



Thank you for joining us! We will begin shortly.

Today's session will be recorded. We will follow up with the link to the recording in a few days.

Questions?

Please use the chat box to type in your questions. We will address questions as best we can during the sessions.

Asia Pacific ESG Advisory Webinar Series #1
GOING BEYOND THE BALANCE SHEET

Disclosure and Transparency Webinar
Thursday, June 18, 2020 | 12:30 Hong Kong Time (HKT)

WWW.IFC.ORG/SUSTAINABILITY



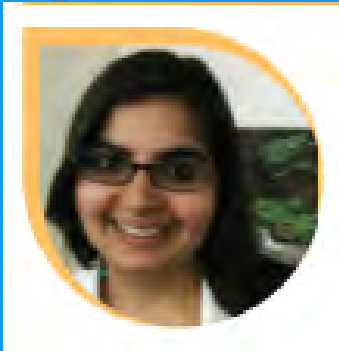
Kate Lazarus

IFC's ESG Advisory Lead in Asia Pacific



Vivek Pathak

**IFC's Regional Director for East Asia
and Pacific**



Monika Kumar

Environmental Specialist

World Bank Corporate Responsibility Program

Asia Pacific ESG Advisory Webinar Series #1

GOING BEYOND THE BALANCE SHEET

Disclosure and Transparency Webinar

Thursday, June 18, 2020 | 12:30 Hong Kong Time (HKT)



AGENDA

12:30 – 12:40	<p>Welcoming Remarks</p> <p><i>Speaker: Vivek Pathak</i>, Regional Director for East Asia and Pacific, IFC</p>
12:40 – 13:20	<p>The Business Case for Transparency</p> <p>Why is ESG transparency important when everyone is focused on financial sustainability? This session provides an overview of the strategic value and demand for comprehensive, integrated reporting.</p> <p><i>Speakers:</i></p> <p>Ralitza Germanova, Corporate Governance Officer, IFC</p> <p>Erik P.M. Vermeulen, Professor of Business and Financial Law and Director of the International Business Law program, Tilburg University, the Netherlands and Senior Legal Counsel on Corporate Governance (CG) at Signify</p> <p>Carola van Lamoen, Robeco Head of Sustainable Investing Center of Expertise, Executive Director</p>

Asia Pacific ESG Advisory Webinar Series #1

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Disclosure and Transparency Webinar

Thursday, June 18, 2020 | 12:30 Hong Kong Time (HKT)

13:20 – 14:20

How Companies Attract Capital and Build Resilient Enterprises

Moderator: **Monika Kumar**, Environmental Specialist, World Bank Corporate Responsibility

| **Strategy:** Where to start your corporate reporting journey and how transparency leads to progress, including improved internal processes and practices.

Speaker: **Susan Blesener**, CEO, The Art of Value

| **Corporate Governance:** What are the major components and nuances of reporting on corporate governance to diverse users?

Speaker: **Anne Molyneux**, Vice Chair, International CG Network, member of International Integrated Reporting Council (IIRC) and Director, CS International

| **Performance:** How to report material ESG information together with financial results?

Speaker: **Jerome Lavigne-Deville**, Senior Consultant, IFC

| **Company Leadership on Crisis Response:** Practical uses of the IFC Disclosure and Transparency Toolkit for companies and investors.

Speaker: **Charles "Chuck" Travis Canfield**, Principal Corporate Governance Officer, IFC

14:20 – 14:30

Closing Remarks

Speaker: **Justin Pooley**, ESG Manager for Asia Pacific, IFC



Ralitza Germanova

**Corporate Governance Officer
IFC**

Disclosure and Transparency: Strategic Value

Beyond the Balance Sheet: IFC Disclosure and Transparency Toolkit supports IFC's strategy to unlock the investments necessary to achieve the UN Sustainable Development Goals (SDGs) and World Bank's Twin Goals.



Enhancing ESG Disclosure & Transparency Standards in Emerging Markets

IFC Holistic Approach

Capacity building for companies and banks

Policy Support for Stock Exchanges and Regulators

Support to investors

Online ESG Platform for Disclosure and Transparency

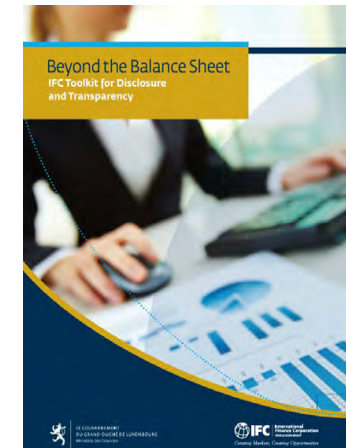
Support to IFC Advisory and Investment

Tip Sheet: Disclosure and Transparency and COVID

Tool: IFC Disclosure and Transparency Toolkit providing progressive disclosure framework and resources for companies, regulators and investors.



Target 12.6.1
Number of published sustainability reports



WWW.IFC.ORG/SUSTAINABILITY
WWW.IFC.ORG/CORPORATEGOVERNANCE

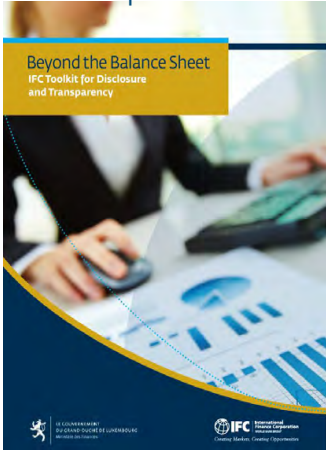
Enhancing Disclosure & Transparency Standards in Emerging Markets COMPANIES

Capacity building for companies and banks

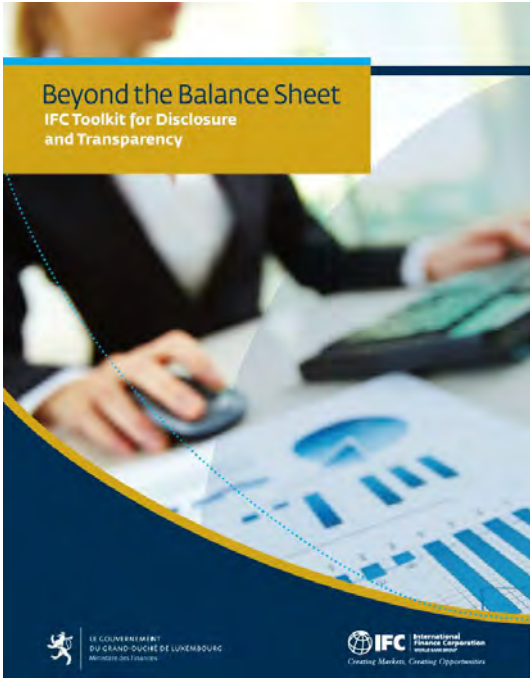
Tool: IFC Disclosure and Transparency Toolkit providing progressive disclosure framework and resources for companies, regulators and investors.



Target 12.6.1
Number of published sustainability reports



Beyond the Balance Sheet: IFC Disclosure and Transparency Toolkit



IFC Sustainability Frameworks

- Corporate Governance Methodology
- Performance Standards for Environmental & Social Sustainability

Global Sustainability Frameworks

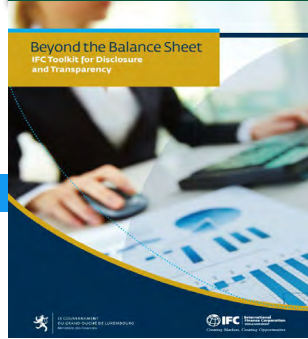


International Accounting Standards



Mapping tool: how to compare and contrast reporting frameworks and standards

	IFC's Disclosure and Transparency Toolkit	International Financial Reporting Standards	GRI	ISO	IIRC integrated reporting framework	SASB	Taskforce on Climate Change Disclosure (TCFD)
What is this reporting initiative designed for?	To improve understanding of how companies manage risks and pursue opportunities in emerging markets, for the purpose of attracting additional investors and capital to foster economic development.	Provide high quality, transparent and comparable information for investors, provide world capital markets with a common language for financial reporting, promote capital market stability through transparent financial reporting and promote consistent application of standards	Enabling all organizations – regardless of size, sector or location – to report about their impacts on the economy, the environment, and/or society.	Provide guidance on how businesses and organizations can operate in a socially responsible way	Increase holistic, long-term, integrated thinking – considering multiple capitals – and improve allocation of financial capital	Provide a more complete view of a corporation's performance on material issues likely to affect long-term value	To help identify the information needed by investors, lenders, and insurance underwriters to appropriately assess and price climate-related risks and opportunities
Who is this reporting initiative designed for?	All stakeholders, but particularly stakeholders and investors interested in emerging markets	Investors	Multi-stakeholder focus	Multi-stakeholder	All stakeholders are addressed, investors are prioritized	Primarily investors	Investors, lenders and insurance underwriters



Material information that investors, exchanges and regulators need:



1. Strategy & Sustainability
2. Corporate Governance
3. Performance



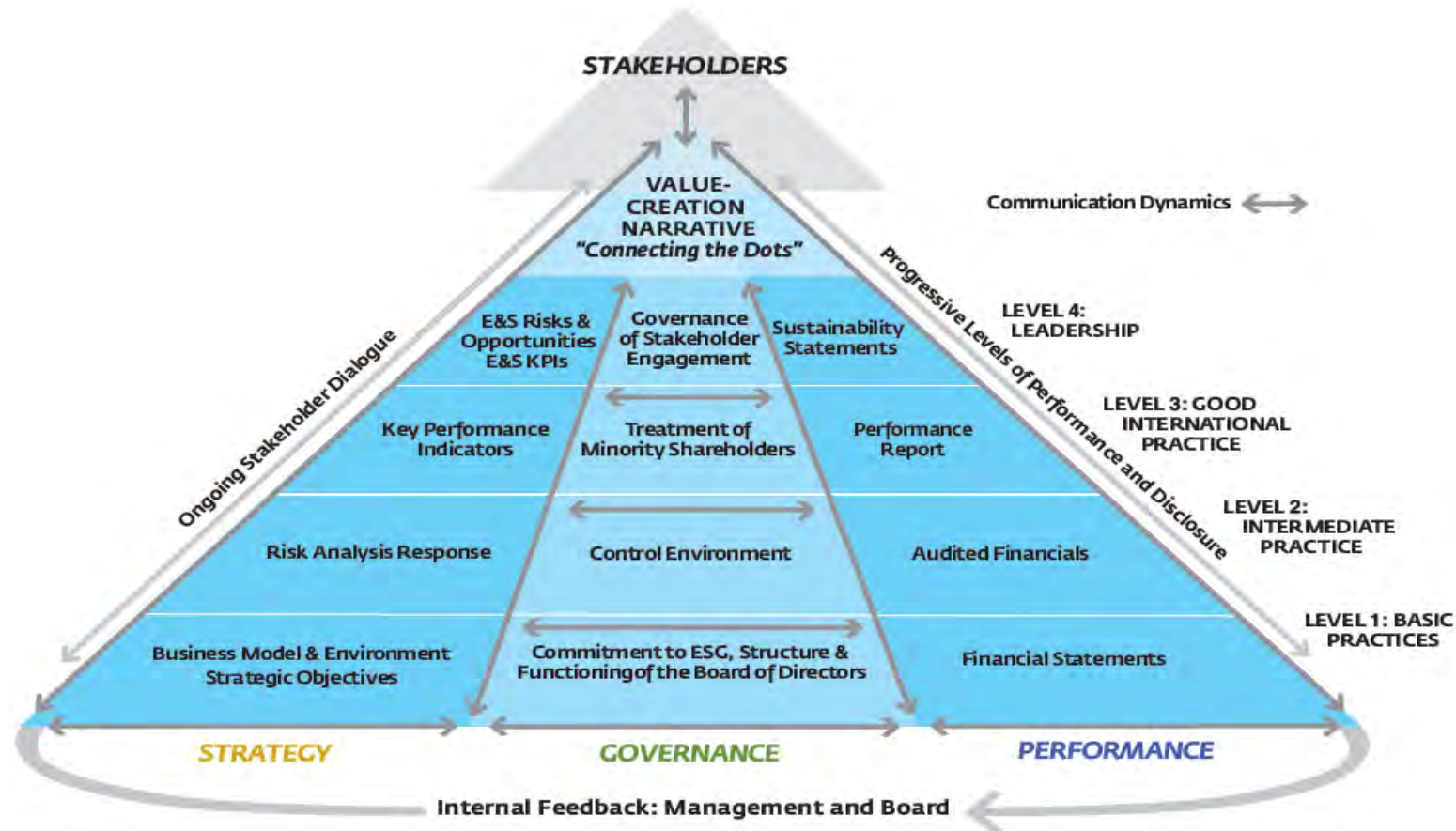
The first company to use the Toolkit was KIF, a Timor Leste micro-finance institution



In 2017 and 2018 KIF, used the Toolkit to develop the country's first annual report ever. The toolkit-inspired dialogue improved decision-making and collaboration between KIF's management and its board.

Flexible Approach: IFC Disclosure framework integrating material ESG issues

Beyond the Balance Sheet
IFC Toolkit for Disclosure
and Transparency



Note: The progressive levels of performance and disclosure are cumulative, whereby each level also integrates practices of the preceding levels.
Source: IFC.

Kenya Commercial Bank - Our experience with the Toolkit

- 1 "We introduced the value creation model or business model as it is referred to in the toolkit and developed a cross functional network that linked not only the strategic themes and initiatives but also our capitals to each of the outputs from to all the stakeholders. This was a significant add on to the report and has since been used to simplify the way the business is viewed internally from this one spread"



- 2. "We initiated the assessment and review of our materiality issues for the first time in the 2018 report"
- 3."Through the value creation model, the linkage of the 8 SDGs KCB has adopted to the processes and outcomes achieved"
- 4. "The 2018 report was awarded the best integrated

report in the Kenyan market for the first time by the Institute of Certified Public Accountants of Kenya (ICPAK) through the Financial Reporting (FiRe awards)"

Going forward, we are aiming at presenting more on the sustainability sections and activities of the bank and increasing the disclosures on the governance section....

David Kitheka, Head, Investor Relations



MODEL STRUCTURE OF ANNUAL REPORT



1 STRATEGY

- External Environment
- Business Model
- Stakeholder Engagement
- Strategic Objectives
- Risk Analysis and Response
- Key Performance Indicators

2 GOVERNANCE

- Commitment to ESG
- Board of Directors
- Control Environment
- Treatment of Minority Shareholders
- Governance of Stakeholder Engagement

3 PERFORMANCE

- Financial performance/Profitability/Financial value creation
- Sustainability performance
- Financial and Sustainability Statements
- KPIs
- Verification

Enhancing Disclosure & Transparency Standards in Emerging Markets FOR STOCK EXCHANGES AND REGULATORS

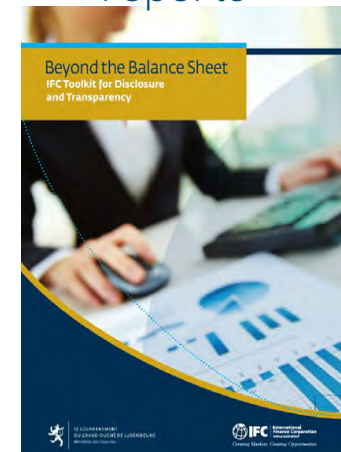
Policy Support for Stock Exchanges and Regulators

Tool: IFC Disclosure and Transparency Toolkit providing progressive disclosure framework and resources for companies, regulators and investors.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Target 12.6.1
Number of published sustainability reports



Sustainable Stock Exchanges: a global trend towards ESG disclosure

Exchanges with written guidance on ESG disclosure (blue line)
and mandatory ESG disclosure (red line)



Source: SSE database (www.SSEinitiative.org/data)

A clear global trend:

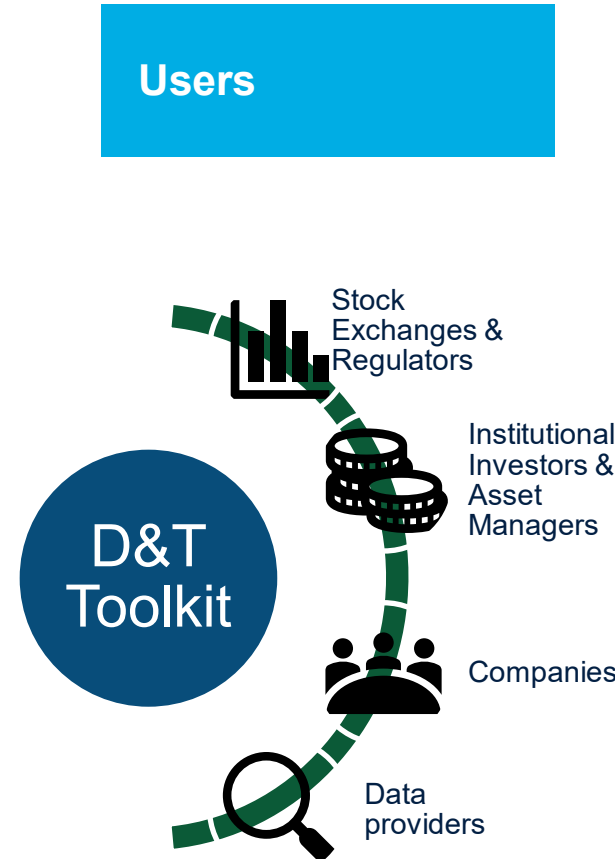
- More than half of stock exchanges worldwide now have guidance on ESG disclosure
- A quarter of markets have mandatory disclosure

Beyond the Balance Sheet – Multiple Uses



ESG Disclosure Standards for Exchanges and Regulators

- Georgia
- Kazakhstan
- Kenya
- Peru
- The Philippines
- Iraq
- Rwanda



Philippines Securities and Exchange Commission Sustainability Reporting Guidelines The Toolkit Experience

UNCTAD names winners of ISAR Honours 2019

31 October 2019



Five national and two international initiatives that promote best practices in sustainability and reporting on global goals honoured.

The ISAR Honours seek to support efforts on enhancing the quality and comparability of companies' reporting on sustainability issues and on the 2030 Agenda for Sustainable Development and its usefulness for monitoring the implementation of the Sustainable Development Goals (SDGs).

Securities and Exchange Commission
Philippines
*Sustainability Reporting Guidelines for Publicly Listed
Corporations in the Philippines*



Enhancing Disclosure & Transparency Standards in Emerging Markets

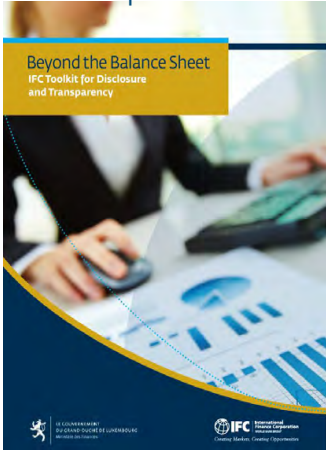
INVESTORS

Support to investors

Tool: IFC Disclosure and Transparency Toolkit providing progressive disclosure framework and resources for companies, regulators and investors.



Target 12.6.1
Number of published sustainability reports



Most Commonly Reported ESG Metrics

ENVIRONMENT		FREQ.
GHG emissions	GHG emissions: Scope 1 and 2 (t), Scope 3 if relevant, intensity (GHG/sales)	92%
Water use	Water used (m3), % recycled, % in water stress areas, intensity (water use/sales)	92%
Energy efficiency and mix	Energy consumed (GW), % grid electricity, % renewables, intensity (energy/sales)	85%
Waste (water, solid, hazardous)	Waste from operations (t), % hazardous, % recycled, intensity (waste/sales)	77%
Air pollutants	Air Pollutants (Tn): NOx (excl. N2O), SOx, volatile organic compounds, particulate matter	62%
WORKING CONDITIONS		FREQ.
Injury and fatality	Number of work-related fatalities for direct and contract employees	100%
	Lost-time incident rate for direct and contract employees.	100%
Workforce composition	Workforce composition by gender and ethnicity (#)	69%
Collective bargaining agreements	% of active workforce covered under collective bargaining agreements	62%
Turnover	Voluntary and involuntary employee turnover rate by major employee category	62%
Forced and child labor in the company	Legal actions, employee grievances, or public controversies involving forced and child labor in the company's operations (y/n)	54%
SOCIETY		FREQ.
Anticorruption (management)	Management of anticorruption in the value chain (codes, policies, prevention, and treatment)	69%
Human rights due diligence and management	Management of human rights in the value chain (codes, policies, prevention, and treatment)	50%
SOURCING		FREQ.
Suppliers	Suppliers: % selected and monitored according to social and environmental criteria	85%
Raw materials (recycled/renewables)	Raw materials: % from 1) recycled content and 2) renewable resources	46%
PRODUCTS		FREQ.
E&S consideration in product design	Integration of environmental and social consideration in products and services	38%

Enhancing ESG Disclosure & Transparency in Emerging Markets

Agile Approach

Capacity building for companies and banks

Policy Support for Stock Exchanges and Regulators

Support to investors

Online ESG Platform for Disclosure and Transparency

Support to IFC Advisory and Investment

Tip Sheet: Disclosure and Transparency and COVID



Target 12.6.1 Number of published sustainability reports

FOR MORE INFORMATION:

AskSustainability@ifc.org

WWW.IFC.ORG/SUSTAINABILITY



Erik P.M. Vermeulen

Professor of Business and Financial Law
and Director of
the International Business Law program,
Tilburg University, the Netherlands
and Senior Legal Counsel on Corporate
Governance at Signify

An underwater scene showing sunlight filtering through the water surface, creating a shimmering effect. The water is dark blue and green, with light rays and ripples visible. The text "A DEEP DIVE ON 'ESG REPORTING'" is overlaid at the bottom in white, bold, serif font.

A DEEP DIVE ON "ESG REPORTING"

An underwater scene looking up towards the surface. Sunlight filters through the water, creating shimmering patterns and rays. The water is a deep blue-green color. The surface of the water is visible at the top, with ripples and reflections of light.

Underwater Exploration...

A DEEP DIVE ON “ESG REPORTING”

An underwater scene with light rays filtering through the water surface, creating a serene and deep atmosphere. The water is dark blue, and the light rays are bright and ethereal, creating a sense of depth and tranquility. The surface of the water is visible at the top, with ripples and reflections of light.

Start Your Journey

A hand with the index finger pointing upwards towards a white button with rounded corners. The button contains the text "Start Your Journey" in a bold, black, sans-serif font. The background is a dark blue-green water surface with light reflecting off the ripples, creating a shimmering effect.

Start Your Journey

Start Your Journey





ONE WAY



HOW TO BUILD A DIVERSE AND INCLUSIVE COMPANY





CrossFit

March 20, 2020

Valuing ESG: Doing Good or Sounding Good?

Aswath Damodaran

THE ILLUSORY PROMISE OF STAKEHOLDER GOVERNANCE

Lucian A. Bebchuk* & Roberto Tallarita**

Table 3. 2018 Compensation of CEOs on the BRT Board

<i>Company (CEO)</i>	<i>Salary</i>	<i>Bonus</i>	<i>Equity</i>	<i>PBC</i>
<i>JPMorgan (Dimon)</i>	\$1,500,000	\$5,000,000	\$23,000,000	95%
<i>General Motors (Barra)</i>	\$2,100,000	\$4,452,000	\$14,506,766	90%
<i>AECOM (Burke)</i>	\$1,466,357	\$2,475,000	\$11,307,440	90%
<i>Oracle (Catz & Hurd)*</i>	\$950,000	-	-	95%
<i>Eastman (Costa)</i>	\$1,226,110	\$1,540,625	\$12,592,479	90%
<i>Duke Energy (Good)</i>	\$1,350,000	\$2,268,961	\$9,873,135	90%
<i>Johnson & Johnson (Gorsky)</i>	\$1,642,308	\$3,570,497	\$14,625,057	91%
<i>United Technologies (Hayes)</i>	\$1,575,000	\$3,500,000	\$12,044,070	91%
<i>Lockheed Martin (Hewson)</i>	\$1,769,262	\$8,758,727	\$9,788,097	90%
<i>Cummins (Linebarger)</i>	\$1,442,500	\$6,574,400	\$4,510,275	87%
<i>Stryker (Lobo)</i>	\$1,194,833	\$2,709,720	\$9,592,795	91%
<i>Walmart (McMillon)</i>	\$1,276,892	\$5,088,000	\$15,592,404	94%
<i>CVS Health (Merlo)</i>	\$1,630,000	\$2,605,000	\$13,499,942	91%
<i>Boeing (Muilenburg)</i>	\$1,700,000	\$13,076,350	\$7,330,916	90%
<i>S&P Global (Peterson)</i>	\$1,000,000	\$2,047,000	\$8,820,000	90%
<i>Cisco Systems (Robbins)</i>	\$1,325,000	\$5,795,550	\$18,576,568	94%
<i>IBM (Rometty)</i>	\$1,600,000	\$4,050,000	\$10,801,392	92%
<i>Marriott Int'l (Sorenson)</i>	\$1,300,000	\$2,925,000	\$8,429,788	90%
<i>AT&T (Stephenson)</i>	\$1,800,000	\$5,192,000	\$17,069,774	93%
<i>International Paper (Sutton)</i>	\$1,433,333	\$3,364,700	\$9,821,775	89%
<i>Average</i>	<i>\$1,464,080</i>	<i>\$4,473,344</i>	<i>\$12,199,088</i>	<i>91%</i>

This table reports CEO compensation as disclosed by the company in its annual proxy statement, filed with the SEC in 2019. Column "PBC" reports the fraction of performance-based compensation over the total compensation. *Performance goals for cash and equity incentives were not achieved.



Lucian Bebchuk

February 26, 2020



Chamath Palihapitiya

“ESG” is a lot of sizzle, no steak.

An underwater scene with sunlight filtering through the water, creating a shimmering effect. A seashell is visible on the seabed in the center. The overall color palette is blue and green.

Authenticity

Starts Here



Traceability

Action

Reflection

Identity

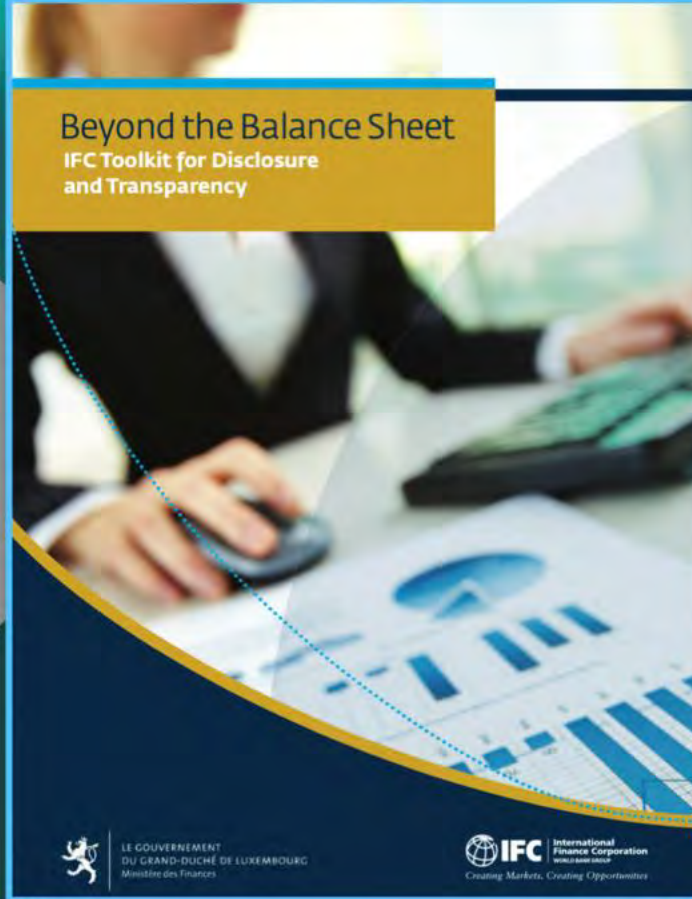
Traceability

Action

Beyond the Balance Sheet
IFC Toolkit for Disclosure
and Transparency

Reflection

Identity



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances



International
Finance Corporation
www.ifc.org

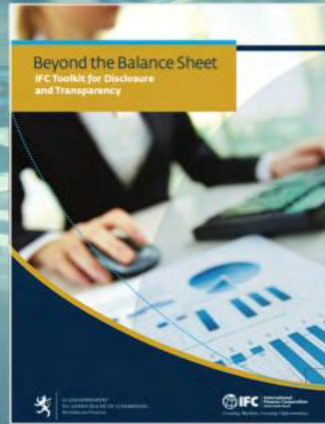
Creating Markets, Creating Opportunities

Explore

Learn

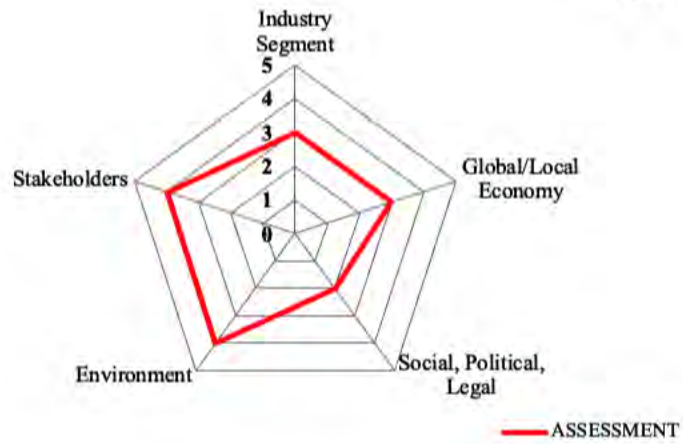
Create

Assess

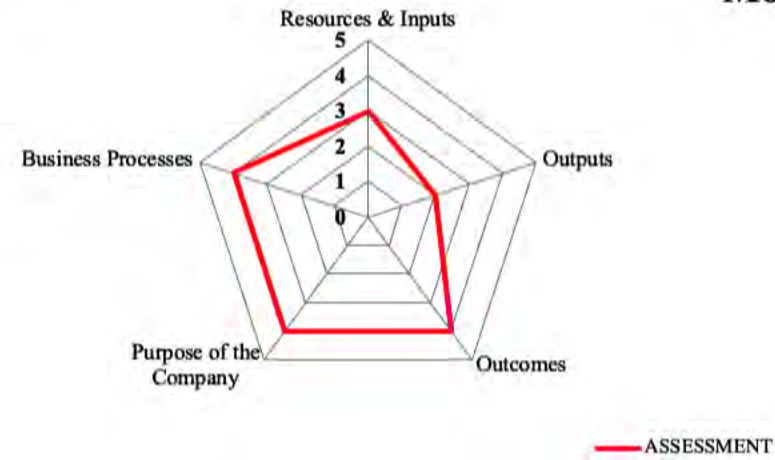


Start Your Journey

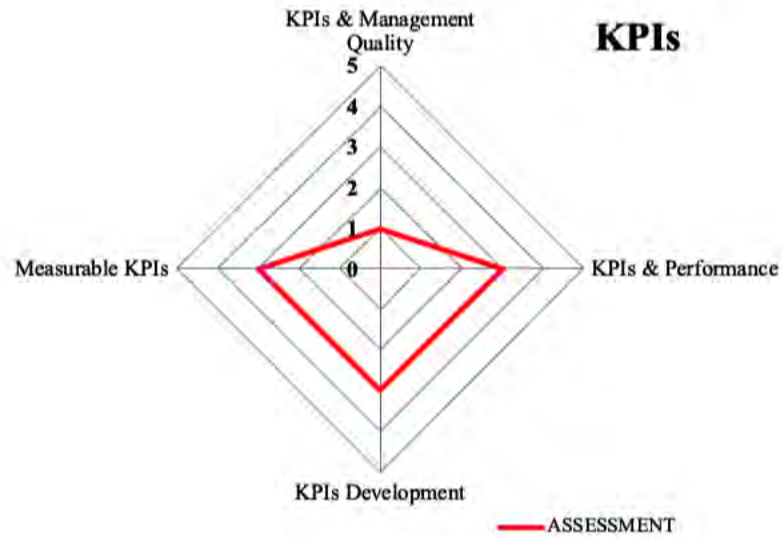
External Environment



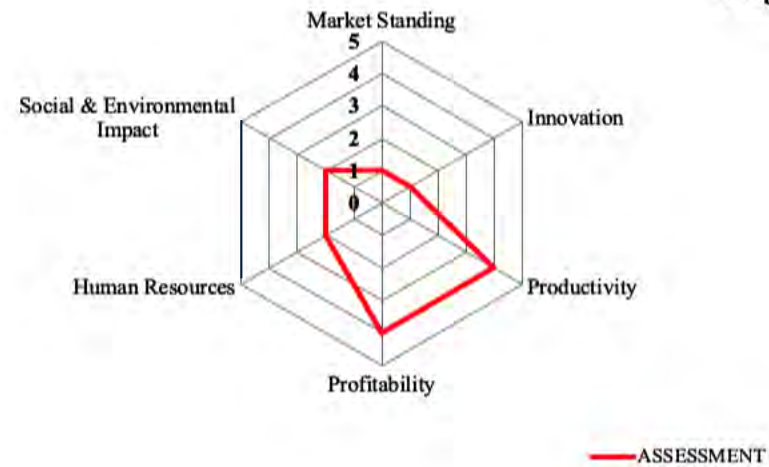
Business Model



KPIs



Strategic Objectives





Investors



Stock Exchanges





Carola van Lamoen

Robeco

**Head of Sustainable Investing Center of
Expertise, Executive Director**

The investor perspective to ESG information

- > Why do investors want ESG information and transparency?
- > What kind of ESG information is needed?
- > Challenges in accessing ESG information
- > Do better ESG practices lead to more profitable companies in the longer-term?

Why do sustainable investors want ESG information and transparency?

- > ESG integration
 - > We use this information in our investment analysis and investment decision making
 - > Financial materiality of ESG information
 - > Not all ESG information is relevant – sector specific
- > Active Ownership
 - > Engage for change and improved ESG behavior in active dialogues
 - > ESG transparency is often starting point of change

ESG integration leads to better-informed investment decisions and better risk-adjusted returns



> Sustainability is a driver of change



> Sustainable business practices are more successful



> Active ownership contributes to investment results and society

Sustainable investor perspective: What type of ESG disclosure do we ask and why?



Challenges in accessing ESG information

- > Many challenges
 - > Access to data
 - > Quality of data
 - > Comparability of data
 - > Disclosure often less advanced in Emerging Markets
- > A new transparency challenge for sustainable investors
 - > Measuring impact to the UN Sustainable Development Goals
 - > What kind of information is needed to measure impact
- > Focus on creating wealth & well being



Important information

Important Information

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Susan Blesener
CEO, The Art of Value

Strategy: How to get started with reporting and how to improve



Increase forward-looking, strategy information—and **connect** to governance and past performance



CartoonStock.com



Strategy is never a compliance exercise

Growth



Diversification



Diversification

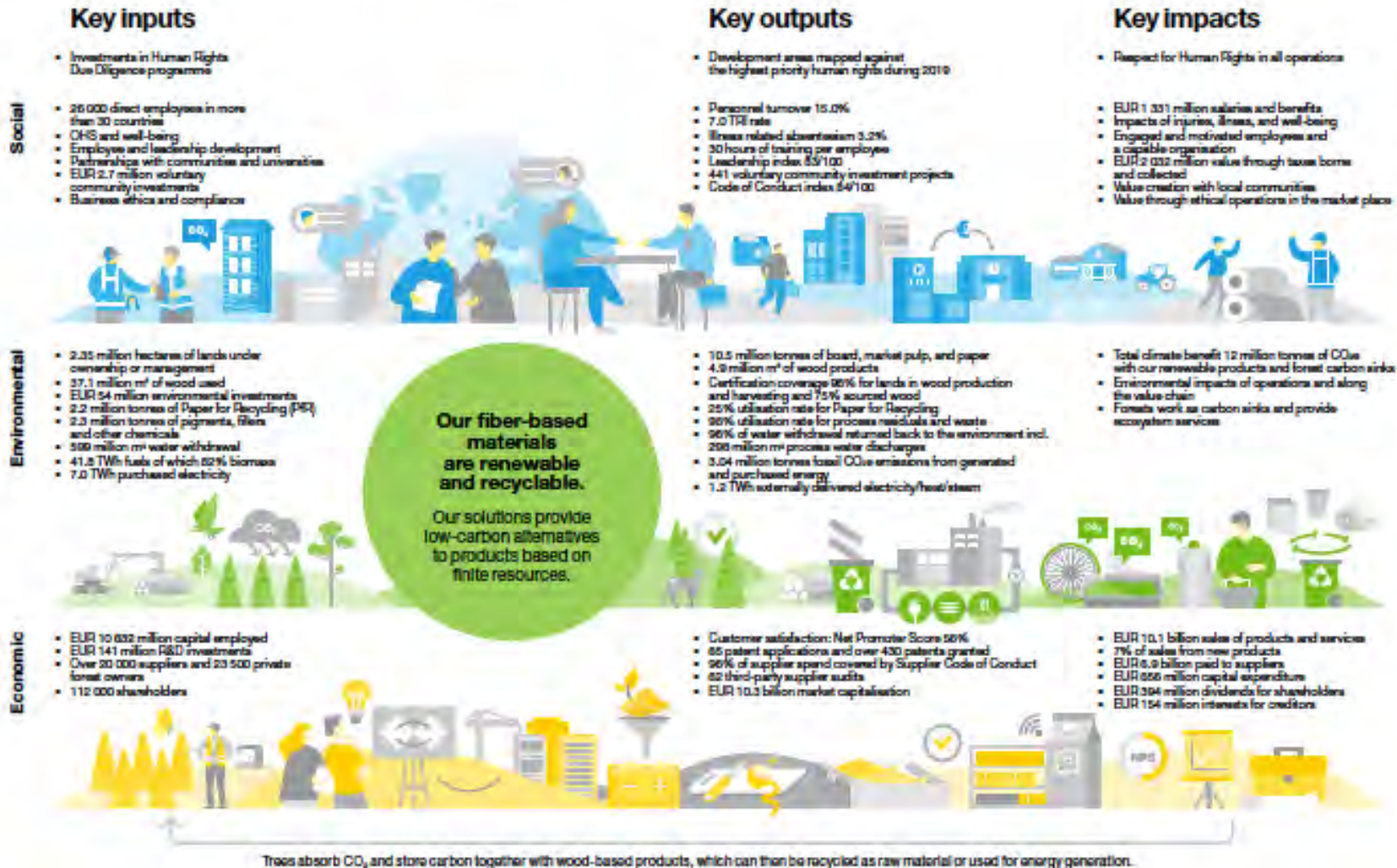


Transformation



Stora Enso: Successful transformation of business model

How we create value as a renewable materials company

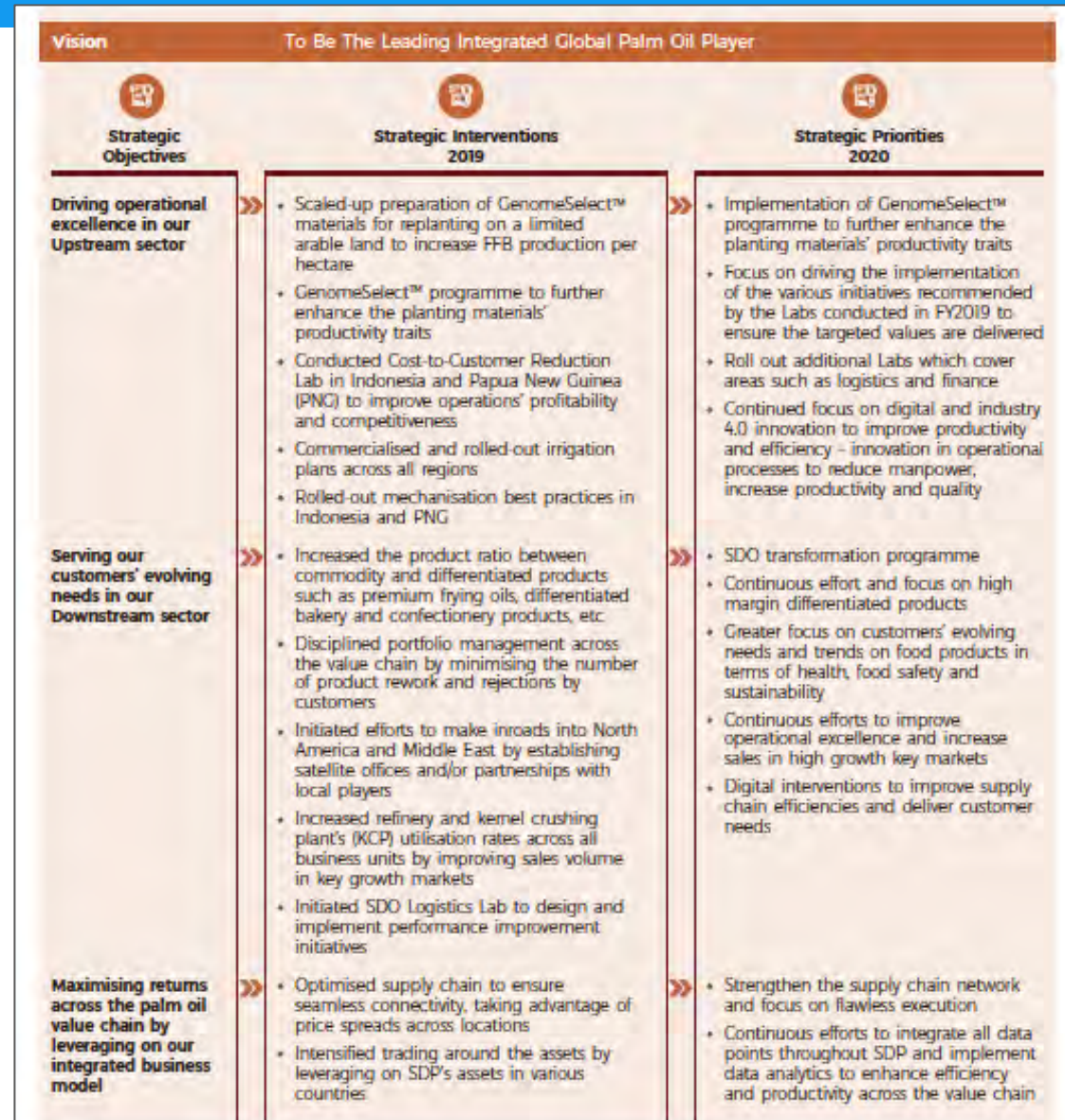






Good strategy disclosure includes strategic context (in blue) and robust management and implementation (in green)





Getting started with strategy reporting: Sime Darby Plantation, Malaysia



Reporting against long-term strategic targets: HSBC (UK/HK)

Strategic priorities		Targets by end of 2020	Performance in 2018 (vs prior period)	Highlights	
 <p>Deliver growth from areas of strength</p>	1	Accelerate growth from our Asia franchise; be the leading bank to support drivers of global investment: China-led Belt and Road Initiative and the transition to a low-carbon economy	<ul style="list-style-type: none"> – High single-digit revenue growth p.a. from Asia franchise – Market share gains in eight scale markets¹⁰ – No. 1 international bank for Belt and Road Initiative – \$100bn in sustainable financing and investment¹¹ 	<ul style="list-style-type: none"> – Asia adjusted revenue: +11% <ul style="list-style-type: none"> – Hong Kong: +14% – Pearl River Delta: +31% – ASEAN: +3% – Wealth in Asia⁷: +1% – Sustainable financing and investment (global): \$28.5bn cumulative (+\$17.4bn in 2018) 	<ul style="list-style-type: none"> – Wealth in Asia⁷ revenue, excluding market impacts in Insurance¹², improved 13% – Five of eight scale markets¹⁰ gained loan and/or deposit market share¹³ – Belt and Road Initiative: Awarded 'Best Belt and Road Bank' in Asia for the second consecutive year by <i>FinanceAsia</i> – Pearl River Delta: Launched co-brand credit card with JD Finance – Awarded 'Asia's Best Bank for Sustainable Finance' by <i>Euromoney</i>
	2	Complete the establishment of UK ring-fenced bank and grow market share	<ul style="list-style-type: none"> – Market share gains 	<ul style="list-style-type: none"> – Market share in mortgages: 6.6% (+0.5 percentage points) 	<ul style="list-style-type: none"> – Completed set-up of UK ring-fenced bank and opened new UK head office in Birmingham in October 2018 – Launched dedicated SME fund with £12bn of funding, including £1bn of funding to help UK companies grow overseas – Launched Connected Money app to enable retail banking customers to view balances and transactions from their UK bank accounts, including those with other providers, in one place
	3	Gain market share and deliver growth from our international network	<ul style="list-style-type: none"> – Mid to high single-digit revenue growth per annum from international network¹⁴ – Market share gains in transaction banking 	<ul style="list-style-type: none"> – International client revenue: +7% – Transaction banking¹⁵ revenue: +14% 	<ul style="list-style-type: none"> – GLCM revenue +21%; FX revenue +10%; Securities Services revenue +11%; GTRF revenue +2% despite subdued global trade environment – Market share gains in GLCM, GTRF and FX¹⁶; GTRF market share in Singapore and Hong Kong up by three and one percentage points, respectively
 <p>Turnaround of low-return businesses</p>	4	Turn around our US business	<ul style="list-style-type: none"> – US return on tangible equity >6% 	<ul style="list-style-type: none"> – US RoTE: 2.7% (+1.8 percentage points) 	<ul style="list-style-type: none"> – US adjusted revenue of \$4.8bn up 1% vs 2017 – Adjusted profit before tax of \$1.0bn up 32% vs 2017 – Nearly 200,000 more active retail customers – Completed multi-year core banking system upgrade, paving the way for significantly enhanced client digital experience
	5	Improve capital efficiency	<ul style="list-style-type: none"> – Increase in asset productivity 	<ul style="list-style-type: none"> – Revenue / average RWA: 6.2% (+30bps) 	<ul style="list-style-type: none"> – Overall capital efficiency improvement driven by 4% revenue growth – Continue to redeploy RWAs to higher-return businesses

Reporting against long-term strategic targets: HSBC (UK/HK)

Strategic priorities	Targets by end of 2020	Performance in 2018 (vs prior period)	Highlights
 <p>Deliver growth from areas of strength</p> <p>1 Accelerate growth from our Asia franchise to be the leading bank to support drivers of global investment: Challenged Belt and Road Initiative and the transition to a low-carbon economy</p>	<ul style="list-style-type: none"> High single-digit revenue growth p.a. from Asia franchise Market share gains in eight scale markets²⁰ No. 1 international bank for Belt and Road Initiative \$100bn in sustainable financing and investment²¹ 	<ul style="list-style-type: none"> Asia adjusted revenue: +1% Hong Kong: +14% Pearl River Delta: +31% ASEAN: +3% Wealth in Asia: +1% Sustainable financing and investment²¹ (\$28.5bn cumulative) (+\$17.5bn in 2018) 	<ul style="list-style-type: none"> Wealth in Asia¹⁹ revenue exceeding market impacts in Insurance¹⁹, increased 13% Five of eight scale markets²⁰ gained loan and/or deposit market share²⁰ Belt and Road Initiative: Awarded 'Best Belt and Road Bank' in Asia for the second consecutive year by FinanceAsia Pearl River Delta: Launched co-brand credit card with JD Finance Awarded 'Asia's Best Bank for Sustainable Finance' by Euromoney
<p>2 Complete the establishment of UK ring-fenced bank and grow market share</p>	<ul style="list-style-type: none"> Market share gains 	<ul style="list-style-type: none"> Market share in mortgages: 6.6% (+0.5 percentage points) 	<ul style="list-style-type: none"> Completed set-up of UK ring-fenced bank and opened new UK head office in Birmingham in October 2018 Launched dedicated SME fund with £12bn of funding, including £1bn of funding to help UK companies grow overseas Launched Connected Money app to enable retail banking customers to view balances and transactions from their UK bank accounts, including those with other providers, in one place
<p>3 Gain market share and deliver growth from our international network</p>	<ul style="list-style-type: none"> Mid to high single-digit revenue growth per annum from international network²⁴ Market share gains in transaction banking 	<ul style="list-style-type: none"> International client revenue: +7% Transaction banking²⁴ revenue: +14% 	<ul style="list-style-type: none"> GLCM revenue +21%; FX revenue +10%; Securities Services revenue +11%; GTRF revenue +2% despite subdued global trade environment Market share gains in GLCM, GTRF and FX²⁴; GTRF market share in Singapore and Hong Kong up by three and one percentage points, respectively
 <p>Turnaround of low-return businesses</p> <p>4 Turn around our US business</p>	<ul style="list-style-type: none"> US return on tangible equity >6% 	<ul style="list-style-type: none"> US RoTE: 2.7% (+1.8 percentage points) 	<ul style="list-style-type: none"> US adjusted revenue of \$4.8bn up 1% vs 2017 Adjusted profit before tax of \$1.0bn up 32% vs 2017 Nearly 200,000 more active retail customers Completed multi-year core banking system upgrade, paving the way for significantly enhanced client digital experience
<p>5 Improve capital efficiency</p>	<ul style="list-style-type: none"> Increase in asset productivity 	<ul style="list-style-type: none"> Revenue / average RWA: 6.2% (+30bps) 	<ul style="list-style-type: none"> Overall capital efficiency improvement driven by 4% revenue growth Continue to redeploy RWAs to higher-return businesses

Strategic priority	2020 target	2018 performance
Be the leading bank to support transition to a low-carbon economy	\$100 billion in sustainable financing and investment	Sustainable financing and investment: \$17.5 billion (\$28.5 billion cumulative)

Risk disclosure: Toyota, Japan

Risk Management

Fundamental Approach

Toyota has been working to reinforce its risk management systems since the series of recall issues in 2010. In June 2010, Toyota established the Risk Management Committee (now the Sustainability Meeting) and appointed risk managers for the global group and each region and business section as part of global measures to prevent and mitigate the impact of risks that could arise in the course of business activities.

Organization and Structure

Toyota has appointed a global chief risk officer (CRO) to head global risk management. The global CRO is charged with handling major risks and coordinating and directing the response to major emergencies on a global basis.

Beneath the global CRO are regional CROs appointed to oversee specific regions, and each region has its own risk management structure.

Within the head office (accounting, purchasing, etc.), risk management is assigned by function to chief officers and risk managers, while in each in-house company, risk management is assigned by product to the company president and company risk managers. Furthermore, the regional head offices and individual sections coordinate and cooperate with one another on risk management.

Business and Other Risks

Industry and Business Risks

- The worldwide automotive market is highly competitive
- The worldwide automotive industry is highly volatile
- Toyota's future success depends on its ability to offer new, innovative and competitively priced products that meet customer demand on a timely basis
- Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales
- Toyota's success is significantly impacted by its ability to maintain and develop its brand image
- Toyota relies on suppliers for the provision of certain supplies, including parts, components, and raw materials
- The worldwide financial services industry is highly competitive
- Toyota's operations and vehicles rely on various digital and information technologies

Financial Market and Economic Risks

- Toyota's operations are subject to currency and interest rate fluctuations
- High prices of raw materials and strong pressure on Toyota's suppliers could negatively impact Toyota's profitability
- A downturn in the financial markets could adversely affect Toyota's ability to raise capital

Regulatory, Legal, Political, and Other Risks

- The automotive industry is subject to various governmental regulations and actions
- Toyota may become subject to various legal proceedings
- Toyota may be adversely affected by natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism, and labor strikes



Applying risk processes: Coca-Cola HBC, Switzerland

Principal risks	Description	Pi	Key mitigations	Link to material issues
1. Sustainability: Plastics and packaging waste 	The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> - Packaging waste management and World Without Waste global programmes - Partnering with local and international NGOs on packaging recovery - Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> - Packaging, recycling and waste management - Sourcing
2. Sustainability: Climate and carbon 	The risk of the continued escalation of the climate change agenda and a failure to reduce our environmental footprint. Impacts to our operations and value chain may arise from more volatile effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD.	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> - Energy management programmes and transition to renewable and clean energy - Partnering with local and international NGOs on common issues such as nature conservation - Partnering with local communities, start-ups and academia to minimise environmental impacts - Focus on sustainable procurement - Commitment to TCFD recommendations 	<ul style="list-style-type: none"> - Carbon and energy - Sourcing
3. Sustainability: Water 	The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> - Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas - Partnering with local and international NGOs on water stewardship strategies - Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> - Water stewardship - Sourcing
4. Consumer health and wellbeing 	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of our product portfolio.	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> - Focus on product innovation and expansion to a 24/7 beverage portfolio - Expand our range of low- and no-calorie beverages - Introduce smaller packs - Reduce the calorie content of products in the portfolio - Clearer labelling on packaging - Promote active lifestyles through consumer engagement programmes focused on health and wellness 	<ul style="list-style-type: none"> - Nutrition - Marketing - Product quality and integrity
5. Cyber incidents 	A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality.	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> - Implement a cyber-security and privacy control framework and monitor compliance - Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards - Safeguard critical IT and operational assets - Detect, respond and recover from cyber incidents and attacks - Foster a positive culture of cyber-security - Monitor threat landscape and remediate associated vulnerabilities 	<ul style="list-style-type: none"> - Economic impact
6. Foreign exchange and commodity costs 	<p>Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices.</p> <p>Currency devaluation, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment.</p>	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> - Treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure - Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO - Treasury policy requires the hedging of rolling three-year commodity exposures; different policy limits apply for each hedge-able commodity - Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations 	<ul style="list-style-type: none"> - Economic impact

Applying risk processes: Coca-Cola HBC, Switzerland

Principal risks	Description	P	Key mitigations	Link to growth pillars
1. Sustainability: Plastics and packaging waste   	The risk of negative stakeholder concerns relating to packaging waste and plastic pollution will drive the agenda on production methods and waste recovery.		<ul style="list-style-type: none"> Packaging waste management and World Without Waste global programmes Partnering with local and international NGOs on packaging recovery Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> Packaging, recycling and waste management Sourcing
2. Sustainability: Climate and carbon   	The risk of the continued greenhouse gas emissions, changing agendas and failure to reduce our environmental footprint, impacts our operations and shareholder value from more stable effects of weather and CO2 monitoring of our approach to carbon use and compliance with TCFD.		<ul style="list-style-type: none"> Energy management programme and global climate action plan Partnering with local and international NGOs on common issues such as water conservation Partnering with local communities, start-ups and academia to minimise environmental impacts Focus on sustainable procurement Commitment to TCFD recommendations 	<ul style="list-style-type: none"> Carbon and energy Sourcing
3. Sustainability: Water   	The risk of water availability, water stress in the communities in which we operate, and water quality caused by climate change.		<ul style="list-style-type: none"> Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas Partnering with local and international NGOs on water availability strategies Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> Water stewardship Sourcing
4. Consumer health and wellbeing   	Failure to adapt to changing consumer health trends, public health policies addressing micro-nutrients, alcohol, caffeine, sugar and the health impact of our product portfolio.		<ul style="list-style-type: none"> Focus on product innovation and expansion in a 24/7 beverage portfolio Expand our range of low- and no-calorie beverages Broaden our portfolio Reduce the alcohol content of products in the portfolio Clearer labelling on packaging Promote active lifestyles through consumer engagement programmes focused on health and wellbeing 	<ul style="list-style-type: none"> Nutrition Marketing Product quality and integrity
5. Cyber incidents   	A cyber attack or data breach leading to business disruption or breach of corporate or personal data confidentiality.		<ul style="list-style-type: none"> Implement a cyber security and privacy control framework and monitor compliance Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards Adopt a zero-trust IT architecture Detect, respond and recover from cyber incidents and attacks Foster a positive culture of cyber security Monitor third-party supply chain and vendor-related vulnerabilities 	<ul style="list-style-type: none"> Economic impact
6. Foreign exchange and commodity costs   	Foreign exchange and commodity exposure arising from changes in exchange rates and commodity prices.		<ul style="list-style-type: none"> Treasury only has areas of hedging of 23% (as of 31st of July 22-month forward) to cover foreign currency exposure Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO Treasury policy requires the hedge of fully three-year commodity exposures, different policy limits apply for each hedgeable commodity Derivative financial instruments used, where available, to reduce net exposure to currency and commodity price fluctuations 	<ul style="list-style-type: none"> Economic impact

Principal risks

1. Sustainability: Plastics and packaging waste



Key mitigations

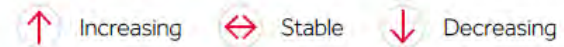
- Packaging waste management and World Without Waste global programmes
- Partnering with local and international NGOs on packaging recovery
- Partnering with local communities, start-ups and academia to minimise environmental impacts

V Risk included in viability assessment

Link to growth pillars



Principal risks trend



Good strategy disclosure

- Provide a significant amount of forward-looking strategy information—as much as 25% of report or more
- Connect governance and performance disclosure with strategy information
- Embed sustainability objectives in core business strategy—or explain how sustainability objectives are aligned to core business strategy
- Provide context to show the strategy is the ‘right’ strategy

Finally, what to avoid

- Don't report 20 strategies
 - Report readers will not be able to understand the company's priorities
 - Multiple, unconnected strategies may communicate that employees are unclear on priorities and don't know what to focus on.
- If only one strategy is disclosed, it shouldn't be the sustainability strategy
 - A sustainability strategy not linked to core business strategy may not be a good strategy—it may not represent wise use of resources.



Anne Molyneux

**Vice Chair, International CG Network,
member of
International Integrated Reporting Council
(IIRC) and Director, CS International**

GOING BEYOND THE BALANCE SHEET
CORPORATE GOVERNANCE REPORTING

Corporate Governance - What Do Stakeholders and Investors Want to Know

That the company:

has a long-term future in the face of an uncertain, turbulent, unpredictable business environment– sustainable business model, long term strategy

Is well organized and run so that the company leaders can see and seize the opportunities and manage the risks – board and management, competent, reliable, operate with integrity and can make the best of the opportunities

Is under control – is flexible and resilient – understands and manages risk, has in place checks and balances (controls, internal audit), gives third party assurance all is well (external audit, assurance)

Will continue growing (has eye to future and access to all the resources it needs to continue in business)

Is financially viable in the short, medium and long term – it performs.

They want to be able to **TRUST the company, its leadership and its activities.**

How Companies Can Become More Visible to Investors and Stakeholders?

TRANSPARENCY & DISCLOSURE

Beyond the Balance Sheet
IFC Toolkit for Disclosure
and Transparency

Investors & Stakeholders

Companies

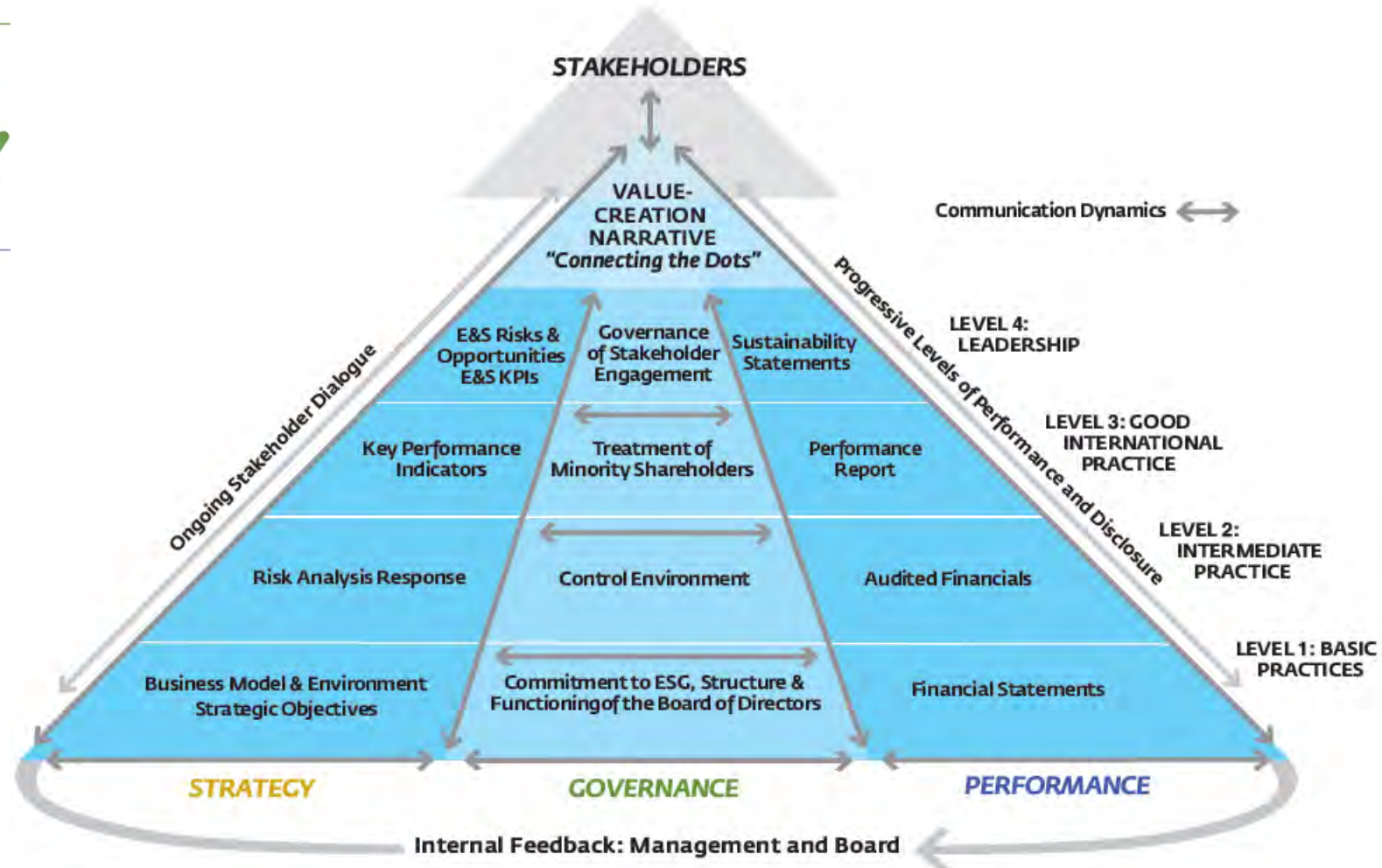
LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

IFC International
Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

IFC CORPORATE GOVERNANCE METHODOLOGY



Flexible Approach: Disclosure framework integrating material ESG issues



Note: The progressive levels of performance and disclosure are cumulative, whereby each level also integrates practices of the preceding levels.
Source: IFC.

Governance Documents – Shell 2019 Annual Report

GOVERNANCE DOCUMENTS

- Articles of Association
- Matters Reserved for the Board
- Board Committee Terms of Reference
- Modern Slavery Statement
- Shell General Business Principles
- Shell Code of Conduct
- Code of Ethics for Executive Directors and Senior Financial Officers

Are available on the website
www.shell.com/investor



MODEL STRUCTURE OF ANNUAL REPORT

1 STRATEGY

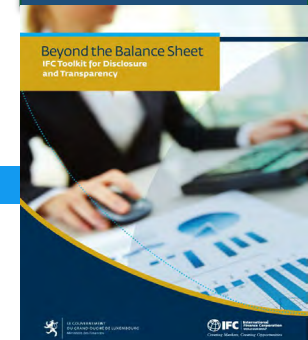
- External Environment
- Business Model
- Stakeholder Engagement
- Strategic Objectives
- Risk Analysis and Response
- Key Performance Indicators

2 GOVERNANCE

- Commitment to ESG
- Board of Directors
- Control Environment
- Treatment of Minority Shareholders
- Governance of Stakeholder Engagement

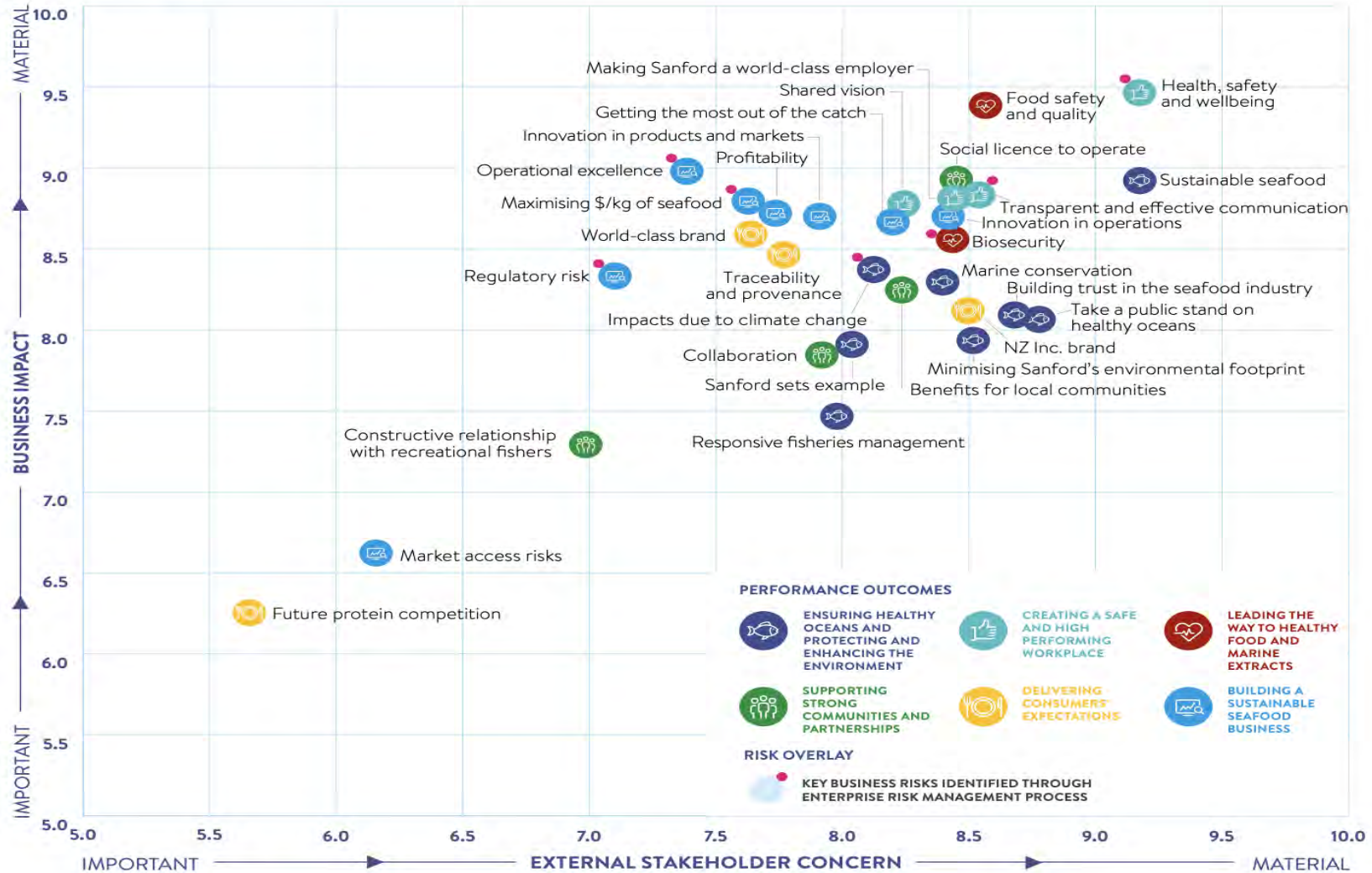
3 PERFORMANCE

- Financial performance/Profitability/Financial value creation
- Sustainability performance
- Financial and Sustainability Statements
- KPIs
- Verification



Materiality for Reporting – Sanford NZ Annual Report 2019

Materiality matrix



Stakeholder Engagement – Sanford NZ 2019 Annual Report

THE FIVE STEPS OF STAKEHOLDER ENGAGEMENT



01

IDENTIFY STAKEHOLDERS

This year we engaged with 50 stakeholders (32 external and 18 internal) through three workshops and eight interviews. Since 2017, we have engaged with more than 100 stakeholders over three years, through the current iteration of our materiality assessment process. These stakeholders were selected and ranked using best practice criteria from the AA1000 Stakeholder Engagement Standard 2015, with selection based on elements such as dependency, responsibility, urgency, influence and diversity of their perspective.



02

ENGAGE THROUGH INTERVIEWS AND WORKSHOPS

We introduced a new regional workshop format this year, running three workshops in August 2019: two in Marlborough (one with external stakeholders and one with internal stakeholders) and one in Tauranga (with both external and internal stakeholders combined). These workshops were designed to bring together stakeholders within a local community and to get them to think constructively about the current challenges for Sanford as well as their aspirations for the future of the seafood industry.

We also interviewed a further eight stakeholders in detail (four external and four internal) using the same interview format as in 2017 and 2018, based on a set of open-ended questions designed to allow the stakeholders to discuss their views on the issues most crucial for Sanford in the short, medium and long term.



03

ASK STAKEHOLDERS TO SCORE EACH ISSUE

A shortlist of 30 issues was prepared from the interviews and workshops, and a web-based questionnaire was sent to all stakeholders. They were asked to rank each of the issues that were identified by all stakeholders collectively. The list of issues remains substantively the same as last year, though three issues have been renamed to reflect stakeholder feedback.



04

PRODUCE A MATERIALITY MATRIX

The questionnaire results are shown in the materiality matrix, laid out to reflect how important the issues are to internal stakeholders (vertical axis) and external stakeholders (horizontal axis). This year, a 50% weighting was applied to the average stakeholder scores from 2019 and a 50% weighting was applied to the average of the scores from previous years. This gives an equal weighting to the current and past data.

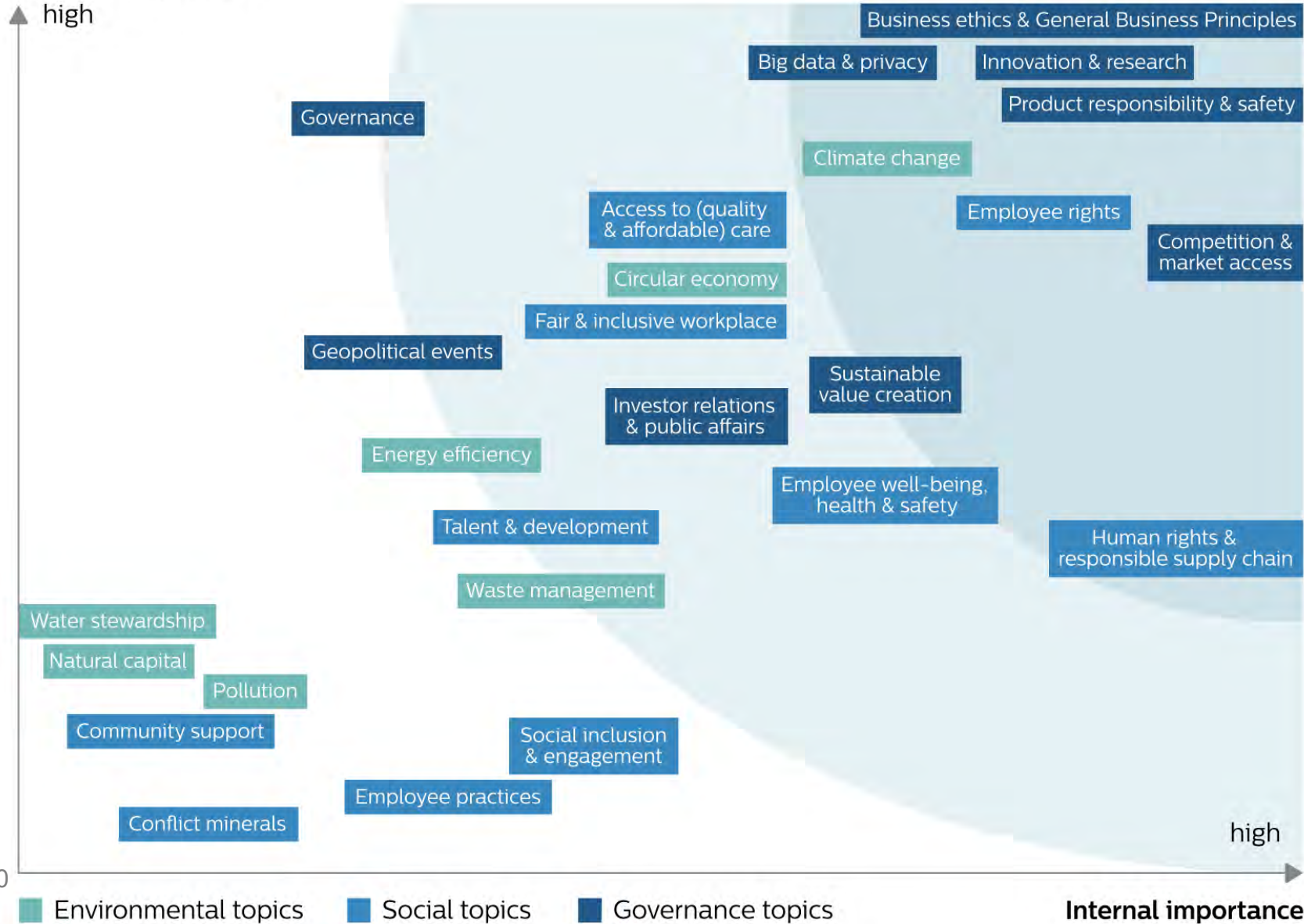


05

SENSE-CHECK THROUGHOUT THE PROCESS

Sources of information used to check for completeness included the UN Sustainable Development Goals (SDGs), outputs from our Audit, Finance and Risk Committee, Colmar Brunton's Better Futures report and lists of global megatrends.

External importance



BOARD FOCUS ON MATERIAL ISSUES IMPACTING SUSTAINABILITY

PHILIPS GROUP ANNUAL REPORT 2019

Governance Framework – Sanford NZ 2019 Annual Report



Stakeholders and Governance Framework SOEs – Eskom 2019 Annual Report

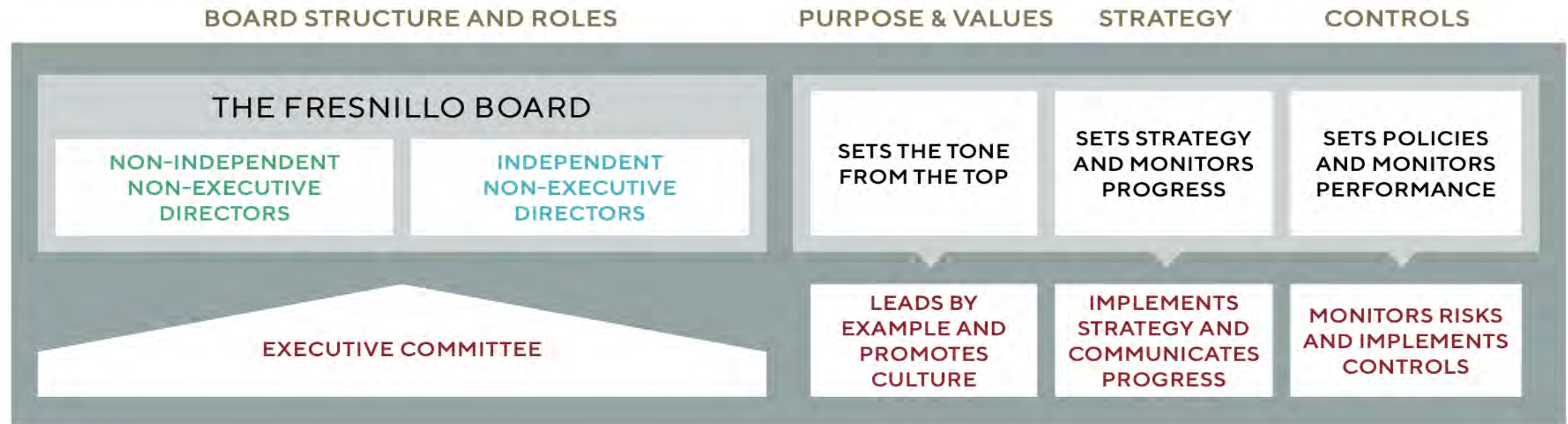
The elements of our governance framework can be summarised as follows:



Board v Management Roles – Fresnillo plc 2019 Annual Report

HOW THE BOARD WORKS

The Board has a formal Schedule of Matters reserved for its approval which includes approvals of major expenditure, investments and key policies. The schedule is regularly reviewed to keep it up to date with any regulatory developments and was updated to take account of changes to the Code and UK company law in April 2019.



Board Accountabilities – ABSA 2019 ESG Annual Report

The Board considers the possible positive and negative outcomes of the Group's activities and outputs on the economy, society and the environment in which we operate, as well as on the Six Capitals that it uses and affects.

Continuous improvement

Board governance

- Key constitutional documents in place.
- A majority independent Board, with strong, skilled, experienced and diverse Board members.
- An active and engaged Board.
- The right committees, appropriately composed and well-informed.
- Succession planning and rotation considered.
- Board evaluation completed and outcomes actioned.
- Key policies approved and monitored for embedment.
- Regulatory compliance prioritised.
- Performance assessed and fairly rewarded.

Risk governance

- Risk managed through the Enterprise Risk Management Framework.
- Risk appetite set and monitored.
- Combined assurance in place with both a second line of defence (risk and compliance) and a third line of defence (internal and external audit).
- Technology, data and cyber defences in place and continuously monitored.



Governance outcomes

- Ethical leadership
- Good performance
- Effective control
- Trust and legitimacy

Social and environmental governance

- Sustainability approach and policy approved.
- Stakeholder engagement plan, strategy and policy approved.
- Transformation strategy and scorecard monitored.
- People and culture development prioritised.
- Corporate citizenship efforts monitored.

Finance and treasury governance

- Integrated planning and budgeting a key focus.
- Monthly, quarterly, and bi-annual results reported.
- Internal controls in place and monitored.
- Capital allocation deliberated and executed.
- Liquidity and funding tested and stressed.
- Taxes paid.

Board Balance and Diversity – ABSA 2019 ESG Annual Report

Independent directors



Wendy Lucas-Bull ⁶⁶ 

BSc
Independent Chairman
Chair: Directors' Affairs and Separation Oversight Committees
 Six years



Mohamed Husain ⁵⁹ 

BProc
Lead Independent Director
Chair: Social and Ethics Committee
 11 years



Alex Darko ⁶⁷  

MSc (Management Information Systems), FCCA
Chair: Remuneration and Information Technology Committees
 Five years



Colin Beggs ⁷¹ 

BCom (Hons), CA(SA)
Chair: Group Audit and Compliance Committee
 Nine years



Daisy Naidoo ⁴⁷ 

BCom, CA(SA), MAcc (Tax)
 Three years



Francis Okomo-Okello ⁷⁰ 

LLB (Hons), Dip (Law), Certified Public Secretary
 Five years



Ihron Rensburg ⁶⁰ 

BPharm, MA (Political and Organisational Sociology), LL.D, PhD (International Development Education)
 Five months



Mark Merson ⁵¹ 

MA (Hons), ACA
Chair: Group Risk and Capital Management; Board Finance and Group Credit Risk Committees
 Six years



Rose Keanly ⁶¹ 

BCom (Hons), BSc
 Six months



Siphon Pityana ⁶⁰ 

BA (Hons), MSc
 Ten months



Tasneem Abdool-Samad ⁴⁶ 

BCom, CA(SA)
 Two years



Swithin Munyantwali ⁵⁷  

BSc, LL.D, LLM
 Six months

Non-executive director



Daniel Hodge ⁴⁶ 

ACA, MA (Hons)
 Two years



Daniel Mminele ⁵⁵  

Associate Certificates (Chartered Institute of Bankers), German Banking Diploma
Group Chief Executive
 Two months



Peter Matlare ⁶⁰ 

BSc (Hons), MA (SA studies)
Deputy Group Chief Executive and Chief Executive: Absa Regional Operations
 Eight years³

Board Competences – Prudential plc Annual Report 2019

Summary of Director Qualifications and Experience

ACADEMIA/EDUCATION experience is important because it brings perspective regarding organizational management and academic research relevant to our business and strategy.

BUSINESS ETHICS experience is important given the critical role that ethics plays in the success of our businesses.

BUSINESS HEAD/ADMINISTRATION experience is important since directors with administration experience typically possess strong leadership qualities and the ability to identify and develop those qualities in others.

BUSINESS OPERATIONS experience gives directors a practical understanding of developing, implementing and assessing our operating plan and business strategy.

CORPORATE GOVERNANCE experience supports our goals of strong Board and management accountability, transparency and protection of shareholder interests.

ENVIRONMENTAL/SUSTAINABILITY/CORPORATE RESPONSIBILITY experience strengthens the Board's oversight and assures that strategic business imperatives and long-term value creation for shareholders are achieved within a responsible, sustainable business model.

FINANCE/CAPITAL ALLOCATION experience is important in evaluating our financial statements and capital structure.

FINANCIAL EXPERTISE/LITERACY is important because it assists our directors in understanding and overseeing our financial reporting and internal controls.

FINANCIAL SERVICES INDUSTRY experience is important in understanding and reviewing our business and strategy.

GOVERNMENT/PUBLIC POLICY experience is relevant to the Company as it operates in a heavily regulated industry that is directly affected by governmental actions.

INSURANCE INDUSTRY experience is important in understanding and reviewing our business and strategy.

INTERNATIONAL experience is important in understanding and reviewing our business and strategy.

INVESTMENTS experience is important in evaluating our financial statements and investment strategy.

MARKETING/SALES experience is relevant to the Company as it seeks to identify and develop new markets for its financial products and services.

REAL ESTATE experience is important in understanding and reviewing our business and strategy.

RISK MANAGEMENT experience is critical to the Board's role in overseeing the risks facing the Company.

TALENT MANAGEMENT experience is valuable in helping us attract, motivate and retain top candidates for positions at the Company.

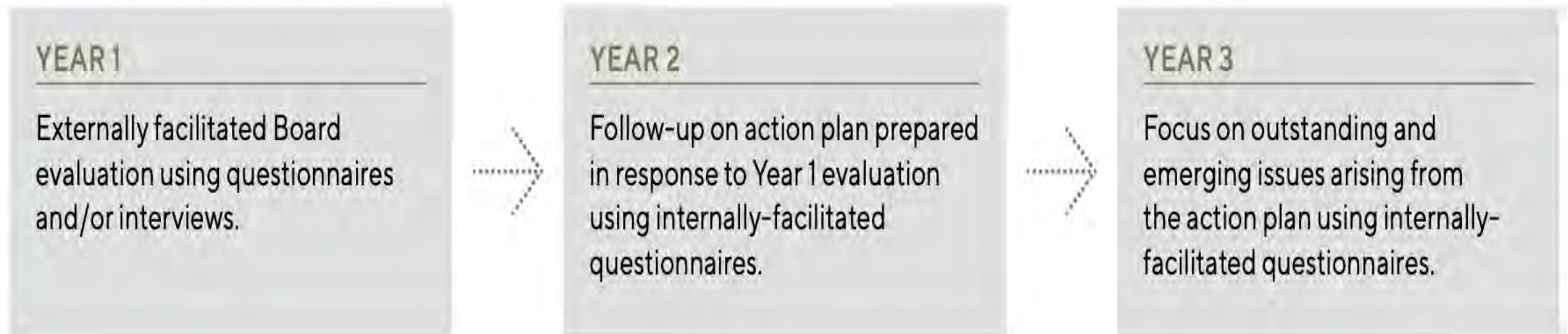
TECHNOLOGY/SYSTEMS experience is relevant to the Company as it looks for ways to enhance the customer experience and internal operations.

	Baillone, James L. Jr.	Cecliaz, Gilbert F.	Colley, James B.	Cooper, Mark B.	Howe-Majumdar, Martina	Kayak, Karl F.	Lights, Peter C.	Pip, George	Purkitt, Simon	Peck, Christine A.	Sorenson, Douglas A.	Sturgis, John R.	Tedder, Michael A.
ACADEMIA/EDUCATION							*		*	*			
BUSINESS ETHICS		*		*								*	
BUSINESS HEAD/ADMINISTRATION	*	*	*	*	*	*	*	*	*	*	*	*	*
BUSINESS OPERATIONS	*	*	*	*	*	*	*	*	*	*	*	*	*
CORPORATE GOVERNANCE	*	*	*	*	*	*	*	*	*	*	*	*	*
ENVIRONMENTAL/SUSTAINABILITY/CORPORATE RESPONSIBILITY		*		*		*						*	
FINANCE/CAPITAL ALLOCATION				*	*	*	*	*	*	*	*	*	*
FINANCIAL EXPERTISE/LITERACY	*	*	*	*	*	*	*	*	*	*	*	*	*
FINANCIAL SERVICES INDUSTRY				*	*		*	*	*	*	*	*	*
GOVERNMENT/PUBLIC POLICY		*		*		*	*	*	*				*
INSURANCE INDUSTRY				*			*	*				*	
INTERNATIONAL			*	*	*	*	*			*		*	*
INVESTMENTS	*	*			*		*				*	*	*
MARKETING/SALES			*							*			*
REAL ESTATE	*					*					*		
RISK MANAGEMENT		*		*	*	*	*	*	*	*	*	*	*
TALENT MANAGEMENT	*	*	*	*	*	*	*	*	*	*	*	*	*
TECHNOLOGY/SYSTEMS				*		*						*	

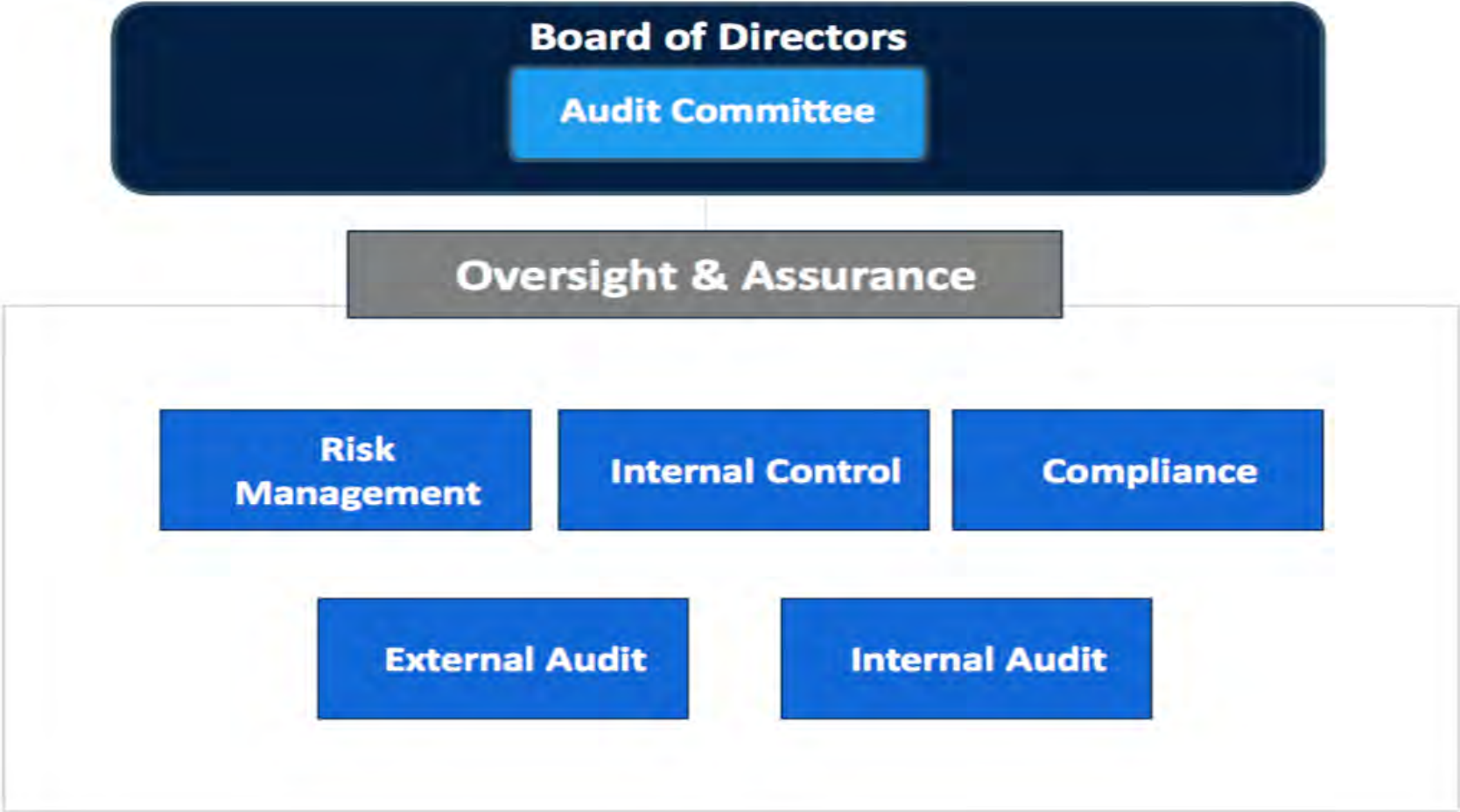
Board Evaluation – Fresnillo plc Annual Report 2019

BOARD PERFORMANCE EVALUATION

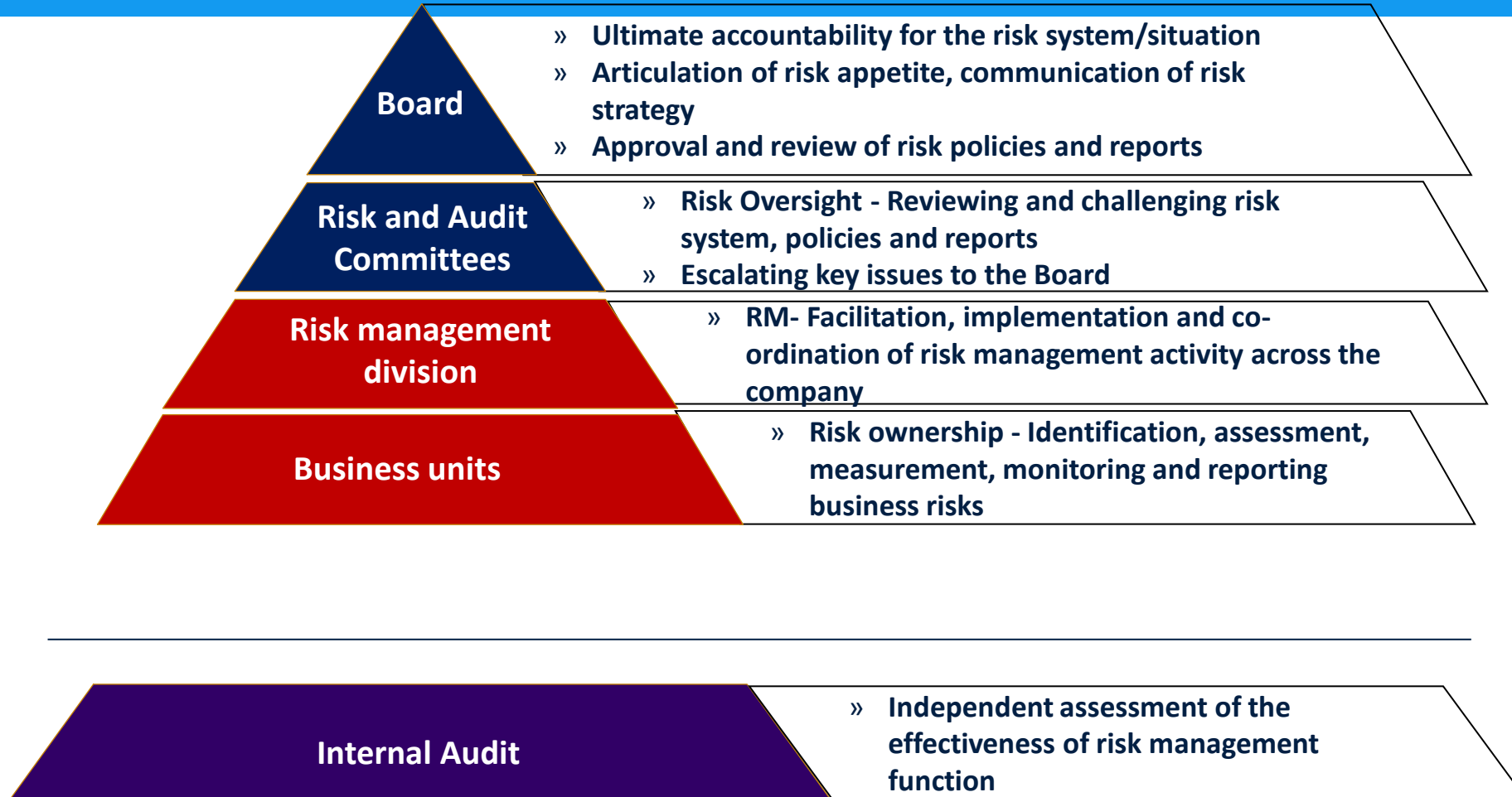
In order to evaluate its own effectiveness, the Board undertakes annual appraisals using a combination of externally facilitated and internally-run evaluations over a three-year cycle. The cycle of the Board's evaluations is summarised as follows:



Board's Accountability for Reporting, External and Internal Audit, Control, Compliance, and Risk Oversight



Risk Governance System – everyone has a role!!!



RISK PRIORITY

EXXARO INTEGRATED

ANNUAL REPORT 2019

01	Eskom systemic risk	01
02	Climate change	11
03	Community unrest	03
04	Commodity-price volatility	NEW
05	Cost competitiveness of products	08
06	Competition and product substitution	05
07	Loss of social licence to operate	02
08	Cybersecurity threats	13
09	Safety and health concerns	11
10	Exchange-rate volatility	NEW

2019

2018

Exxaro 2019 Integrated Annual Report

What I did not foresee was the forceful rise in negative sentiment towards fossil fuels during the year, especially towards coal as an energy input and its contribution to carbon emissions and climate change, which has presented an existential crisis and impact on life as we know it. Nor could anyone of us have foreseen the massive economic and social impact of COVID-19. p.12

We were well aware that the horizon for our coal business was limited when we embarked on our Business of Tomorrow strategy in 2018 with a view to responsible investment in mining, energy, water and food production. After engagements with investors and other key stakeholders, it became clear that we needed to refine our focus.

Diversification is our carefully chosen course, which we will navigate by maximising our existing portfolio with considerable knowledge of the coal-mining landscape. P. 13

Cennergi acquisition: The board considered and approved the acquisition of the Khopoli Investments Limited (a subsidiary of Tata Power) 50% shareholding in Cennergi Proprietary Limited by the company where, post the conclusion of the agreement, Exxaro will have 100% ownership of Cennergi. P.30

CONTROL FRAMEWORK











Control System :

Shell 2019 Annual Report



- The **Foundation** elements of the Shell Control Framework define the principles that underpin the Shell Group's activities.
- The **Management processes** defines activities critical to an effective control framework.
- The **Structural** component defines how Businesses and Functions facilitate achievement of the Shell group's overall business objectives, while respecting the separate legal identity of the Individual Shell companies that implement them.

APPROACH TO SUSTAINABILITY – TULLOW OIL 2019 ANNUAL REPORT

Strategic pillar	Responsible operations	Shared prosperity	Environmental stewardship	Equality and transparency
Key themes	Safety and wellness Responsible production	Local content and capacity Developing local skills Social investment	Climate resilience Protecting ecosystems	Good governance Promoting equality
Material topics	Employee health and safety Process safety	Local content and capacity Community development Shared infrastructure Social investment	Biodiversity Climate change Water Spills Energy efficiency	Compliance Anti-corruption Human rights Tax transparency Public advocacy
SDG alignment	 	  	  	 

Approach to Sustainability – BHP Annual Report 2019

Sustainability is one of the core values set out in *Our Charter*. That means putting health and safety first, being environmentally responsible and supporting our communities. The wellbeing of our people, the community and the environment is considered in everything we do.

1.10.1 Our approach to sustainability

For more than 130 years, BHP has sought to operate a safe, sustainable and productive business that makes a fair contribution to society. As custodians of natural resources, we have a responsibility to shape the future in a way that creates prosperity for shareholders, our communities and society.

In 2011, BHP expressed its purpose as the creation of long-term shareholder value. That statement of purpose was laid out in *Our Charter*. Since then, we have evolved as the external business landscape has changed. While value creation is central to what we do, this purpose did not fully reflect the story behind why we exist. We believed our purpose must encompass all of our stakeholders and more accurately capture our long-term approach.

Following a year of feedback and testing with more than 1,000 employees, BHP's Board approved our new purpose as: to bring people and resources together to build a better world.

Our new purpose reflects a spirit, approach and ambition that already exists at BHP and will guide us in everything we do. Creating long-term shareholder value remains a strategic imperative. Without that focus, BHP would not exist, because our shareholders entrust us with their funds and expect competitive returns.

To fulfil our purpose, we have evolved our thinking about our partnerships with the communities where we operate and our contribution to society and the environment more broadly. For many years, BHP has maintained relationships and achieved social, environmental and economic outcomes that were necessary to operate, otherwise referred to as social licence. However, we believe this is no longer enough to maintain BHP's long-term success. Our focus has shifted to identifying opportunities that contribute to social value, while continuing to meet our legal, regulatory and ethical requirements.

The long-term success of our business depends on the long-term health of society and a sustainable natural environment; our approach must be about the long-term value we can create

together with our stakeholders. If we do not do this well, our ability to earn and maintain the trust of our stakeholders, attract the right employees and secure access to capital, resources and markets will be hampered. Importantly, social value is not new to BHP – there are already many examples of BHP's contribution to social value: from global water stewardship and Indigenous advocacy to our Local Buying Program.

BHP's Board oversees our sustainability approach, with the Board's Sustainability Committee overseeing health, safety, environment and community (HSEC) matters and assisting the Board with governance and monitoring. The Sustainability Committee also oversees the adequacy of the systems to identify and manage HSEC-related risks, legal and regulatory compliance and overall HSEC and other human rights performance. The Board's Risk and Audit Committee assists with oversight of the Group's risk management systems.

Transparency and accountability

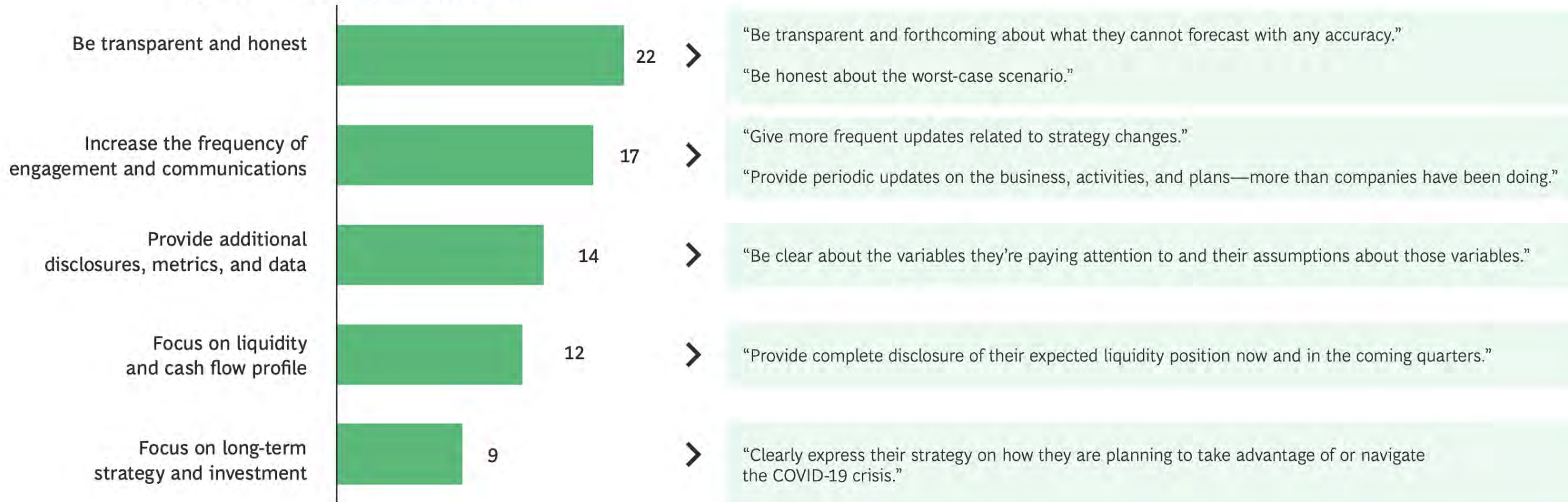
BHP's business model is premised on trust and public acceptance because our mines have long lifespans and cannot be moved across jurisdictions in response to a breakdown in trust, changing societal expectations or regulatory requirements. That is why we must contribute to long-term social value. Our tax and royalty payments help governments fund healthcare, education, infrastructure and other essential services. Conversely, corruption and poor governance of natural resources divert funding from those basic provisions and diminish our contribution.

Economic transparency is not our only focus. We also have a strong record of supporting robust reporting on climate change issues. We were one of the first companies to report in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures in our Annual Report.

CORPORATE GOVERNANCE

May 17

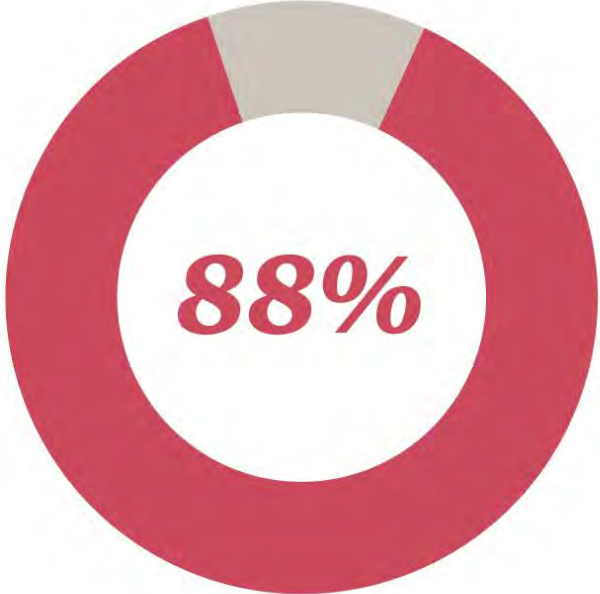
Top five answer categories (%)



25 Source: BCG's COVID-19 Investor Pulse Check, May 17, 2020; n = 150 overall, n = 145 for this optional question.

Note: Raw responses to the survey were classified into categories. The top five categories are above. Other categories and responses were: address the state of the business (continuity and trends) and reopening plans = 6%; provide updated guidance = 6%; redesign the business to cope with the new normal = 3%; focus on employee safety and well-being = 3%; other = 8%.

My perception of the quality of a company's reporting impacts my perception of the quality of its management.



"If the quality of corporate reporting is poor, management is poor as well. In contrast, excellent reporting does not guarantee that management is excellent. High quality in corporate reporting is a necessary condition but it is not a sufficient condition [on its own]."

"Corporate reporting says something about management's character. It will tell if they're trying to window dress, if they're on top of a problem or ignoring it."

"The key is, does reporting line up to the way the company is actually managed?"

"It's a major factor in judging quality of management and poor reporting could also be a reason not to invest in a company, despite it having an attractive share price."

"It of course affects the perception of management, but it is just one aspect of assessing management quality. It is the numbers, transparency, structure of reporting and also how the news flow through the numbers is handled."



“Companies will need to be better at transparency and using ‘readable’ and ‘understandable’ language. Getting the critical messages out there so that people can really understand what you are trying to say is important.”

SUMMARY

Corporate Governance Reporting

That the company:

has a long-term future in the face of an uncertain, turbulent, unpredictable business environment– sustainable business model, long term strategy

Is well organized and run so that the company leaders can see and seize the opportunities and manage the risks – board and management, competent, reliable, operate with integrity and can make the best of the opportunities

Is under control – is flexible and resilient – understands and manages risk, has in place checks and balances (controls, internal audit), gives third party assurance all is well (external audit, assurance)

Will continue growing (has eye to future and access to all the resources it needs to continue in business)

Is financially viable in the short, medium and long term – it performs.

They want to be able to **TRUST the company, its leadership and its activities.**



Jerome Lavigne-Delville
Senior Consultant, IFC

Performance Reporting

AGENDA

- The Performance Report
- Sustainability Performance
- Role of KPIs
- Enabling Sustainable Investments

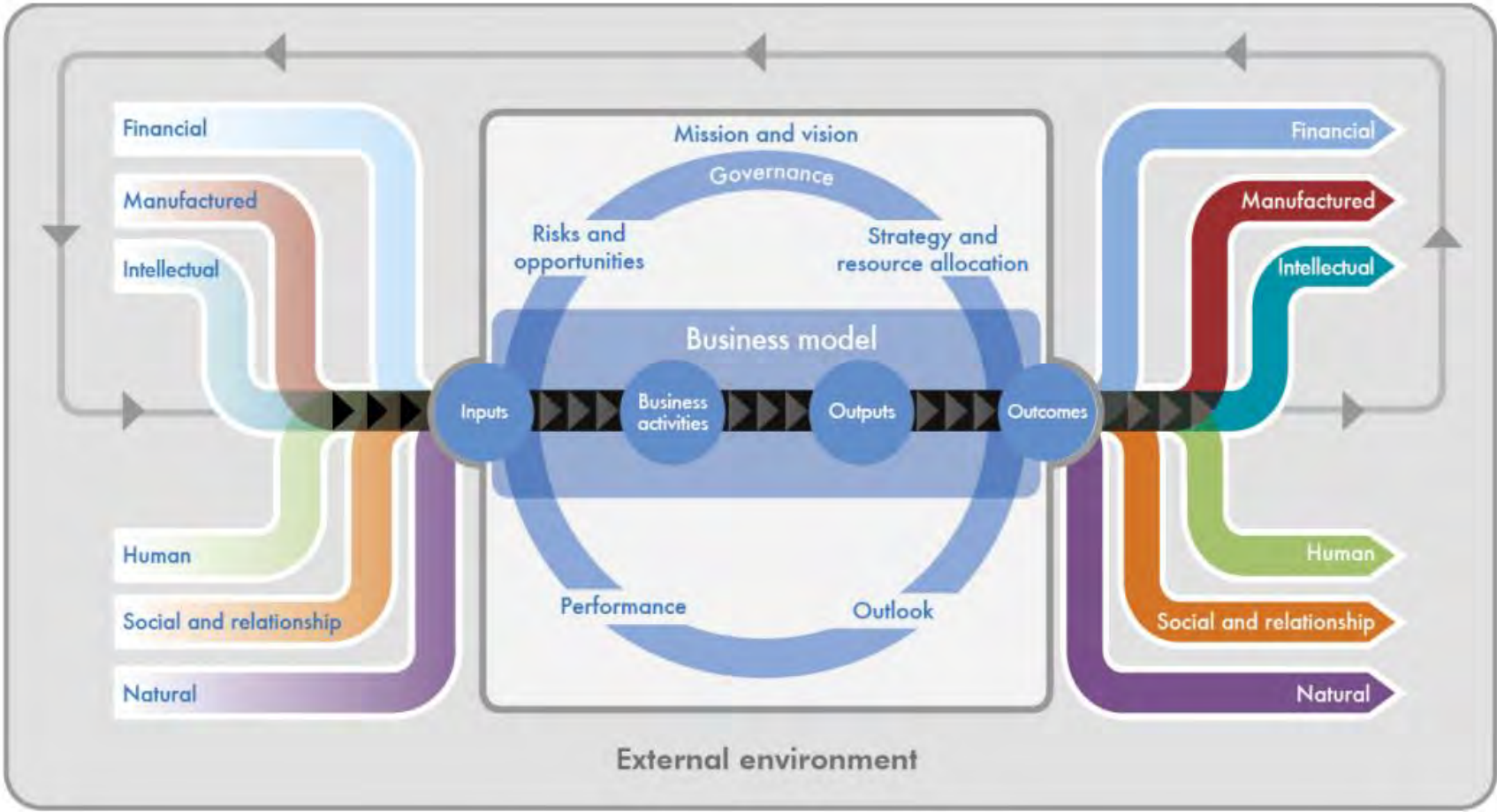
The Performance Report: Bringing It All Together



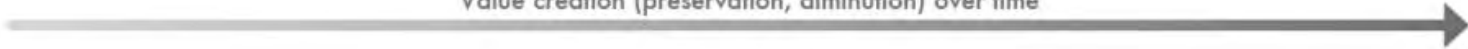
The Performance Report: Telling Your Story

Sustainability—We are **committed to minimizing carbon emissions** by optimizing our transportation network, improving product packaging, and enhancing energy efficiency in our operations, and we have a **long-term goal** to power our global infrastructure using **100% renewable energy**. We recently **launched Amazon Wind Farm Texas**, our largest wind farm yet, which generates more than **1,000,000 megawatt hours** of clean energy annually from over **100 turbines**. We have plans to host solar energy systems at 50 fulfillment centers by 2020 and have **launched 24 wind and solar projects** across the U.S. with more than **29 additional projects to come**. Together, Amazon’s renewable energy projects now produce **enough clean energy to power over 330,000 homes annually**.

Sustainability Performance: Value Creation



Value creation (preservation, diminution) over time



Sustainability Performance: Contribution to the SDGs



Role of KPIs: Link Strategy to Performance

All injury frequency rate (AIFR)



Per 200,000 hours worked



Relevance to strategy

Safety is our number one priority, one of our core values and an essential component to everything we do. Our goal is zero harm, including, above all, the elimination of fatalities.

We are committed to reinforcing our strong safety culture and key to this is improving safety leadership and simplifying the tools and systems used in operational tasks.

Performance



Our AIFR has improved 37 per cent over the last five years. At 0.42, our AIFR decreased in 2017 versus 2016. However, we did not meet our goal of zero fatalities. In 2017, one colleague died as a result of a safety incident while working at our Rio Tinto Kennecott smelter and there was a health-related death of a colleague undertaking exploration activities. Both fatalities were at Rio Tinto managed operations.

Greenhouse gas (GHG) emissions intensity

Indexed relative to 2008 (2008 being equivalent to 100)



Relevance to strategy

We are committed to reducing the energy intensity of our operations and the carbon intensity of our energy, including through the development and implementation of innovative technologies. Our GHG performance is an important indicator of this commitment and our ability to manage exposure to future climate policy and legislative costs.

Performance



(a) Number restated from that originally published to ensure comparability over time.

There was a 2 per cent reduction in GHG emissions intensity in 2017 versus 2016. This is largely a result of improvements in emissions intensities at several of our aluminium and alumina operations. We are on track to meet our target of 24 per cent reduction in total GHG emissions intensity between 2008 and 2020.

Role of KPIs: Ensuring Comparability

ENVIRONMENT		FREQ.
GHG emissions	GHG emissions: Scope 1 and 2 (t), Scope 3 if relevant, intensity (GHG/sales)	92%
Water use	Water used (m3), % recycled, % in water stress areas, intensity (water use/sales)	92%
Energy efficiency and mix	Energy consumed (GW), % grid electricity, % renewables, intensity (energy/sales)	85%
Waste (water, solid, hazardous)	Waste from operations (t), % hazardous, % recycled, intensity (waste/sales)	77%
Air pollutants	Air Pollutants (Tn): NOx (excl. N2O), SOx, volatile organic compounds, particulate matter	62%
WORKING CONDITIONS		FREQ.
Injury and fatality	Number of work-related fatalities for direct and contract employees	100%
	Lost-time incident rate for direct and contract employees.	100%
Workforce composition	Workforce composition by gender and ethnicity (#)	69%
Collective bargaining agreements	% of active workforce covered under collective bargaining agreements	62%
Turnover	Voluntary and involuntary employee turnover rate by major employee category	62%
Forced and child labor in the company	Legal actions, employee grievances, or public controversies involving forced and child labor in the company's operations (y/n)	54%

Performance Reporting: Enabling Sustainable Investments



Sustainability Linked Loan Principles
Supporting environmentally and socially sustainable economic activity



Green Loan Principles
Supporting environmentally sustainable economic activity



Source: ICMA, LSTA, CBI





Charles "Chuck" Canfield
Principal Corporate Governance
Officer, IFC

IFC ESG KEY PERFORMANCE INDICATORS



92 Performance Indicators
 58 environmental & social
 13 sector specific
 21 corporate governance



SUPERINTENDENCIA DEL MERCADO DE VALORES

Autorizan la difusión del Proyecto que sustituye el "Reporte de Sostenibilidad Corporativa" que forma parte del Manual para la Preparación de Memorias Anuales, Reportes Trimestrales y otros documentos informativos

RESOLUCIÓN SMV/N° 029-2018-SMV/H

Lima, 03 de septiembre de 2018

IV. DISCLOSURE AND
TRANSPARENCY

PHASE ONE

- 1 IMPROVE WEBSITE DISCLOSURE
- 2 DEVELOP AN ESG REPORT

*Phase One: Short-term implementation,
usually 6-12 months period*

PHASE TWO

- 3 PREPARE AN INTEGRATED ANNUAL REPORT
- 4 ADOPT AND REPORT ON ESG KEY PERFORMANCE INDICATORS (KPIs)

IV. DISCLOSURE AND TRANSPARENCY

PHASE ONE

2 DEVELOP AN ESG REPORT

The Company does not produce a comprehensive ESG report even though the Company has a compelling sustainability story.

Recommendation: As the Company expands and plans on issuing green bonds, it should develop and publish a sustainability or ESG report in accordance with the requirements of the jurisdiction in which it plans to issue securities.

Namely:

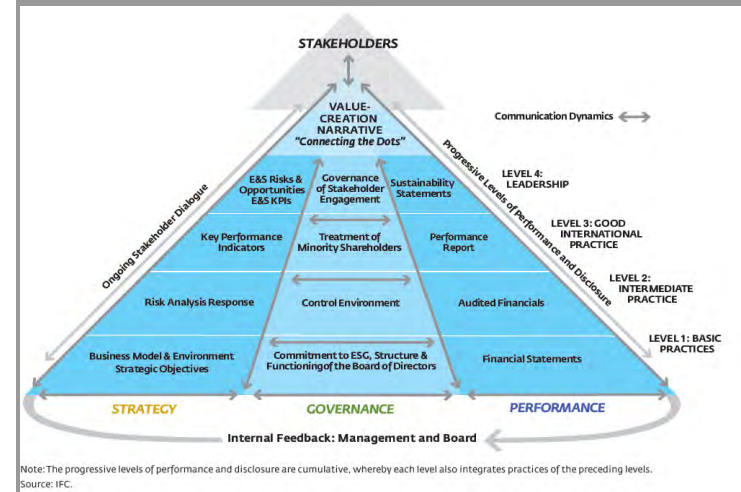
- The London Stock Exchange Admission and Disclosure Standards, Green and ESG debt financing and ESG Guidance; and
- the Luxembourg Stock Exchange X Principles of Corporate Governance and Guide for ESG Reporting (especially Principle 5 [Issuers of sustainable debt instruments]).

PHASE TWO

3 PREPARE AN INTEGRATED ANNUAL REPORT

The Company does not have an integrated report that establishes it in the market as an ESG leader

Recommendation: the Company could improve its approach to disclosing nonfinancial information by integrating the Phase One ESG Report into its overall Integrated Annual Report, using The IFC Toolkit: [Beyond the Balance Sheet](#) approach.





Justin Pooley

ESG Manager for Asia Pacific, IFC



Thank you for joining us!

Today's session has been recorded.

We will follow up with the link to the recording and short survey in a few days.

WWW.IFC.ORG/SUSTAINABILITY



Asia Pacific ESG Advisory Webinar Series #1

GOING BEYOND THE BALANCE SHEET

Disclosure and Transparency Webinar

Thursday, June 18, 2020 | 12:30 Hong Kong Time (HKT)