Chapter 8
Case Study on Rosia Montana: An Example of an Integrated Report

ABSTRACT

This chapter represents the case study on Rosia Montana Gold Corporation. We assumed from the beginning of our research that the 2010 Annual Report issued by Rosia Montana Gold Corporation has the prototype of an integrated report. As we can deduce from the research methodology section, a report becomes an integrated report if it complies with the conceptual model based on the IIRC content elements and principles, capital, value creation, and accountability, environmental and CSR information extracted from IFRS/IASB requirements.

INTRODUCTION

Figure 1 presents the business model developed by Rosia Montana Gold Corporation that underpins the concept of integrated thinking. The capital is divided between sustaining capital and closing capital. All the six forms of capital (financial, relational, human, social, manufactured, and natural) are used in producing value and this value is finally reflected in the benefits for the community/society, the environment, and economy at national level demonstrating in the same time a high degree of accountability: “From previous mining the site has 100 hectares affected by 18 waste stockpiles and two pits with 140 km of underground galleries generating acid water. Via the Project 500 hectares will be redesigned and the existing contamination and

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main pollution source will be eliminated. After mining, three pits will be backfilled and vegetated and a lake of 70 hectares will be created in one of the old pits”. Besides environmental projects, the company involved in social projects, such as “resettlement site built for local families” that were affected by their activities, often correlated with another benefit for the community-job creation- for example more than 1.000 people were involved in the construction of new houses for local people, contributing to the development of the new Recea district (Annual Report 2010: page 12).

The Report follows closely the IIRC Framework, stating from the beginning the mission and vision of the organization: “Our mission is to create value for all of our stakeholders from responsible mining…Our vision is to build the Rosia Montana project and to be a catalyst for sustainable economic, environmental, cultural and community development”. The two statements also confirm the compliance with the IIRC Principles of stakeholder responsiveness and future outlook. Further on, the Annual Report presents the company performance at all levels: economic, social, and environmental. The economic performance is generated by the financial results (although in 2010 they registered a loss of USD 22,667). The social and environmental performance is demonstrated through the commitment to the community and the environment offering “substantial returns for all stakeholders” (Annual Report 2010: page 4). Although the report mentions a strategic planning process adopted by the board, we do not consider that the company strategy or strategic focus are explicitly presented and outlined.

On the other hand, a full page of the Annual Report is dedicated to governance topic (or corporate governance), where the readers can find information on the board role and responsibilities, strategic planning process and risk management, corporate social responsibility, ethics and integrity, succession planning, etc. The company’s opportunities are described via environmental impacts (positive ones), while risk identification and risk management is presented only from financial perspective (credit risk, liquidity risk etc.). Finally, the report does not provide details on basis of preparation and presentation. Regarding, IIRC principles, we argue that the information presented in the report is interrelated, and the connectivity principle fulfilled. This is supported by the business model and integrated thinking. In addition, we consider that the information presented in the report is material, concise, consistent and reliable (as it includes an audit report). Regarding comparability, the company did not include non- financial indicators in the report, so that only financial data can be compared with similar companies from the same industry.
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