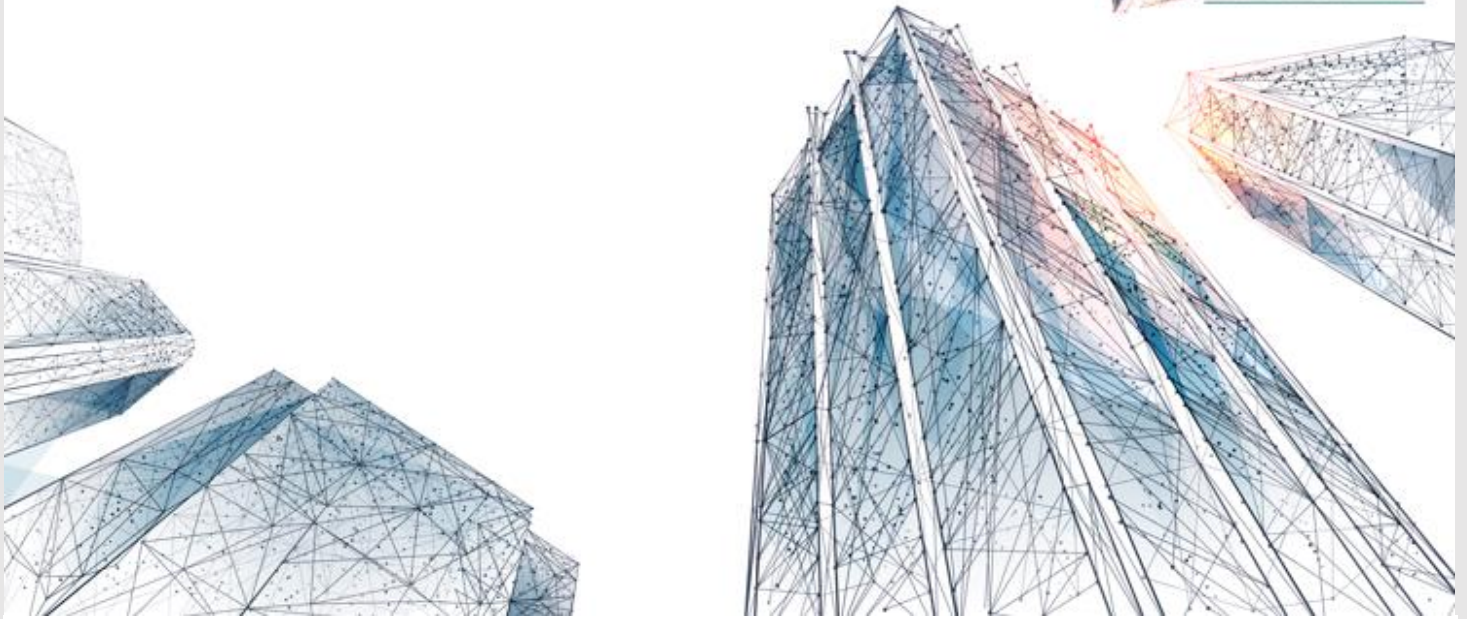


# QUICK BRIEF 2020

**NBI**  
National Business Initiative



4 December 2020

## TRAC Report Launch

This week marked the official launch of the Report: **Transparency in Corporate Reporting: South African 2020**. The research, conducted by **Corruption Watch** (the South African chapter of Transparency International) and **ODI** (an international development thinktank in London), was done in partnership with the Ethical Leadership & Anti-Corruption Programme of the **National Business Initiative (NBI)**.

The focus of the research was on corporate reporting practices and transparency around activities and performance, with a view to measuring the anti-corruption standing of key private sector players in South Africa. This important benchmarking study used an objective questionnaire to score and rank 100 corporations in South Africa on the transparency of their reporting on:

- Anti-corruption programmes;
- Organisational transparency relating to subsidiary, associated and affiliated entities;
- Country-by-country reporting of key financial data for all operations outside South Africa.

The Report is based on a close examination of annual reports and other publicly available documentation on corporate websites. The sample includes nearly 70 companies listed on the Johannesburg Stock Exchange (JSE), as well as large privately-owned corporations, state-owned enterprises and foreign multinationals. The average score of 59.5% for the sample reflects some positive signs but also suggests some 'red flags' which need to be addressed.

The average score of the 100 companies across all three themes was 59.5%, was broken down as follows:

- 58.7% on anti-corruption programmes;
- 89.9% on organisational transparency (investment in subsidiaries and other companies); and
- 36.2% on country-by-country reporting, key data such as revenue, profits and taxes paid, for all jurisdictions outside South Africa where the company operates.

The retail and tourism sector was the top performer, scoring 70.7% in anti-corruption and 69.1% overall. The finance sector followed second, insurance and real estate third and fourth place went to heavy industry and machinery. Companies listed on the JSE, which are regulated by the exchange, tended to fare much better than privately-owned companies not subject to the same regulatory requirements.

The weak performance of privately-owned companies is a matter of concern, not only for their shareholders but also for wider society, indicating a general lack of transparency. Greater transparency not only means improved corporate anti-corruption programmes but leads to improved performance overall. This is necessary not just for a robust corporate sector, but for combating entrenched corruption across South African society.

The TRAC results show that companies are reasonably good at developing detailed anti-corruption policies (average score 74.8%), but not as good at explaining how they manage their anti-corruption policies (63.6%). Furthermore, they are quite poor (36.1%) at adequately reporting on anti-corruption activities, such as the numbers of employees and other stakeholders trained, or number of incidents of corruption uncovered.

The Transparency in Corporate Reporting (TRAC) study aims to enhance ethics, integrity and transparency in the business sector by strengthening anti-corruption programmes. The Report concludes that the fight against corruption cannot be won in isolation and must encompass an “all of society approach” extending across a range of sectors, organisations and companies.

**For more information on the [Transparency in Corporate Reporting: South African 2020 Report](#), as well as the NBI’s Ethical Leadership & Anti-Corruption Programme (ELAC) programme, please contact: [Thuthula Ndunge: ThuthulaN@nbi.org.za](mailto:ThuthulaN@nbi.org.za)**



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The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses launched in 1995 by the then President, Nelson Mandela.

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