

APPLYING THE BUILDING BLOCKS APPROACH TO SUSTAINABILITY IMPACTS AND REPORTING

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ANNUAL CONFERENCE

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AGENDA

SUSTAINABILITY AND CLIMATE CONTEXT

EMBEDDING SUSTAINABILITY AT THE HEART OF THE BUSINESS

UNDERSTANDING IMPACTS AND OUTCOME

SUSTAINABILITY REPORTING – BUILDING TRANSPARENCY AND TRUST

QUESTIONS

SUSTAINABILITY & CLIMATE CONTEXT

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Its not about the report

Sustainability has become business's license to operate



New growth opportunities

- Access to **new markets, investors and customers**
- Attracts **quality talent**
- Strengthens **social license**
- Encourages **innovation and collaboration**



Cost savings

- Lowers **cost of capital**
- Improves **staff productivity & retention**
- Increases **operational and resource efficiency**
- Reduces **supply chain complexity and waste**



Risk management

- Reduces **reputational, regulatory & operational risk**
- Future proofs against **stricter regulatory & legal requirements**
- Enhances **governance**
- Forecasts & mitigates **emerging threats to the business model**



Contribution to Society

A strong sustainability agenda helps organisations meet their stakeholders' needs and expectations, including **fostering social value and regenerating our environment.**

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“Business cannot survive in a society – or economy, natural environment – that fails”

Major shifts across economic, social, political, legal and environmental landscapes are demanding reconsideration of how organisations design their business model and deliver value to their stakeholders.



Changing physical landscapes and climates

Degradation of natural environments | Biodiversity loss | Increasing frequency of extreme weather events | Changes to weather patterns



Transitions to new economic models

Digitalisation | Emergence of cryptocurrencies | Changing views on corporate purpose | Responsible capitalism | Green economy



Redirection and restructuring of capital flows

Investor focus on sustainability credentials | New models for capital allocation | Emerging financial instruments (e.g. green bonds, SSLs)



Expanding global connectivity and scale of impact

Internationalisation of economies and societies | Expansion of global value chains | Interconnectedness among communities



Increasingly complex regulatory requirements

Proliferation of legal and regulatory requirements | Expansion and harmonisation of standards and frameworks



Emerging national priorities and government interventions

Policy responses to health and economic impacts of COVID-19 | National plans to support transition to net zero



Growing public scrutiny of corporate conduct

Heightened customer awareness of social and environmental factors | Public and media attention on corporate performance



Rising tides on social justice and economic equality

Activism on gender equality and discrimination (e.g. #MeToo) | Action to combat racial justice (#BlackLives Matter) | Spotlight on diversity and inclusion



Evolving workforce and demographic pressures

Demographic shifts | Urbanisation and de-urbanisation | Employee expectations around purposeful work | Unionisation



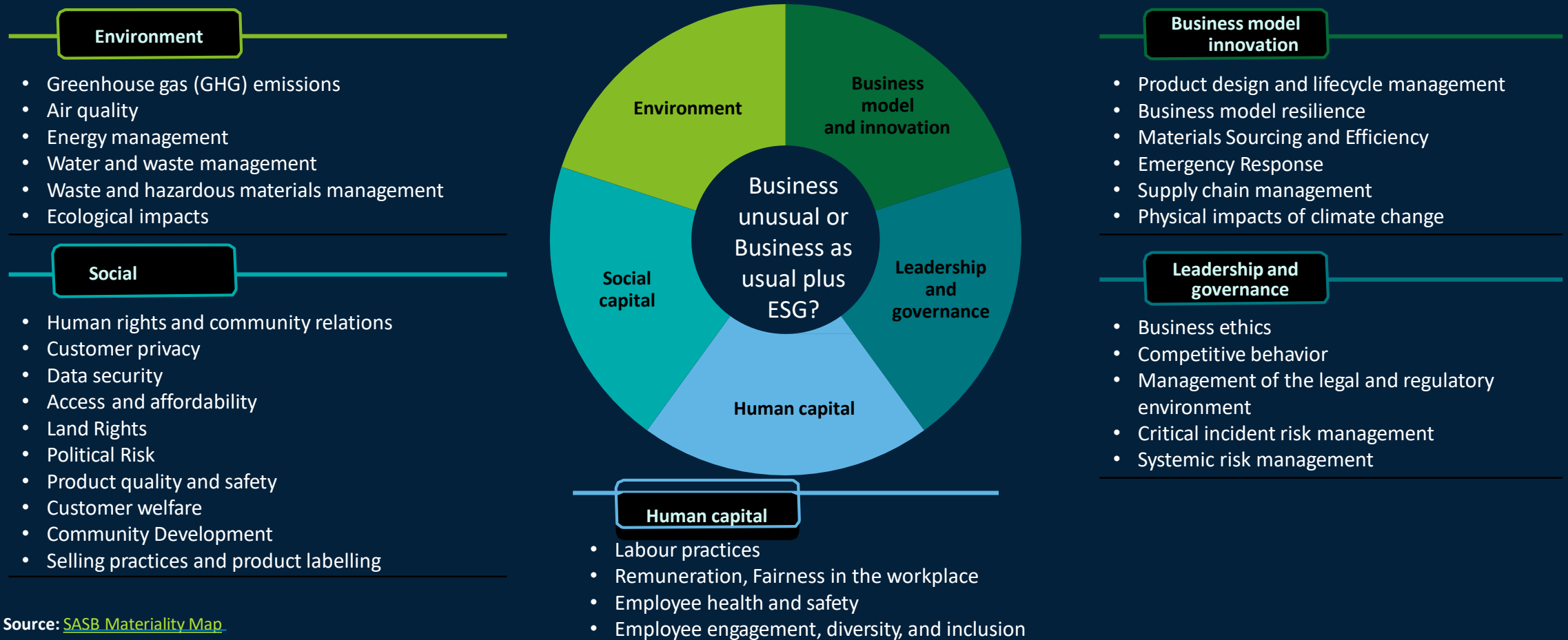
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What is the link between ESG and Sustainability?

SUSTAINABILITY IS ABOUT LONG TERM VIABILITY AND DECOUPLING GROWTH FROM NEGATIVE IMPACT



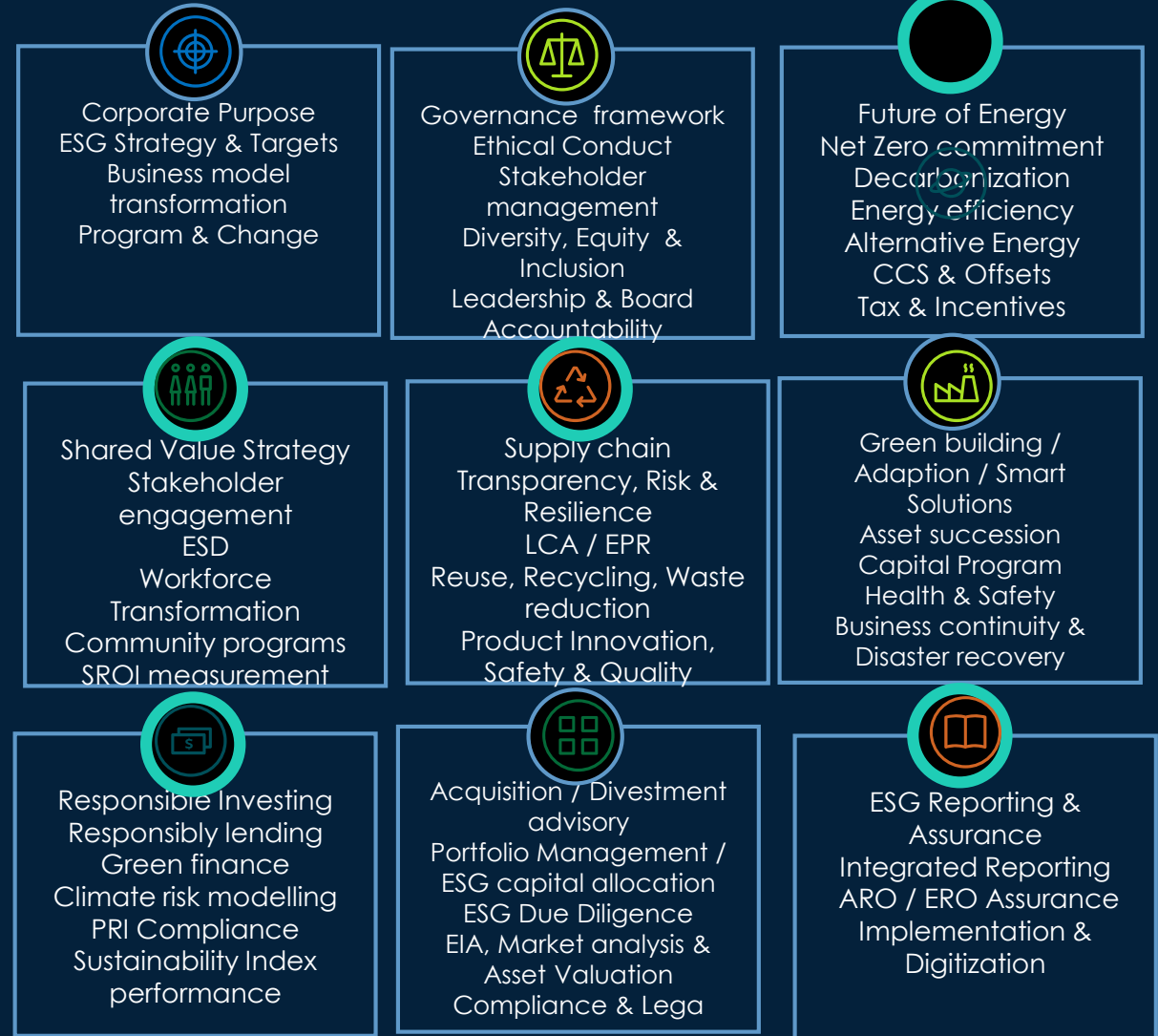
Source: [SASB Materiality Map](#)

SUSTAINABILITY AND CLIMATE VALUE CHAIN AND KEY FOCUS AREAS



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EMBEDDING SUSTAINABILITY AT THE HEART OF THE BUSINESS

Sustainability & Climate is multi-faceted and encompasses many dimensions of accountability



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Sustainability and Climate sets a clear strategic imperative for transformation and change and sits firmly in the C-suite agenda.

	CEO or Chief Strategy Officer	CFO	Supply Chain Officer	Board Director
Goals	<ul style="list-style-type: none"> • Give Investors Confidence that ESG Topics Being Addressed • Manage Critical Risks • Shape Investment Decisions • Inspire and Attract/Retain Talent • Leave a Legacy 	<ul style="list-style-type: none"> • Measure the financial return associated with ESG investment • Ensure ESG disclosures are reliable and accurate • Provide investors with relevant and timely ESG information to inform assessments 	<ul style="list-style-type: none"> • Supply chain continuity and productivity • Supplier and cost management • Identify suppliers with innovative and sustainable solutions for our products and packaging • Safe and effective distribution centers 	<ul style="list-style-type: none"> • Sound understanding of ESG risks and how they are managed • ESG risk management integrated into ERM framework overlaid with Board oversight • Providing market signals of effective management
Pain Points	<ul style="list-style-type: none"> • Pace of change in industry and world • Deciding where to take big bets, and what risks to manage • Prioritize competing needs of broad universe of stakeholders • Wants to make sure they get credit in the market 	<ul style="list-style-type: none"> • Measure financial return of intangible ESG benefits in a meaningful way • Rely on information produced in an environment lacking processes and control • Understand investor disclosure needs and information 	<ul style="list-style-type: none"> • Balancing supply chain continuity risk and per unit costs • Lack of visibility into real-time performance • Time and investment dollars to implement technology solutions • Changing network speed expectations 	<ul style="list-style-type: none"> • Understand evolving fiduciary duty in a disrupted global environment • Effectively managing global mega trends and ESG disruptors • Ensure market transparency on company ESG risk management practices

Integrating sustainability strategy and business strategy

Embedding sustainability into your business strategy is simply defining an ESG strategy that serves as an enabler of your business strategy while achieving maximum value for all stakeholders

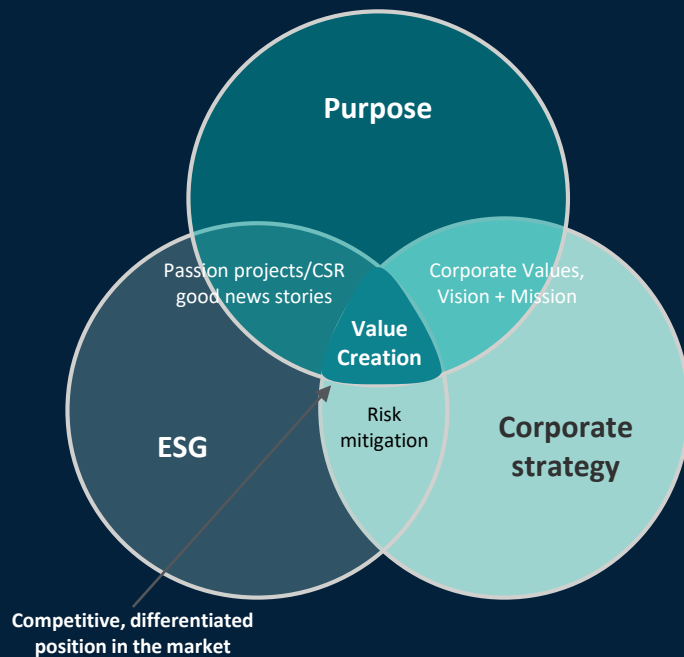


How do you develop a sustainability strategy?

1. Define

Where does your organisation have competitive advantage?
How does your corporate strategy enable impact?

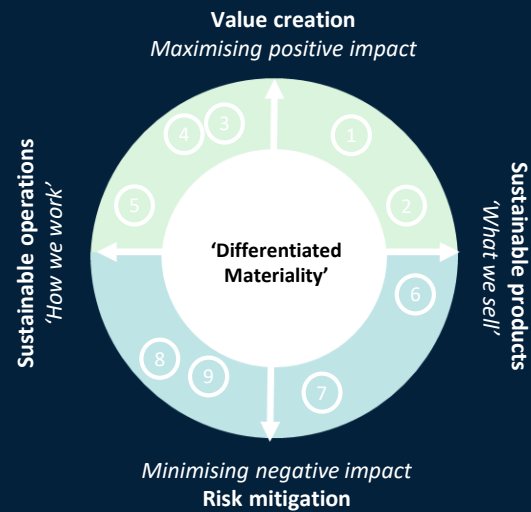
Overlaying your material ESG issues to see where they connect with your organisation's purpose and corporate strategy allows you to identify the areas your firm can differentiate and gain competitive advantage.



2. Prioritise

What is most important to your stakeholders and your business? What can/should you lead in and what can you manage as a risk?

Mapping the issues that matter most to your stakeholders and business by degree of value creation and sphere of influence allows you to prioritise and focus your efforts.



Identifying the critical ESG issues involves looking at topics relevant to your operations but also the impact of your products.

3. Activate & Operationalise

How do you bring your ESG, strategy and purpose to life to create shared value? How does your operating model enable your approach?

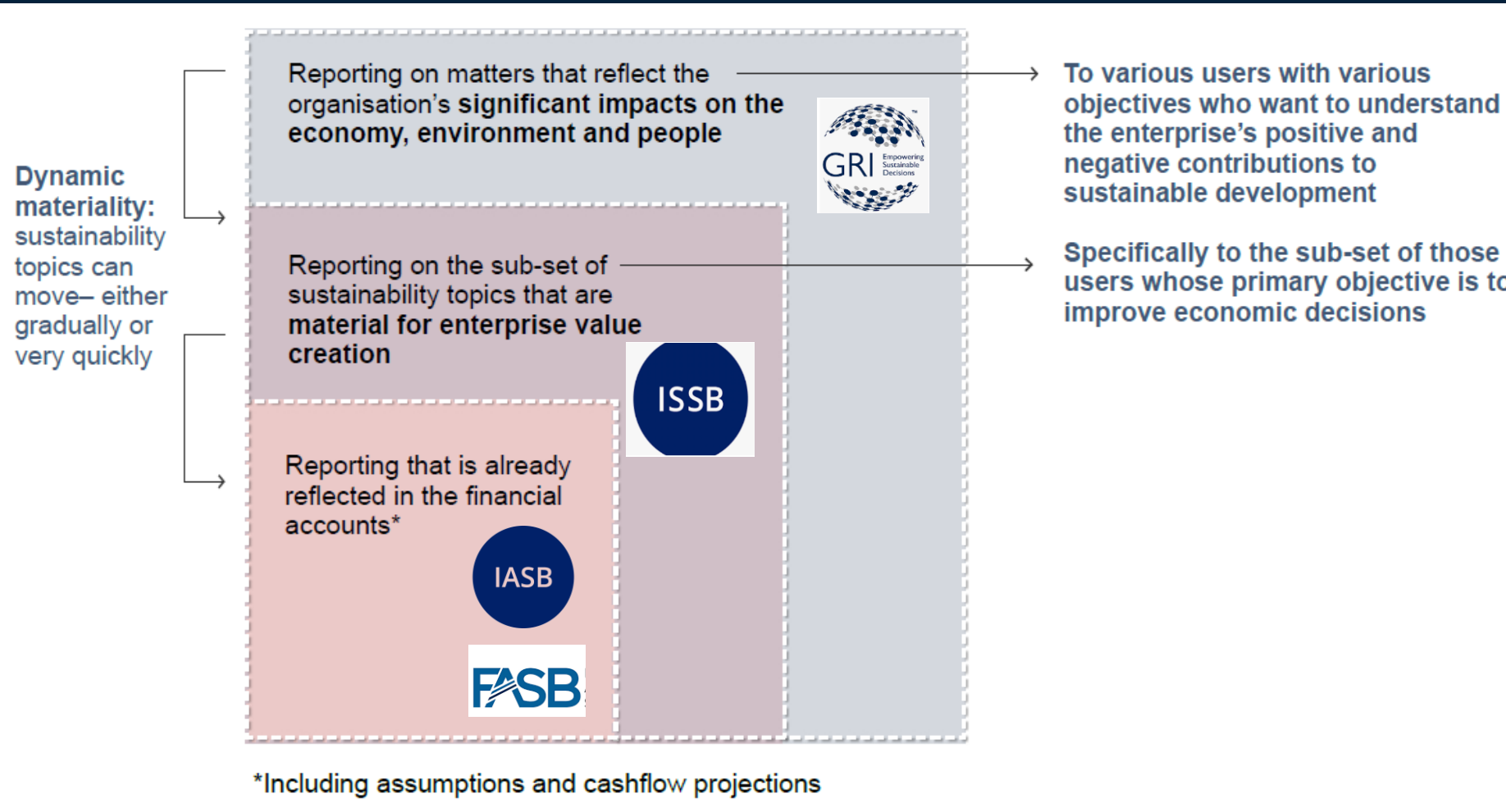
Once identified and aligned with your corporate strategy and purpose, your prioritised material issues can be a meaningful catalyst to value creation.

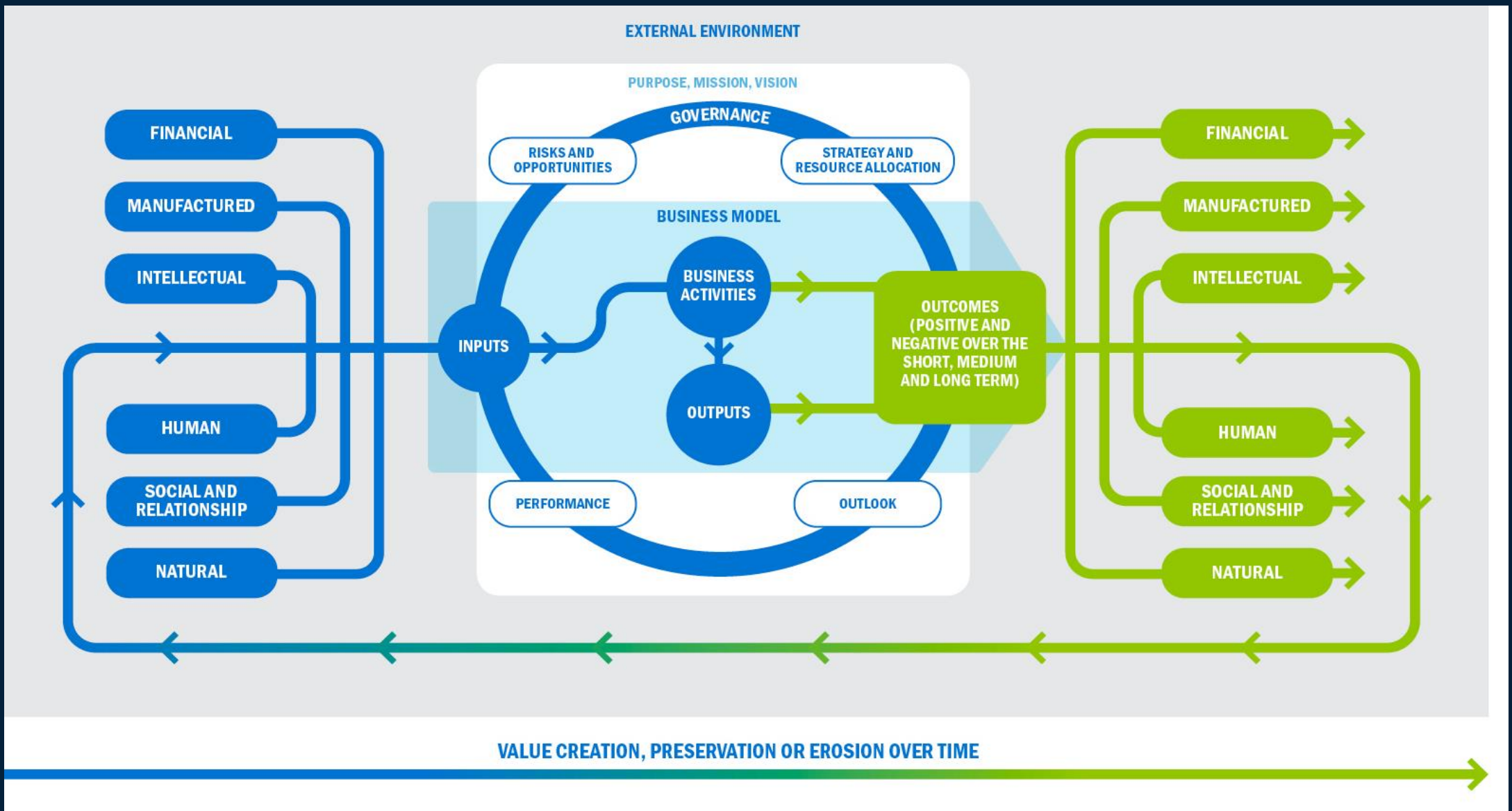
Momentum and long-term value is gained when these issues are integrated into the way your organisation thinks and behaves.

Motivate	Operate	Behave
Galvanising purpose	Operations & Process	Brand and reputation
Culture and values	Governance	Stakeholder experiences
Leadership conviction	Talent roles and experience	Incentives and culture triggers
Strategy and planning	Product	Measurement and disclosure

UNDERSTANDING IMPACTS AND OUTCOME

DOUBLE & DYNAMIC MATERIALITY





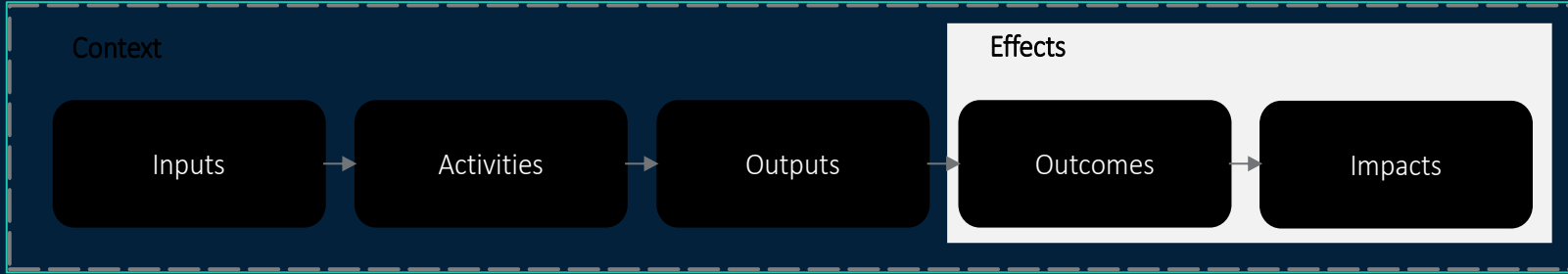
SOURCE INTEGRATED REPORTING FRAMEWORK

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UNDERSTANDING IMPACTS AND OUTCOMES



- POSITIVE AND NEGATIVE IMPACTS OF ACTIVITIES
- TRADE OFFS IN EVERY DECISION AND ALTERNATIVE STRATEGY
- UNDERSTANDING IMPLICATIONS OF DECISIONS MADE

Consider ALL your stakeholders

- Suppliers
- Employees
- Communities
- Investors
- Government
- Customers

•Own operations

•Downstream, distribution, retail

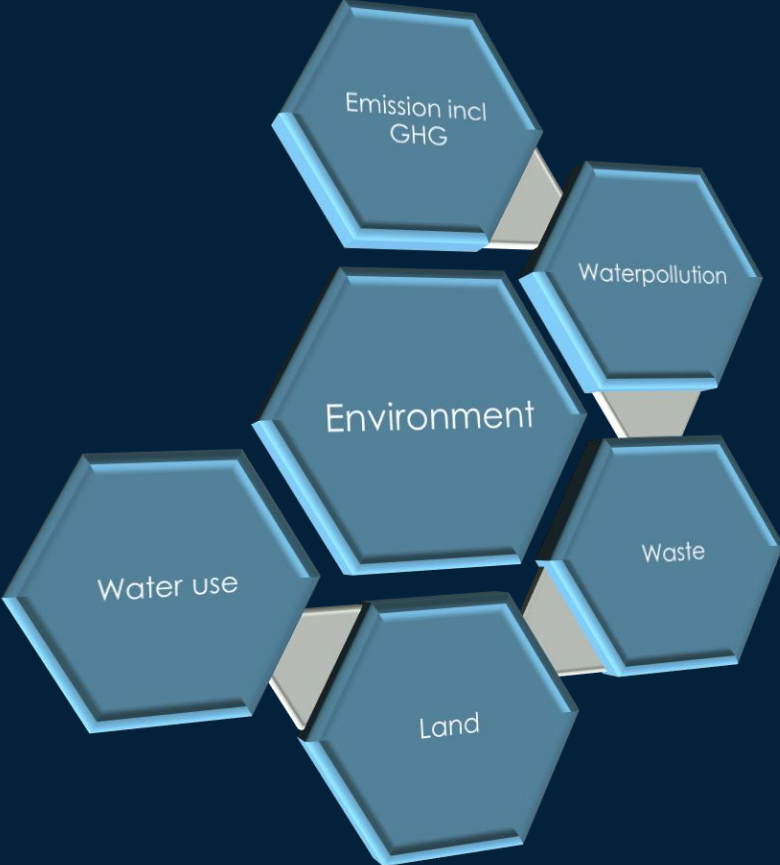
•Upstream suppliers

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AREAS OF IMPACT AND OUTCOME TO CONSIDER



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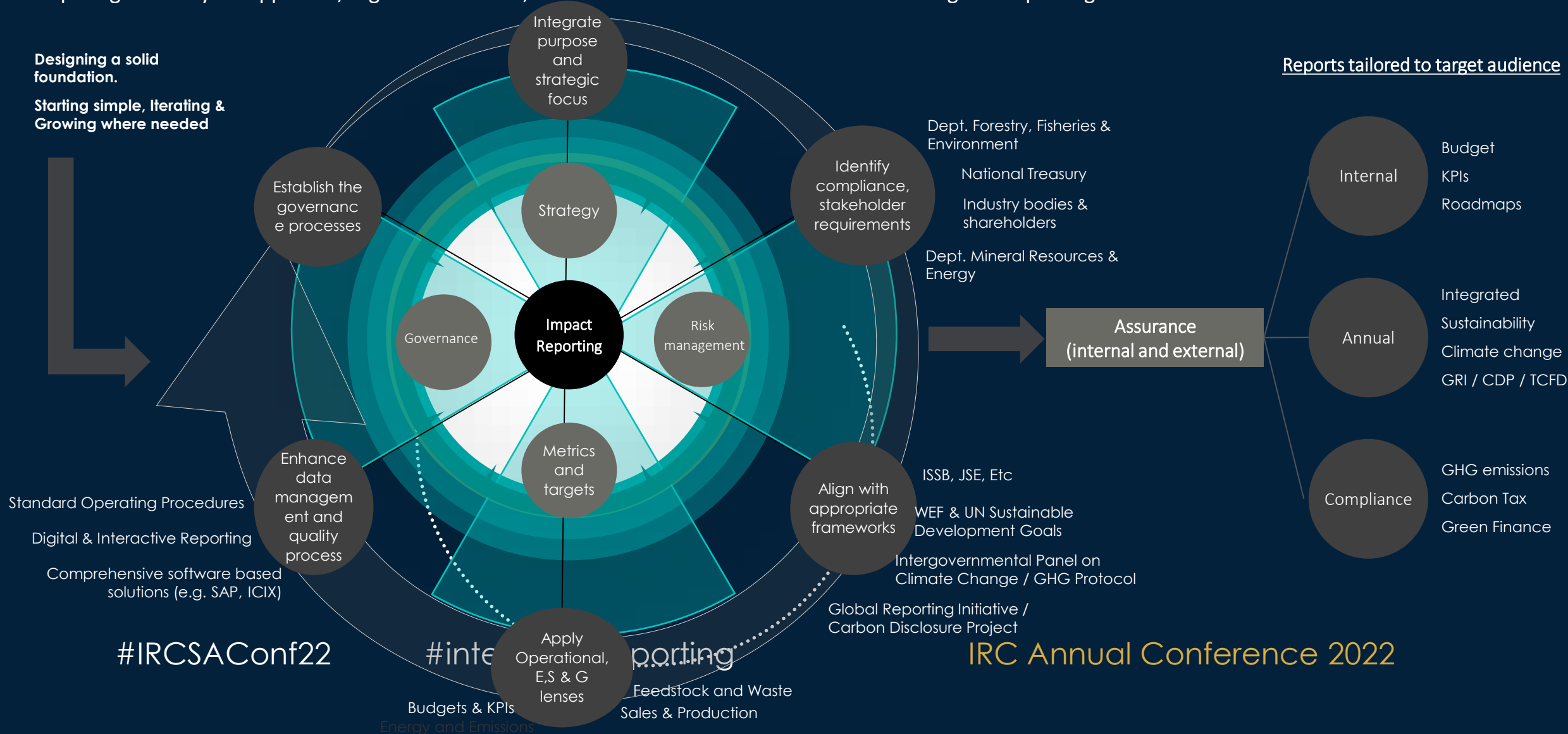
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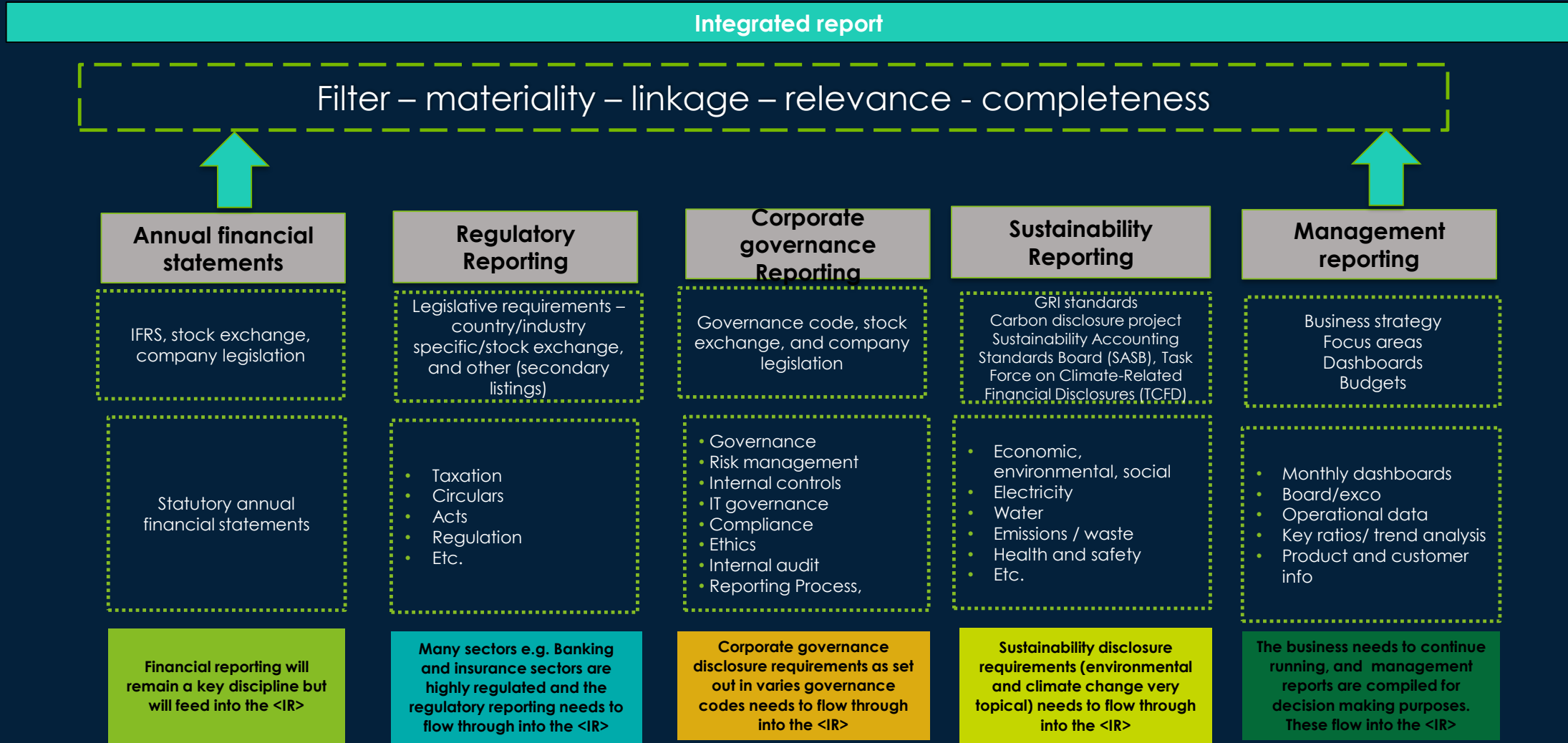
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Approach to Reporting

Integrated thinking (embedding considerations of planet, people, and prosperity into a company's governance, strategy, risk management, and metrics and targets) and integrated reporting (a journey to authentic reporting on purpose). This roadmap reflects that the reporting journey is an iterative process, requiring a multi-year approach, regular evaluation, and modifications to enhance both thinking and reporting.



BUILDING BLOCKS



QUESTIONS

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