordinated approach to stakeholder engagement activities across the group, which is aligned to Liberty's organisational philosophy, brand ethos, values and strategy.***

End

Documentation data

Table 3. Documentation review: Sustainability management

Theme	**Finding**
Understanding of sustainability disclosure	Sustainability management is guided by relevant guidelines as a means to reinforce commitment to being a responsible corporate citizen. Sustainability

is applied as defined by the Brandtland report, incorporating stakeholder's views and how to create a better future for all taking into consideration economic and social and economic impacts.

Sustainability within Liberty looks at how to incorporating the social, economic and environmental aspects in to strategy and how those can provide opportunities and mitigate risks

The G4 guidelines as well as the International Integrated Council framework, King III King Code, CRISA, BBBEE under DTI and the ISFRA Codes are the guidelines used in the reporting process

Liberty Holdings produces an integrated annual report which comes out in collaboration with the group sustainability report and group finance. The finance segments, risks and strategy are integrated with some of the sustainability practices.

Budget approval of sustainability issues is done by the Group Executive for HR, who subsequently delegates to the Social and Transformation Ethics EXCO for approval. Transformation Ethics approves all projects, and promotes any noting of non-compliance.

The Board approves key sustainability material issues after rigorous consultation with stakeholder

Reporting trends

Liberty has been reporting for over 5 years. Between 2007/2008 Liberty Group limited Holdings was not listed on the JSE. It started reporting after the listing with the first report issues in 2009.

Issues of disclosure keep evolving ever since Liberty produced its first report: Liberty Holding has reported on the following issues;

- Liberty Holdings Limited, (2009): Treating customers fairly; attract and retain quality employees; manage operational and economic risks; limit our impact on the environment; address the needs of emerging markets; corporate social responsibility and governance of sustainability
- Liberty Holdings Limited, (2010): deliver sustainable financial results; add value to customers; attract and retain quality employees; attract and retain quality employees; limit impact on environment; assist in transformation of South Africa and provide compliant and responsible financial services
- Liberty Holdings Limited, (2011) : deliver sustainable financial results; provide compliant and responsible financial services; focus on customers; attract and retain quality employees; continue the transformation journey and limit impact on environment;
- Liberty Holdings Limited, (2012): deliver sustainable financial results; provide compliant and responsible financial services; focus on our customers; attract and retain quality employees; and continue the transformation journey
- Liberty Holdings Limited, (2013): deliver sustainable financial results; provide compliant and responsible financial services; focus on our customers; attract and retain quality employees; and continue the

	transformation journey • Liberty Holdings Limited, (2014): deliver sustainable financial results; focus on our customers; attract and retain quality employees; provide compliant and responsible financial services and build social and relationship value
Sustainability practices	The main focus has been to integrate the aspects of sustainability into the organisation. Liberty Holdings has several sustainability projects running which include; Project Sekhela which focuses on efficient energy management of the group as well as focus on investment in renewable energy. Liberty Holdings is also looking at green buildings in terms of property portfolio as well. It is also looking at initiatives like the UNPRI around sustainability goals and also the UNPSI.
Reporting benefits	Sustainability issues have become an issue upholding the organisation's reputation. This is and is aligned the organisational values and it is trying to achieve. The benefits are also reflected in the stakeholder interacts with the organisation as it gives the " *the sense walking the talk*": The benefits are also seen as the orgainsation stands on the principle that "not about what we do after we create value but how we create value", Sustainability reporting also gives the management engage with employees. It also allows the organisation to learn from its peers by emulating best practices especially from organisation that are" Reporting has allowed the organisation to be proactive and innovative in all spheres of the business.

Table 4: Documentation review: Stakeholder process

Theme	Finding
Stakeholder engagement	Liberty Holdings has a mature stakeholder engagement strategy. The sustainability material issues raised by the stakeholders are consolidated with the other issues that had been identified internally and they inform the reporting process. Liberty is proactive in identifying and responding to its stakeholders' expectations, concerns and conflicts .i.e. Meetings, Intranet, Internal Magazines and activations for employees, our website, summits, sentiment surveys, call centres, campaigns newsletters for our customers and suppliers, CSI interventions on the focus area, road shows and issues specific platforms. Sustainability reporting and issues are influenced by outcomes from interactions with stakeholders which help define which issues are more material to our business (2010). Liberty conducts stakeholder engagement interviews with selected individuals from a variety of stakeholder groups, to discuss Liberty's sustainability, identify the company's main material issues and consider appropriate approaches to addressing the issues identified. The material issues highlighted by the stakeholders are consolidated with the issues

	that had been identified internally to form the basis of the sustainability report (2009). Influential stakeholders are Customers, Regulators, Government, Employees and Industry Associations (Liberty Holdings 2014).
Stakeholders	Liberty Holdings Limited, (2010) : Key stakeholders include; Trustees of various; retirement and medical schemes; Intermediaries; customers; Shareholders, investors and analysts; Media; Employees; Suppliers; Government, regulatory bodies and industry associations. Liberty Holdings Limited, (2011): Customers; Intermediaries; Minority shareholders in group subsidiaries; Employees; Suppliers; Trustees of retirement and medical schemes; Shareholders, investors and analysts; Media; Government, regulatory bodies and industry associations; Communities Liberty Holdings Limited, (2012): Communities; Customers; Intermediaries; Employees; Suppliers; Liberty shareholders, investors and analysts; Trustees of various retirement and medical schemes; Government; Regulatory bodies and industry associations Liberty Holdings Limited, (2013); Employees; Suppliers; Customers; Intermediaries; Media; Communities; Trustees of various retirement and medical schemes; Government; Regulatory bodies and industry associates; Liberty shareholders, investors and analysts

Table 5: Documentation review: Regulatory influence

Regulatory requirements and affiliations	"*Regulatory and legislative compliance requirements are identified and implemented through the development of appropriate policies and procedures that are regularly monitored and reported on*" (Liberty Holdings, 2014). Regulators are able to contribute towards creating sustainable value as they govern financial stability and market conduct for the insurance industry (Liberty Holdings, 2014). Liberty complies with the following regulations; International Financial Reporting Standards, the South African Companies Act No. 71 of 2008, the JSE Listings Requirements and the King Code of Governance Principles for South Africa 2009. In addition, the group is guided by the Global Reporting Initiative's G3/G4 Guidelines, the Department of Trade and Industry's Codes for Broad-Based Black Economic Empowerment, the JSE Limited's Socially Responsible Investment Index and AccountAbility's AA 1000 Principles (Liberty Holdings, 2014) Regulatory issues with the organisation ensures with the following regulatory aspects/regulators ; Long-term Insurance Act; Financial Advisory and Intermediary Services Act (FAIS)' Financial Markets Act'; Pension Funds Act; Financial Intelligence Centre Act; Consumer Protection via Treating Customers Fairly- framework (TCF) Long term Insurance Act; Solvency Assessment and Management (SAM); Retail Distribution Review (RDR); Financial Markets Act (2013); Pension reform; Financial Services Laws General ; Amendment Act gazetted January 2014; The

	"Twin Peaks" initiative; Banks Act; Foreign exchange controls; Income Tax Act; Financial Reporting Standards Council- International Financial Reporting Standards (IFRS)' Johannesburg Stock Exchange (JSE)- JSE Listing Requirements; Information Protection Regulator- Protection of Personal Information Act (PoPI); National Credit Regulator (NCR)- National Credit Act; National Consumer Commission (NCC)- Consumer Protection Act; Competition Commission- Competition Act; Council for Medical Schemes - Medical Schemes Act; and Ombudsman for Long- term Insurance Act and FAIS. Being compliant with all regulations fosters a trusting environment trust with regulators and the general public, enhancing the social and relationship capital.

Table 6: Documentation review: Risk management

Risk management	Sustainability risks are integrated as part of group risk. The risk appetite focuses on three measureable criteria i.e. headline earnings, economic and regulatory capital. One of the group's key risk management objectives is to; Meet statutory requirements

regulations that are monitored by the FSB and other regulators; (Liberty Holdings, 2010)

Risk management is sheer responsibility for risk of the board. It ensures that all BU executives are responsible and accountable for risk management within their divisions (Liberty Holdings, 2011).

Liberty Holdings focuses on the following risk; business risk; insurance risk; Market risk, liquidity risk, Credit risk and operations risk. Reputation risk is seem as the risk that cuts across all the category of risk.

Operational risk is seen as the risk that encompasses the aspect of sustainability. It is defined as risk of loss caused by inadequate or failed internal processes, people and systems, or from external events (Liberty Holdings 2012).

Operations risk incudes; Information technology (IT) risk, Process risk; Regulatory risk; Compliance risk: Environmental risk:

Environmental risk: This risk falls within the group's sustainability management programme, which aims to create a consistent approach to environmental and social management within the group's operations. Environmental risk is governed by the safety, health and environmental risk oversight committee which comprises executive representation from various divisions across the group. Raising awareness and training will be an ongoing element of managing environmental risk and identifying opportunities and business solutions to global environmental and social problems

Monthly reports are prepared by each business unit and presented to the relevant BU executive committees for review and discussion.

Sustainability issues are identified through an internal risk assessments, which combined is with feedback received from external stakeholder engagement processes (Liberty Holdings, 2009)