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.

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
# AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Session Description</th>
</tr>
</thead>
</table>
| 12:30 – 12:40 | **Welcoming Remarks**  
*Speaker: Vivek Pathak, Regional Director for East Asia and Pacific, IFC* |
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.  
*Speakers:  
Ralitza Germanova, Corporate Governance Officer, IFC  
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  
Carola van Lamoen, Robeco Head of Sustainable Investing Center of Expertise, Executive Director* |
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

Closing Remarks

Speaker: Justin Pooley, ESG Manager for Asia Pacific, 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
Tool: IFC Disclosure and Transparency Toolkit providing progressive disclosure framework and resources for companies, regulators and investors.

Capacity building for companies and banks

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

<table>
<thead>
<tr>
<th>What is this reporting initiative designed for?</th>
<th>IFC’s Disclosure and Transparency Toolkit</th>
<th>International Financial Reporting Standards</th>
<th>GRI</th>
<th>ISO</th>
<th>IIRC integrated reporting framework</th>
<th>SASB</th>
<th>Taskforce on Climate Change Disclosure (TCFD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All stakeholders, but particularly stakeholders and investors interested in emerging markets</td>
<td>Investors</td>
<td>Multi-stakeholder focus</td>
<td>Multi-stakeholder</td>
<td>All stakeholders are addressed, investors are prioritized</td>
<td>Primarily investors</td>
<td>Investors, lenders and insurance underwriters</td>
<td></td>
</tr>
</tbody>
</table>

| Why 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 |

**Sustainable Stock Exchanges Initiative**

**International Finance Corporation**

**Creating Markets, Creating Opportunities**
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

Note: The progressive levels of performance and disclosure are cumulative, whereby each level also integrates practices of the preceding levels. Source: IFC.
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
Tool: IFC Disclosure and Transparency Toolkit providing progressive disclosure framework and resources for companies, regulators and investors.

Policy Support for Stock Exchanges and Regulators

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)

A clear global trend:

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

Source: SSE database (www.SSEinitiative.org/data)
Beyond the Balance Sheet – Multiple Uses

ESG Disclosure Standards for Exchanges and Regulators

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

Users

D&T Toolkit

Stock Exchanges & Regulators
Institutional Investors & Asset Managers
Companies
Data providers

Creating Markets, Creating Opportunities
UNCTAD names winners of ISAR Honours 2019

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

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions</td>
<td>GHG emissions: Scope 1 and 2 (t), Scope 3 if relevant, intensity (GHG/sales)</td>
<td>92%</td>
</tr>
<tr>
<td>Water use</td>
<td>Water used (m³), % recycled, % in water stress areas, intensity (water use/sales)</td>
<td>92%</td>
</tr>
<tr>
<td>Energy efficiency and mix</td>
<td>Energy consumed (GW), % grid electricity, % renewables, intensity (energy/sales)</td>
<td>85%</td>
</tr>
<tr>
<td>Waste (water, solid, hazardous)</td>
<td>Waste from operations (t), % hazardous, % recycled, intensity (waste/sales)</td>
<td>77%</td>
</tr>
<tr>
<td>Air pollutants</td>
<td>Air Pollutants (Tn): NOx (excl. N2O), SOx, volatile organic compounds, particulate matter</td>
<td>62%</td>
</tr>
</tbody>
</table>

#### Working Conditions

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury and fatality</td>
<td>Number of work-related fatalities for direct and contract employees</td>
<td>100%</td>
</tr>
<tr>
<td>Lost-time incident rate for direct and contract employees</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Workforce composition</td>
<td>Workforce composition by gender and ethnicity</td>
<td>69%</td>
</tr>
<tr>
<td>Collective bargaining agreements</td>
<td>% of active workforce covered under collective bargaining agreements</td>
<td>62%</td>
</tr>
<tr>
<td>Turnover</td>
<td>Voluntary and involuntary employee turnover rate by major employee category</td>
<td>62%</td>
</tr>
<tr>
<td>Forced and child labor in the company</td>
<td>Legal actions, employee grievances, or public controversies involving forced and child labor in the company's operations (y/n)</td>
<td>54%</td>
</tr>
</tbody>
</table>

#### Society

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-corruption (management)</td>
<td>Management of anti-corruption in the value chain (codes, policies, prevention, and treatment)</td>
<td>69%</td>
</tr>
<tr>
<td>Human rights due diligence and management</td>
<td>Management of human rights in the value chain (codes, policies, prevention, and treatment)</td>
<td>50%</td>
</tr>
</tbody>
</table>

#### Sourcing

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>Suppliers: % selected and monitored according to social and environmental criteria</td>
<td>85%</td>
</tr>
<tr>
<td>Raw materials (recycled/renewables)</td>
<td>Raw materials: % from 1) recycled content and 2) renewable resources</td>
<td>46%</td>
</tr>
</tbody>
</table>

#### Products

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;S consideration in product design</td>
<td>Integration of environmental and social consideration in products and services</td>
<td>38%</td>
</tr>
</tbody>
</table>
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

FOR MORE INFORMATION:
AskSustainability@ifc.org
WWW.IFC.ORG/SUSTAINABILITY

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
A DEEP DIVE ON "ESG REPORTING"
Underwater Exploration…

A DEEP DIVE ON “ESG REPORTING”
HOW TO BUILD A DIVERSE AND INCLUSIVE COMPANY
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

<table>
<thead>
<tr>
<th>Company (CEO)</th>
<th>Salary</th>
<th>Bonus</th>
<th>Equity</th>
<th>PBC</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan (Dimon)</td>
<td>$1,500,000</td>
<td>$5,000,000</td>
<td>$23,000,000</td>
<td>95%</td>
</tr>
<tr>
<td>General Motors (Barra)</td>
<td>$2,100,000</td>
<td>$4,452,000</td>
<td>$14,506,766</td>
<td>90%</td>
</tr>
<tr>
<td>AECOM (Burke)</td>
<td>$1,466,357</td>
<td>$2,475,000</td>
<td>$11,307,440</td>
<td>90%</td>
</tr>
<tr>
<td>Oracle (Catts &amp; Hurd)*</td>
<td>$950,000</td>
<td>-</td>
<td>-</td>
<td>95%</td>
</tr>
<tr>
<td><strong>Eastman (Costa)</strong></td>
<td>$1,226,110</td>
<td>$1,540,625</td>
<td>$12,592,479</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Duke Energy (Good)</strong></td>
<td>$1,350,000</td>
<td>$2,268,961</td>
<td>$9,873,135</td>
<td>90%</td>
</tr>
<tr>
<td>Johnson &amp; Johnson (Gorsky)</td>
<td>$1,642,308</td>
<td>$3,570,497</td>
<td>$14,625,057</td>
<td>91%</td>
</tr>
<tr>
<td>United Technologies (Hayes)</td>
<td>$1,575,000</td>
<td>$3,500,000</td>
<td>$12,044,070</td>
<td>91%</td>
</tr>
<tr>
<td>Lockheed Martin (Hewson)</td>
<td>$1,769,262</td>
<td>$8,758,727</td>
<td>$9,788,097</td>
<td>90%</td>
</tr>
<tr>
<td>Cummins (Lineberger)</td>
<td>$1,422,500</td>
<td>$6,574,400</td>
<td>$4,510,275</td>
<td>87%</td>
</tr>
<tr>
<td>Stryker (Lobo)</td>
<td>$1,194,833</td>
<td>$2,709,720</td>
<td>$9,592,795</td>
<td>91%</td>
</tr>
<tr>
<td>Walmart (McMillon)</td>
<td>$1,276,892</td>
<td>$5,088,000</td>
<td>$15,592,404</td>
<td>94%</td>
</tr>
<tr>
<td>CVS Health (Merlo)</td>
<td>$1,630,000</td>
<td>$2,605,000</td>
<td>$13,499,942</td>
<td>91%</td>
</tr>
<tr>
<td>Boeing (Mullennburg)</td>
<td>$1,700,000</td>
<td>$13,076,350</td>
<td>$7,330,916</td>
<td>90%</td>
</tr>
<tr>
<td>S&amp;P Global (Peterson)</td>
<td>$1,000,000</td>
<td>$2,047,000</td>
<td>$8,820,000</td>
<td>90%</td>
</tr>
<tr>
<td>Cisco Systems (Robbins)</td>
<td>$1,325,000</td>
<td>$5,795,550</td>
<td>$18,576,568</td>
<td>94%</td>
</tr>
<tr>
<td>IBM (Rometty)</td>
<td>$1,600,000</td>
<td>$4,050,000</td>
<td>$10,801,392</td>
<td>92%</td>
</tr>
<tr>
<td><strong>Marriott Int (Sorenson)</strong></td>
<td>$1,360,000</td>
<td>$2,925,000</td>
<td>$8,429,788</td>
<td>90%</td>
</tr>
<tr>
<td>AT&amp;T (Steffenson)</td>
<td>$1,800,000</td>
<td>$5,192,000</td>
<td>$17,069,774</td>
<td>93%</td>
</tr>
<tr>
<td>International Paper (Sutton)</td>
<td>$1,433,333</td>
<td>$3,646,700</td>
<td>$9,821,775</td>
<td>89%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>$1,464,080</td>
<td>$4,473,344</td>
<td>$12,199,088</td>
<td>91%</td>
</tr>
</tbody>
</table>

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.*
“ESG” is a lot of sizzle, no steak.
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

Robeco Institutional Asset Management B.V. has a license as manager of Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) (“Fund(s)” ) from The Netherlands Authority for the Financial Markets in Amsterdam.

This document is solely intended for professional investors, defined as investors qualifying as professional clients, have requested to be treated as professional clients or are authorized to receive such information under any applicable laws. Robeco Institutional Asset Management B.V and/or its related, affiliated and subsidiary companies, (“Robeco”), will not be liable for any damages arising out of the use of this document. Users of this information who provide investment services in the European Union have their own responsibility to assess whether they are allowed to receive the information in accordance with MiFID II regulations. To the extent this information qualifies as a reasonable and appropriate minor non-monetary benefit under MiFID II, users that provide investment services in the European Union are responsible to comply with applicable recordkeeping and disclosure requirements.

The content of this document is based upon sources of information believed to be reliable and comes without warranties of any kind. Without further explanation this document cannot be considered complete. Any opinions, estimates or forecasts may be changed at any time without prior warning. If in doubt, please seek independent advice. It is intended to provide the professional investor with general information on Robeco’s specific capabilities, but has not been prepared by Robeco as investment research and does not constitute an investment recommendation or advice to buy or sell certain securities or investment products and/or to adopt any investment strategy and/or legal, accounting or tax advice. All rights relating to the information in this document are and will remain the property of Robeco. This material may not be copied or used with the public. No part of this document may be reproduced, or published in any form or by any means without Robeco’s prior written permission.

Investment involves risks. Before investing, please note the initial capital is not guaranteed. Investors should ensure that they fully understand the risk associated with any Robeco product or service offered in their country of domicile (“Funds”). Investors should also consider their own investment objective and risk tolerance level. Historical returns are provided for illustrative purposes only. The prices of units may go down as well as up and the past performance is not indicative of future performance. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The performance data do not take account of the commissions and costs incurred on trading securities in client portfolios or on the issue and redemption of units. Unless otherwise stated, the prices used for the performance figures of the Luxembourg-based Funds are the end-of-month transaction prices net of fees up to 4 August 2010. From 4 August 2010, the transaction prices net of fees will be those of the first business day of the month. Return figures versus the benchmark show the investment management result before management and/or performance fees; the Fund returns are with dividends reinvested and based on net asset values with prices and exchange rates of the valuation moment of the benchmark. Please refer to the prospectus of the Funds for further details. Performance is quoted net of investment management fees. The ongoing charges mentioned in this document are the ones stated in the Fund’s latest annual report at closing date of the last calendar year.

This document is not directed to, or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, document, availability or use would be contrary to law or regulation or which would subject any Fund or Robeco Institutional Asset Management B.V. to any registration or licensing requirement within such jurisdiction. Any decision to subscribe for interests in a Fund offered in a particular jurisdiction must be made solely on the basis of information contained in the prospectus, which information may be different from the information contained in this document. Prospective applicants for shares should inform themselves as to legal requirements also applying in their country of domicile. The Fund returns are with dividends reinvested and based on net asset values with prices and exchange rates of the valuation moment of the benchmark. Please refer to the prospectus of the Funds for further details. Performance is quoted net of investment management fees. The ongoing charges mentioned in this document are the ones stated in the Fund’s latest annual report at closing date of the last calendar year.

The Fund information, if any, contained in this document is qualified in its entirety by reference to the prospectus, and this document should, at all times, be read in conjunction with the prospectus. Detailed information on the Fund and associated risks is contained in the prospectus. The prospectus and the Key Investor Information Document for the Robeco Funds can all be obtained free of charge at www.robeco.com.

Additional information for investors with residence or seat in Hong Kong

The contents of this document have not been reviewed by the Securities and Futures Commission (“SFC”) in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited (“Robeco”). Robeco is regulated by the SFC in Hong Kong.
Strategy: How to get started with reporting and how to improve
Increase forward-looking, strategy information—and **connect** to governance and past performance
Strategy is never a compliance exercise
Stora Enso: Successful transformation of business model
Good strategy disclosure includes strategic context (in blue) and robust management and implementation (in green)
### Getting started with strategy reporting: Sime Darby Plantation, Malaysia

**Vision**

To be the Leading Integrated Global Palm Oil Player

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Strategic Interventions 2019</th>
<th>Strategic Priorities 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Driving operational excellence in our Upstream sector</strong></td>
<td>• Scaled-up preparation of GenomeSelect™ materials for replanting on a limited stable land to increase FFB production per hectare</td>
<td>• Implementation of GenomeSelect™ programs to further enhance the planting materials productivity traits</td>
</tr>
<tr>
<td></td>
<td>• GenomeSelect™ programs to further enhance the planting materials productivity traits</td>
<td>• Focus on driving the implementation of the various initiatives recommended by the Labs conducted in FY2019 to ensure the targeted values are delivered</td>
</tr>
<tr>
<td></td>
<td>• Conducted Cost-to-Customer Redaction Lab in Indonesia and Papua New Guinea (PNG) to improve operations’ profitability and competitiveness</td>
<td>• Roll out additional Labs which cover areas such as logistics and finance</td>
</tr>
<tr>
<td></td>
<td>• Commercialised and rolled out irrigation plans across all regions</td>
<td>• Continued focus on digital and industry 4.0 innovation to improve productivity and efficiency. Innovation in operational processes to reduce manpower, increase productivity and quality</td>
</tr>
<tr>
<td></td>
<td>• Rolled out mechanisation best practices in Indonesia and PNG</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increased the product ratio between commodity and differentiated products such as premium frying oils, differentiated bakery and confectionary products, etc.</td>
<td>• SDO transformation programmes</td>
</tr>
<tr>
<td></td>
<td>• E-classified portfolio management across the value chain by minimising the number of product return and rejections by customers</td>
<td>• Continuous effort and focus on high margin differentiated products</td>
</tr>
<tr>
<td></td>
<td>• Initiated efforts to make inroads into North America and Middle East by establishing satellite offices and/or partnerships with local players.</td>
<td>• Greater focus on customer’s evolving needs and trends on food products in terms of health, food safety and sustainability</td>
</tr>
<tr>
<td></td>
<td>• Increased soft oil and kernel crushing plants’ BGS utilisation rates across all business units by improving sales volume in key growth markets</td>
<td>• Continuous efforts to improve operational excellence and increase sales in high growth key markets</td>
</tr>
<tr>
<td></td>
<td>• Initiated SDO logistics Lab to design and implement performance improvement initiatives</td>
<td>• Digital interventions to improve supply chain efficiency and deliver customer needs</td>
</tr>
<tr>
<td></td>
<td>• Optimised supply chain to ensure seamless connectivity, taking advantage of price spreads across locations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Integrated tracing around the assets by leveraging on SDO’s assets in various countries</td>
<td></td>
</tr>
</tbody>
</table>

**Serving our customers’ evolving needs in our Downstream sector**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

**Maximising returns across the palm oil value chain by leveraging on our integrated business model**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
Reporting against long-term strategic targets: HSBC (UK/HK)

<table>
<thead>
<tr>
<th>Strategic priorities</th>
<th>Targets by end of 2020</th>
<th>Performance in 2018 (vs prior period)</th>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Deliver growth from areas of strength</td>
<td>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</td>
<td>- High single-digit revenue growth p.a. from Asia franchise</td>
<td>- Wealth in Asia` revenue, excluding market impacts in insurance(^c), improved 13%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Market share gains in eight scale markets(^a)</td>
<td>- Five of eight scale markets(^a) gained loan and/or deposit market share(^d)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- No. 1 international bank for Belt and Road Initiative</td>
<td>- Belt and Road Initiative: Awarded ‘Best Belt and Road Bank’ in Asia for the second consecutive year by FinanceAsia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- $100bn in sustainable financing and investment(^d)</td>
<td>- Pearl River Delta: Launched co-brand credit card with JD Finance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Awarded ‘Asia’s Best Bank for Sustainable Finance’ by Euromoney</td>
</tr>
<tr>
<td>2 Complete the establishment of UK ring-fenced bank and grow market share</td>
<td>Market share gains</td>
<td>Market share in mortgages: 6.6% (+0.5 percentage points)</td>
<td>Completed set-up of UK ring-fenced bank and opened new UK head office in Birmingham in October 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Launched dedicated SME fund with £12bn of funding, including £1bn of funding to help UK companies grow overseas</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>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</td>
</tr>
<tr>
<td>3 Gain market share and deliver growth from our international network</td>
<td>Mid to high single-digit revenue growth per annum from international network(^b)</td>
<td>International client revenue: +47%</td>
<td>- GLCM revenue +21%; FX revenue +10%; Securities Services revenue +11%; GTRF revenue +2% despite subdued global trade environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Market share gains in transaction banking(^a)</td>
<td>- Market share gains in GLCM, GTRF and FX(^b); GTRF market share in Singapore and Hong Kong up by three and one percentage points, respectively</td>
</tr>
<tr>
<td>4 Turn around our US business</td>
<td>US return on tangible equity &gt;6%</td>
<td>US RoTE: 2.7% (+1.8 percentage points)</td>
<td>US adjusted revenue of $4.8bn up 1% vs 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Adjusted profit before tax of $1.0bn up 32% vs 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nearly 200,000 more active retail customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Completed multi-year core banking system upgrade, paving the way for significantly enhanced client digital experience</td>
</tr>
<tr>
<td>5 Improve capital efficiency</td>
<td>Increase in asset productivity</td>
<td>Revenue / average RWAs: 6.2% (+30bps)</td>
<td>Overall capital efficiency improvement driven by 4% revenue growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Continue to redeploy RWAs to higher-return businesses</td>
</tr>
</tbody>
</table>
## Reporting against long-term strategic targets: HSBC (UK/HK)

<table>
<thead>
<tr>
<th>Strategic priority</th>
<th>2020 target</th>
<th>2018 performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be the leading bank to support transition to a low-carbon economy</td>
<td>$100 billion in sustainable financing and investment</td>
<td>Sustainable financing and investment: $17.5 billion ($28.5 billion cumulative)</td>
</tr>
</tbody>
</table>
Risk disclosure: Toyota, Japan

Risk Management

Fundamental Approach

Toyota has been working to reinforce its risk management systems since the onset 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
<table>
<thead>
<tr>
<th>Principal risks</th>
<th>Description</th>
<th>PI</th>
<th>Key mitigations</th>
<th>Link to material issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Sustainability:</strong> Plastics and packaging waste</td>
<td>The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will shape the agenda on production methods and waste recovery</td>
<td></td>
<td>• Packaging waste management and World Without Waste global programme</td>
<td>• Packaging, recycling and waste management</td>
</tr>
<tr>
<td><strong>2. Sustainability:</strong> Climate and carbon</td>
<td>The risk of the continued escalation of the climate change agenda and failure to reduce our environmental footprint, impacts on our operations and value chain may arise from adverse effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD</td>
<td></td>
<td>• Energy management programmes and transition to renewable and clean energy</td>
<td>• Carbon and energy</td>
</tr>
<tr>
<td><strong>3. Sustainability:</strong> Water</td>
<td>The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change</td>
<td></td>
<td>• Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water risk areas</td>
<td>• Water stewardship</td>
</tr>
<tr>
<td><strong>4. Consumer health and wellbeing</strong></td>
<td>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</td>
<td></td>
<td>• Focus on product innovation and expansion to a 24/7 beverage portfolio</td>
<td>• Nutrition, Marketing</td>
</tr>
<tr>
<td><strong>5. Cyber Incidents</strong></td>
<td>A cyber attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality</td>
<td></td>
<td>• Implement a cyber security and privacy control framework and monitor compliance</td>
<td>• Economic impact</td>
</tr>
<tr>
<td><strong>6. Foreign exchange and commodity costs</strong></td>
<td>Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices</td>
<td></td>
<td>• Currency hedging and risk management policy</td>
<td>• Economic impact</td>
</tr>
</tbody>
</table>
Applying risk processes: Coca-Cola HBC, Switzerland

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

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?
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

- 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
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.
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:

1. Strategic Intent Statement
2. Shareholder compact
3. Corporate Plan
4. Memorandum of Incorporation
5. Relevant legislation
6. Codes of good governance
7. Relevant policies and procedures
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.

THE FRENSILLO BOARD

- NON-INDEPENDENT NON-EXECUTIVE DIRECTORS
- INDEPENDENT NON-EXECUTIVE DIRECTORS

EXECUTIVE COMMITTEE

BOARD STRUCTURE AND ROLES

THE FRENSILLO BOARD

PURPOSE & VALUES

- SETS THE TONE FROM THE TOP

STRATEGY

- SETS STRATEGY AND MONITORS PROGRESS

CONTROLS

- SETS POLICIES AND MONITORS PERFORMANCE

- LEADS BY EXAMPLE AND PROMOTES CULTURE

- IMPLEMENTS STRATEGY AND COMMUNICATES PROGRESS

- MONITORS RISKS AND IMPLEMENTS CONTROLS
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.

**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**
- BSc
- Independent Chairman
- Chair: Directors’ Affairs and Separation Oversight Committees
- Six years

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

**Ihorn Rensburg**
- BPharm, MA (Political and Organisational Sociology), LLB, PhD (International Development Education)
- Five months

**Sipho Pityana**
- BA (Hons), MSc
- Ten months

**Mohamed Husain**
- BProc
- Lead Independent Director
- Chair: Social and Ethics Committee
- 11 years

**Daisy Naidoo**
- BCom, CA(SA), MAcc (Tax)
- Three years

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

**Francis Okomo-Okello**
- LLB (Hons), Dip (Law), Certified Public Secretary
- Five years

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

**Rose Keanly**
- BCom (Hons), BSc
- Six months

**Swithin Munyantwali**
- BSc, LLD, LLM
- Six months

**Tasneem Abdool-Samad**
- BCom, CA(SA)
- Two years

Non-executive director

**Daniel Hodge**
- ACA, MA (Hons)
- Two years

Executive directors

**Daniel Mminele**
- Associate Certificates (Chartered Institute of Bankers), German Banking Diploma
- Group Chief Executive
- Two years

**Peter Matlare**
- BSc (Hons), MA (SA studies)
- Deputy Group Chief Executive and Chief Executive: Absa Regional Operations
- Eight years

Creating Opportunities
<table>
<thead>
<tr>
<th>Director Qualifications and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academia/Education</strong> experience is important because it brings a perspective regarding organisational management and academic research relevant to our business and strategy.</td>
</tr>
<tr>
<td><strong>Business Ethics</strong> experience is important given the critical role that ethics plays in the success of our businesses.</td>
</tr>
<tr>
<td><strong>Business Head/Administration</strong> experience is important since directors with administration experience typically possess strong leadership qualities and the ability to identify and develop those qualities in others.</td>
</tr>
<tr>
<td><strong>Business Operations</strong> experience gives directors a practical understanding of developing, implementing and monitoring our operating plan and business strategy.</td>
</tr>
<tr>
<td><strong>Corporate Governance</strong> experience supports our goals of strong Board and management accountability, transparency and protection of shareholder interests.</td>
</tr>
<tr>
<td><strong>Environmental/Sustainability/Corporate Responsibility</strong> 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.</td>
</tr>
<tr>
<td><strong>Finance/Capital Allocation</strong> experience is important in evaluating our financial statements and capital structure.</td>
</tr>
<tr>
<td><strong>Financial Expertise/Literacy</strong> is important because it assists our directors in understanding and overseeing our financial reporting and internal controls.</td>
</tr>
<tr>
<td><strong>Financial Services Industry</strong> experience is important in understanding and reviewing our business and strategy.</td>
</tr>
<tr>
<td><strong>Government/Public Policy</strong> experience is relevant to the Company as it operates in a heavily regulated industry that is directly affected by governmental actions.</td>
</tr>
<tr>
<td><strong>Insurance Industry</strong> experience is important in understanding and reviewing our business and strategy.</td>
</tr>
<tr>
<td><strong>International</strong> experience is important in understanding and reviewing our business and strategy.</td>
</tr>
<tr>
<td><strong>Investments</strong> experience is important in evaluating our financial statements and investment strategy.</td>
</tr>
<tr>
<td><strong>Marketing/Sales</strong> experience is relevant to the Company as it seeks to identify and develop new markets for its financial products and services.</td>
</tr>
<tr>
<td><strong>Real Estate</strong> experience is important in understanding and reviewing our business and strategy.</td>
</tr>
<tr>
<td><strong>Risk Management</strong> experience is critical to the Board’s role in overseeing the risks facing the Company.</td>
</tr>
<tr>
<td>** Talent Management** experience is valuable in helping us attract, motivate and retain top candidates for positions at the Company.</td>
</tr>
<tr>
<td><strong>Technology/Systems</strong> experience is relevant to the Company as it looks for ways to enhance the customer experience and internal operations.</td>
</tr>
</tbody>
</table>
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:

YEAR 1
Externally facilitated Board evaluation using questionnaires and/or interviews.

YEAR 2
Follow-up on action plan prepared in response to Year 1 evaluation using internally-facilitated questionnaires.

YEAR 3
Focus on outstanding and emerging issues arising from the action plan using internally-facilitated questionnaires.
Board’s Accountability for Reporting, External and Internal Audit, Control, Compliance, and Risk Oversight
Risk Governance System – everyone has a role!!!

- **Board**
  - Ultimate accountability for the risk system/situation
  - Articulation of risk appetite, communication of risk strategy
  - Approval and review of risk policies and reports

- **Risk and Audit Committees**
  - Risk Oversight - Reviewing and challenging risk system, policies and reports
  - Escalating key issues to the Board

- **Risk management division**
  - Risk ownership - Identification, assessment, measurement, monitoring and reporting business risks

- **Business units**

- **Internal Audit**
  - Independent assessment of the effectiveness of risk management function
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
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

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

[Image of icons representing SDGs]
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 ambitions.

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 fulfill 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 license. 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.
## Top five answer categories (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be transparent and honest</td>
<td>22%</td>
<td>“Be transparent and forthcoming about what they cannot forecast with any accuracy.”</td>
</tr>
</tbody>
</table>
| Increase the frequency of engagement and
  communications                                   | 17%        | “Be honest about the worst-case scenario.” |
| Provide additional disclosures, metrics, and
  data                                            | 14%        | “Give more frequent updates related to strategy changes.” |
| Focus on liquidity and cash flow profile         | 12%        | “Provide periodic updates on the business, activities, and plans—more than companies have been doing.” |
| Focus on long-term strategy and investment       | 9%         | “Be clear about the variables they’re paying attention to and their assumptions about those variables.” |
|                                                  |            | “Provide complete disclosure of their expected liquidity position now and in the coming quarters.” |
|                                                  |            | “Clearly express their strategy on how they are planning to take advantage of or navigate the COVID-19 crisis.” |

Source: BCG’s COVID-19 Investor Pulse Check, May 17, 2020; n = 150 overall, n = 345 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 - 6%.
My perception of the quality of a company’s reporting impacts my perception of the quality of its management.

- “The key is, does reporting line up to the way the company is actually managed?”
- “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.”
- “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
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
Sustainability Performance: Contribution to the SDGs
Role of KPIs: Link Strategy to Performance

**All injury frequency rate (AIFR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>AIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.65</td>
</tr>
<tr>
<td>2014</td>
<td>0.59</td>
</tr>
<tr>
<td>2015</td>
<td>0.46</td>
</tr>
<tr>
<td>2016</td>
<td>0.44</td>
</tr>
<tr>
<td>2017</td>
<td>0.42</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>81.2</td>
</tr>
<tr>
<td>2014</td>
<td>81.7</td>
</tr>
<tr>
<td>2015</td>
<td>79.7</td>
</tr>
<tr>
<td>2016</td>
<td>74.4</td>
</tr>
<tr>
<td>2017</td>
<td>73.0</td>
</tr>
</tbody>
</table>

(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.

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.

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.
### Role of KPIs: Ensuring Comparability

<table>
<thead>
<tr>
<th>ENVIRONMENT</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions</td>
<td>92%</td>
</tr>
<tr>
<td>Water use</td>
<td>92%</td>
</tr>
<tr>
<td>Energy efficiency and mix</td>
<td>85%</td>
</tr>
<tr>
<td>Waste (water, solid, hazardous)</td>
<td>77%</td>
</tr>
<tr>
<td>Air pollutants</td>
<td>62%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WORKING CONDITIONS</th>
<th>FREQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury and fatality</td>
<td>100%</td>
</tr>
<tr>
<td>Workforce composition</td>
<td>69%</td>
</tr>
<tr>
<td>Collective bargaining agreements</td>
<td>62%</td>
</tr>
<tr>
<td>Turnover</td>
<td>62%</td>
</tr>
<tr>
<td>Forced and child labor in the company</td>
<td>54%</td>
</tr>
</tbody>
</table>

GHG emissions: Scope 1 and 2 (t), Scope 3 if relevant, intensity (GHG/sales)

Water used (m3), % recycled, % in water stress areas, intensity (water use/sales)

Energy consumed (GW), % grid electricity, % renewables, intensity (energy/sales)

Waste from operations (t), % hazardous, % recycled, intensity (waste/sales)

Air Pollutants (Tn): NOx (excl. N2O), SOx, volatile organic compounds, particulate matter

Number of work-related fatalities for direct and contract employees

Lost-time incident rate for direct and contract employees.

Workforce composition by gender and ethnicity (#)

% of active workforce covered under collective bargaining agreements

Voluntary and involuntary employee turnover rate by major employee category

Legal actions, employee grievances, or public controversies involving forced and child labor in the company’s operations (y/n)
Performance Reporting:
Enabling Sustainable Investments

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
IV. DISCLOSURE AND TRANSPARENCY

1. IMPROVE WEBSITE DISCLOSURE

2. DEVELOP AN ESG REPORT

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

3. PREPARE AN INTEGRATED ANNUAL REPORT

4. ADOPT AND REPORT ON ESG KEY PERFORMANCE INDICATORS (KPIS)
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]).
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