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
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
Welcoming Remarks
Speaker: Vivek Pathak, Regional Director for East Asia and Pacific, IFC

12:40 – 13:20
The Business Case for Transparency
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:
Raitiza 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
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)

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

14:30 – 14:30
Closing Remarks
Speaker: Justin Pooley, ESG Manager for Asia Pacific, IFC

Sustainable Stock Exch Initiative

Creating Markets, Creating Opportunities
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.

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

Target 12.6.1
Number of published sustainability reports
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>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>What is this reporting initiative designed for?</td>
<td>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.</td>
<td>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</td>
<td>Enabling all organizations – regardless of size, sector or location – to report about their impacts on the economy, the environment, and/or society.</td>
<td>Provide guidance on how businesses and organizations can operate in a socially responsible way</td>
<td>Increase holistic, long-term, integrated thinking – considering multiple capitals – and improve allocation of financial capital</td>
<td>Provide a more complete view of a corporation’s performance on material issues likely to affect long-term value</td>
</tr>
<tr>
<td>Who is this reporting initiative designed for?</td>
<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>
</tr>
</tbody>
</table>
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.
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

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 Initiative
Creating Markets, Creating Opportunities
Sustainable Stock Exchanges: a global trend towards ESG disclosure

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
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).

UNCTAD names winners of ISAR Honours 2019

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

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

<table>
<thead>
<tr>
<th>Environment</th>
<th>Frequency</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>
</tr>
<tr>
<td>Water use</td>
<td>Water used (m3), % recycled, % in water stress areas, intensity (water use/sales)</td>
</tr>
<tr>
<td>Energy efficiency and mix</td>
<td>Energy consumed (GW), % grid electricity, % renewables, intensity (energy/sales)</td>
</tr>
<tr>
<td>Waste (water, solid, hazardous)</td>
<td>Waste from operations (t), % hazardous, % recycled, intensity (waste/sales)</td>
</tr>
<tr>
<td>Air pollutants</td>
<td>Air Pollutants (Tr): NOx (excl. N2O), SOx, volatile organic compounds, particulate matter</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Conditions</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury and fatality</td>
<td>Number of work-related fatalities for direct and contract employees</td>
</tr>
<tr>
<td>Lost-time incident rate for direct and contract employees</td>
<td>100%</td>
</tr>
<tr>
<td>Workforce composition</td>
<td>Workforce composition by gender and ethnicity (#)</td>
</tr>
<tr>
<td>Collective bargaining agreements</td>
<td>% of active workforce covered under collective bargaining agreements</td>
</tr>
<tr>
<td>Turnover</td>
<td>Voluntary and involuntary employee turnover rate by major employee category</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>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Society</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticorruption (management) and treatment</td>
<td>Management of anticorruption in the value chain (codes, policies, prevention, and treatment)</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>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sourcing</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>Suppliers: % selected and monitored according to social and environmental criteria</td>
</tr>
<tr>
<td>Raw materials (recycled/renewables)</td>
<td>Raw materials; % from 1) recycled content and 2) renewable resources</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Products</th>
<th>Frequency</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>
</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
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"
Start Your Journey
Start Your Journey
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 (Catz &amp; Hurd)*</td>
<td>$950,000</td>
<td>-</td>
<td>-</td>
<td>95%</td>
</tr>
<tr>
<td>Eastman (Costa)</td>
<td>$1,226,110</td>
<td>$1,540,625</td>
<td>$12,592,479</td>
<td>90%</td>
</tr>
<tr>
<td>Duke Energy (Good)</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 (Heinow)</td>
<td>$1,769,262</td>
<td>$8,758,727</td>
<td>$9,788,097</td>
<td>90%</td>
</tr>
<tr>
<td>Cummins (Lineburger)</td>
<td>$1,442,500</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>$1,276,802</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 (Mullenburg)</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>Marriott Int T (Sorensen)</td>
<td>$1,300,000</td>
<td>$2,925,000</td>
<td>$8,429,788</td>
<td>90%</td>
</tr>
<tr>
<td>AT&amp;T (Stephenson)</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>$3,364,700</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 2018. Columns "PBC" report 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.
Authenticity

Starts Here
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

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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

How we create value as a renewable materials company

Key inputs:
- Investments in Human Rights Due Diligence programmes
- 260,000 direct employees in more than 30 countries
- Employee and leadership development
- Technology with communities and universities
- EUR 2.7 million voluntary community investments
- Business ethics and compliance

Key outputs:
- Development areas mapped against the highest priority human rights during 2019
- 10.3% of turnover spent on social responsibility
- 4 hours of training per employee
- Leadership index 80%
- 411 voluntary community investment projects
- Code of Conduct index 80%

Key impacts:
- Respect for Human Rights in all operations
- EUR 1.3 billion sales and benefits
- 0% of waste sent to landfills
- 70% of waste from new products
- 90% of waste from recycled paper
- 100% of electricity from renewable sources
- Value creation with local communities
- Value through ethical operations in the market place

Our fiber-based materials are renewable and recyclable. Our solutions provide low-carbon alternatives to products based on finite resources.

Sustainable Stock Exchange Initiative

IFC, International Finance Corporation
World Bank Group
Building Markets, Creating Opportunities
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)

<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>
</table>
| Deliver growth from areas of strength

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
   - High single-digit revenue growth p.a. from Asia franchise
   - Market share gains in eight scale markets
   - No. 1 international bank for Belt and Road Initiative
   - $100bn in sustainable financing and investment

2. **Complete the establishment of UK ring-fenced bank and grow market share**
   - Market share gains
   - Market share in mortgages: 6.6% (+0.5 percentage points)

3. **Gain market share and deliver growth from our international network**
   - Mid to high single-digit revenue growth per annum from international network
   - Market share gains in transaction banking

4. **Turn around our US business**
   - US return on tangible equity >6%
   - US RoTE: 2.7% (+1.8 percentage points)

5. **Improve capital efficiency**
   - Increase in asset productivity

<table>
<thead>
<tr>
<th></th>
<th>Revenue / average RWVA: 6.2% (+30bps)</th>
<th>Overall capital efficiency improvement driven by 4% revenue growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US adjusted revenue of $4.8bn up 1% vs 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adjusted profit before tax of $1.0bn up 32% vs 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nearly 200,000 more active retail customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Completed multi-year core banking system upgrade, paving the way for significantly enhanced client digital experience</td>
<td></td>
</tr>
</tbody>
</table>

|                | Wealth in Asia revenue, excluding market impacts in insurance, improved 13% |
|                | Five of eight scale markets gained loan and/or deposit market share |
|                | 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 |
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 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 emergences 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>1. Sustainability:</td>
<td>The risk of rising stakeholder concerns relating to packaging waste and</td>
<td></td>
<td>• Packaging waste management and World Without Waste global programmes</td>
<td>• Packaging, recycling and waste</td>
</tr>
<tr>
<td>Plastics and packaging</td>
<td>plastics pollution that will drive the agenda on production methods and</td>
<td></td>
<td>• Partnering with local and international NGOs on packaging recovery</td>
<td>management</td>
</tr>
<tr>
<td>waste</td>
<td>waste recovery. Impacts to our operations and value chain may arise from</td>
<td></td>
<td>• Partnering with local communities, start-ups and academics to minimise</td>
<td>• Sourcing</td>
</tr>
<tr>
<td></td>
<td>more volatile effects of weather and hGOG monitoring of our approach to</td>
<td></td>
<td>environmental impacts</td>
<td></td>
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<td></td>
<td>carbon use and compliance with TCDF.</td>
<td></td>
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<tr>
<td>2. Sustainability:</td>
<td>The risk of the continued escalation of the climate change agenda and a</td>
<td></td>
<td>• Energy management programmes and transition to renewable and clean energy</td>
<td>• Carbon and energy</td>
</tr>
<tr>
<td>Climate and carbon</td>
<td>failure to reduce our environmental footprint. Impacts to our operations and</td>
<td></td>
<td>• Partnering with local and international NGOs on common issues such as</td>
<td>• Sourcing</td>
</tr>
<tr>
<td></td>
<td>value chain may arise from more volatile effects of weather and hGOG</td>
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<td>nature conservation</td>
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<td></td>
<td>monitoring of our approach to carbon use and compliance with TCDF.</td>
<td></td>
<td>• Partnering with local communities, start-ups and academics to minimise</td>
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<td></td>
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<td></td>
<td>environmental impacts</td>
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<td></td>
<td></td>
<td></td>
<td>• Focus on sustainable procurement.</td>
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<td></td>
<td></td>
<td></td>
<td>• Commitment to TCDF recommendations.</td>
<td></td>
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<tr>
<td>3. Sustainability:</td>
<td>The risk of water availability, water stress to the communities in which</td>
<td></td>
<td>• Water reduction and waste water treatment programmes, as well as support for</td>
<td>• Water stewardship</td>
</tr>
<tr>
<td>Water</td>
<td>we operate, and water quality caused by climate change.</td>
<td></td>
<td>water stewardship initiatives in water-risk areas</td>
<td>• Sourcing</td>
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<td></td>
<td></td>
<td></td>
<td>• Partnering with local and international NGOs on water stewardship strategies</td>
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<td></td>
<td></td>
<td></td>
<td>• Partnering with local communities, start-ups and academics to minimise</td>
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<td></td>
<td></td>
<td></td>
<td>environmental impacts</td>
<td></td>
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<tr>
<td>4. Consumer health</td>
<td>Failure to adapt to changing consumer health trends, public health policies</td>
<td></td>
<td>• Focus on product innovation and expansion to a 24/7 beverage portfolio</td>
<td>• Nutrition</td>
</tr>
<tr>
<td>and wellbeing</td>
<td>addressing misconceptions about our formulations, sugar and the health</td>
<td></td>
<td>• Expand our range of low- and no-calorie beverages</td>
<td>• Marketing</td>
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<tr>
<td></td>
<td>impact of our product portfolio.</td>
<td></td>
<td>• Introduce smaller packs</td>
<td>• Product quality and integrity</td>
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<td></td>
<td></td>
<td></td>
<td>• Reduce the calorie content of products in the portfolio</td>
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<td></td>
<td></td>
<td></td>
<td>• Clearer labeling on packaging</td>
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<td></td>
<td></td>
<td></td>
<td>• Promote active lifestyles through consumer engagement programmes focused on</td>
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<td></td>
<td></td>
<td></td>
<td>health and wellness</td>
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<tr>
<td>5. Cyber Incidents</td>
<td>A cyber-attack or data centre failure resulting in business disruption or</td>
<td></td>
<td>• Implement a cyber-security and privacy control framework and monitor</td>
<td>• Economic impact</td>
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<tr>
<td></td>
<td>breach of corporate or personal data confidentiality.</td>
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<td>compliance.</td>
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<td></td>
<td>• Maintain certification against the ISO 27001, standard and confirm our</td>
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<td></td>
<td>commitment to secure information assets and comply with international security</td>
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<td></td>
<td>standards.</td>
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<td></td>
<td>• Safeguard critical IT and operational assets</td>
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<td></td>
<td>• Detect, respond and recover from cyber incidents and attacks</td>
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<td></td>
<td>• Foster a positive culture of cyber-security</td>
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<td></td>
<td></td>
<td></td>
<td>• Monitor threat landscape and remediate associated vulnerabilities</td>
<td></td>
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<tr>
<td>6. Foreign exchange</td>
<td>Foreign exchange and commodity exposure arises from changes in exchange</td>
<td></td>
<td>• Treasury policy requires the hedging of 25% to 80% of rolling 12-month</td>
<td>• Economic impact</td>
</tr>
<tr>
<td>and commodity costs</td>
<td>rates in exchange rates and commodity prices.</td>
<td></td>
<td>forecasted transactional foreign currency exposure</td>
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<td></td>
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<td>• Hedging beyond 12 months may occur in exceptional cases subject to approval</td>
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<td></td>
<td>of Group CFO</td>
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<td>• Treasury policy requires the hedging of rolling three-year commodity exposure</td>
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<td>; different policy limits apply for each hedge-able commodity</td>
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<td></td>
<td></td>
<td>• Derivative financial instruments are used, where available, to reduce net</td>
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<td></td>
<td></td>
<td></td>
<td>exposure to currency and commodity price fluctuations</td>
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</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

1 2 3 4 5

Principal risks trend

Increasing Stable Decreasing
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
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.
BOARD FOCUS ON MATERIAL ISSUES IMPACTING SUSTAINABILITY

PHILIPS GROUP ANNUAL REPORT 2019
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.

**BOARD STRUCTURE AND ROLES**

- **THE FRESNILLO BOARD**
  - Non-independent Non-Executive Directors
  - Independent Non-Executive Directors

**EXECUTIVE COMMITTEE**

**PURPOSE & VALUES**

- Sets the Tone from the Top
- Leads by Example and Promotes Culture

**STRATEGY**

- Sets Strategy and Monitors Progress
- Implements Strategy and Communicates Progress

**CONTROLS**

- Sets Policies and Monitors Performance
- 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 Committee
Six years

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

Alex Darko
MSc (Management Information Systems), FCPA
Chair: Remuneration and Information Technology Committee
Five years

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

Daisy Naidoo
BCom, CA(SA), MAcc (Tax)
Lead Independent Director
Chair: Social and Ethics Committee
11 years

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

Ihron Rensburg
BPPharm, MA (Political and Organisational Sociology), LLB, PhD (International Development Education)
Five months

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

Sipho Pityana
BA (Hons), MSc
Ten months

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

Swwithin Munyantwai
BSc, LLB, LLM
Six months

Non-executive director

Daniel Hodge
ACA, MA (Hons)
Two years

Executive directors

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

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

## Summary of Director Qualifications and Experience

**Academia/Education**: Experience is important because it brings perspective regarding organisational 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 these qualities in others.

**Business Operations**: Experience gives directors a practical understanding of developing, implementing, and coordinating 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**: Experience 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**: Experience is important in understanding and reviewing our business and strategy.

**International Experience**: Experience is important in understanding and reviewing our business and strategy.

**Investment Experience**: 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**: 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.
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**
  - RM - Facilitation, implementation and coordination of risk management activity across the company

- **Business units**
  - Risk ownership - Identification, assessment, measurement, monitoring and reporting business risks

- **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
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

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

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.
## Top five answer categories (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be transparent and honest</td>
<td>22%</td>
</tr>
<tr>
<td>Increase the frequency of engagement and communications</td>
<td>17%</td>
</tr>
<tr>
<td>Provide additional disclosures, metrics, and data</td>
<td>14%</td>
</tr>
<tr>
<td>Focus on liquidity and cash flow profile</td>
<td>12%</td>
</tr>
<tr>
<td>Focus on long-term strategy and investment</td>
<td>9%</td>
</tr>
</tbody>
</table>

- "Be transparent and forthcoming about what they cannot forecast with any accuracy."
- "Be honest about the worst-case scenario."
- "Give more frequent updates related to strategy changes."
- "Provide periodic updates on the business, activities, and plans—more than companies have been doing."
- "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 = 143 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.

- 88%

“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].”

“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.”

“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 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.”
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.**
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)

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.

<table>
<thead>
<tr>
<th>Performance</th>
<th>2013</th>
<th>0.65</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>0.59</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>0.44</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>0.44</td>
</tr>
<tr>
<td></td>
<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)

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.

<table>
<thead>
<tr>
<th>Performance</th>
<th>2013</th>
<th>83.2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>81.7</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>79.7</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>74.4</td>
</tr>
<tr>
<td></td>
<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.
## Role of KPIs: Ensuring Comparability

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

<table>
<thead>
<tr>
<th>WORKING CONDITIONS</th>
<th>FREQ.</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury and fatality</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Lost-time incident rate for direct and contract employees</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Workforce composition</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>Collective bargaining agreements</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forcibled and child labor in the company</td>
<td>54%</td>
<td></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
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
3. PREPARE AN INTEGRATED ANNUAL REPORT
4. ADOPT AND REPORT ON ESG KEY PERFORMANCE INDICATORS (KPIS)

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