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

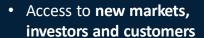
SUSTAINABILITY & CLIMATE CONTEXT

Its not about the report

Sustainability has become business's license to operate



New growth opportunities



- 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 surview in a society – or economy, natural environment – that fails"

Major shifts across economic, social, political, legal and environmental landscapes are demanding reconsideration of how organisation's 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

Environment

Environment

- Greenhouse gas (GHG) emissions
- Air quality
- Energy management
- Water and waste management
- · Waste and hazardous materials management
- Ecological impacts

Social

- Human rights and community relations
- Customer privacy
- Data security
- · Access and affordability
- Land Rights
- Political Risk
- Product quality and safety
- Customer welfare
- Community Development
- Selling practices and product labelling

Social capital

Business unusual or Business as usual plus ESG?

Leadership and governance

Business model

and innovation

- Labour practices
- Remuneration, Fairness in the workplace
- Employee health and safety

Human capital

· Employee engagement, diversity, and inclusion

Business model innovation

- Product design and lifecycle management
- Business model resilience
- Materials Sourcing and Efficiency
- Emergency Response
- Supply chain management
- Physical impacts of climate change

Leadership and governance

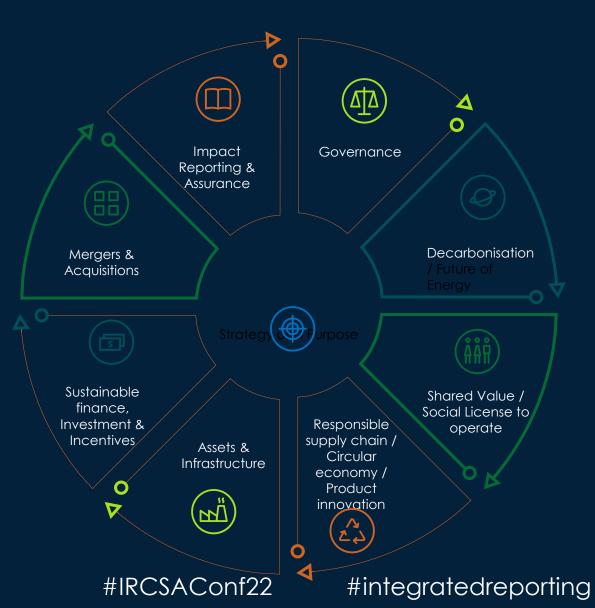
- Business ethics
- Competitive behavior
- Management of the legal and regulatory environment
- Critical incident risk management
- · Systemic risk management

Source: SASB Materiality Map

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SUSTAINABILITY AND CLIMATE VALUE CHAIN AND KEY FOCUS AREAS





Corporate Purpose ESG Strategy & Targets Business model transformation Program & Change



Governance framework
Ethical Conduct
Stakeholder
management
Diversity, Equity &
Inclusion
Leadership & Board
Accountability



Future of Energy
Net Zero commitment
Decarbonization
Energy efficiency
Alternative Energy
CCS & Offsets
Tax & Incentives



Shared Value Strategy
Stakeholder
engagement
ESD
Workforce
Transformation
Community programs
SROI measurement



Supply chain
Transparency, Risk &
Resilience
LCA / EPR
Reuse, Recycling, Waste
reduction
Product Innovation,
Safety & Quality



Green building /
Adaption / Smart
Solutions
Asset succession
Capital Program
Health & Safety
Business continuity &
Disaster recovery



Responsible Investing
Responsibly lending
Green finance
Climate risk modelling
PRI Compliance
Sustainability Index
performance



Acquisition / Divestment advisory Portfolio Management / ESG capital allocation ESG Due Diligence EIA, Market analysis & Asset Valuation Compliance & Lega



ESG Reporting &
Assurance
Integrated Reporting
ARO / ERO Assurance
Implementation &
Digitization

EMBEDDING SUSTAINABILITY AT THE HEART OF THE BUSINESS

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

Chief Executive Officer

Focus on defining and leading an ESG agenda, translating the value it delivers for stakeholders and the systems, processes, and incentives needed to consistently deliver

Chief Strategy Officer

Integrate ESG factors to drive innovative and brand-enhancing strategies, including strategic choices across the value chain

Chief Risk Officer

Incorporate ESG risk management into the Enterprise Risk Management (ERM) framework and ensure market transparency on company ESG risk management practices

Chief Human Resources Officer

Invest in leading practices around employee health and safety, DEI, and development to attract, retain, and incentivize talent to innovate and deliver on the business strategy

Chief Communications Officer

Optimize strategic communications to stakeholders to navigate changing expectations and credibly demonstrate prioritization and management of ESG risk and opportunities

Priority topic across the C-Suite

Chief Financial Officer

Measure the **financial return** associated with **ESG investments** and ensure reliable and accurate **ESG disclosures** to inform assessments

Chief Operations Officer

Prioritize and measure opportunities for cost savings, risk mitigation, and reputation enhancement and implement solutions to reduce resource inputs and wasteful outputs

Chief Procurement Officer

Ensure supply chain continuity and manage fair trade suppliers and innovative sustainable solutions for products and packaging

Chief Sustainability Officer

Design and activate strategies to deliver on the corporate strategy and ESG objectives to drive performance

Government Leaders & Program Managers

Lead **government agencies** and programs towards a more **ESG based agenda** through increased **DEI** and **sustainable benchmarks**

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

Addressed Manage Critical Risks Shape Investment Decisions Inspire and Attract/Retain Talent Leave a Legacy Pace of change in industry and world Deciding where to take big bets, and what risks to Addressed Investment Ensure ESG disclosures are reliable and accurate Provide investors with relevant and timely ESG information to inform assessments Balancing supply chain continuity risk and per unit costs Balancing supply chain continuity risk and per unit costs Lack of visibility into real-time performance Balancing supply chain continuity risk and per unit costs Lack of visibility into real-time performance Balancing supply chain continuity risk and per unit costs Lack of visibility into real-time performance Time and investment Best risk management integral into ERM framework overlaid with Board oversight Providing market signals of effective management Understand evolving fiduciary risk and per unit costs Lack of visibility into real-time performance Time and investment dollars to	CEO or Chief Strategy Officer	CFO	Supply Chain Officer	Board Director
world intangible ESG benefits in a risk and per unit costs duty in a disrupted global • Deciding where to take big bets, and what risks to • Rely on information produced in manager — Rely on information produced in an environment lacking processes — Time and investment dollars to trends and ESG disruptors	that ESG Topics Being Addressed Manage Critical Risks Shape Investment Decisions Inspire and Attract/Retain Talent	 associated with ESG investment Ensure ESG disclosures are reliable and accurate Provide investors with relevant and timely ESG information to 	 productivity Supplier and cost management Identify suppliers with innovative and sustainable solutions for our products and packaging Safe and effective distribution 	 risks and how they are managed ESG risk management integrated into ERM framework overlaid with Board oversight Providing market signals of
Prioritize competing needs of and control implement technology solutions Ensure market transparency or an implement technology solutions.	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	 intangible ESG benefits in a meaningful way Rely on information produced in an environment lacking processes and control Understand investor disclosure 	 risk and per unit costs Lack of visibility into real-time performance Time and investment dollars to implement technology solutions Changing network speed 	 environment Effectively managing global mega trends and ESG disruptors Ensure market transparency on company ESG risk management

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

Integrated Sustainability Sustainability **Business & Business Business** Sustainability Strategy Strategy Strategy Strategy mature Strategy More ambitious & Aligned **Complementary Integrated** Business strategy and sustainability are aligned. Business strategy and sustainability strategy are Business strategy and sustainability strategy

are complementary but separate. This may suit organisations which are early in their sustainability journey or those where core business activities are seen as separate from their social or environmental risks and opportunities.

Business strategy and sustainability are **aligned**.
Sustainability strategy reinforces and supports the business strategy. There is growing crossover between sustainability and business priorities.
Governance mechanisms, resources and investment are shared across these various initiatives.

Business strategy and sustainability strategy are integrated. The business model – products and services – is geared towards generating economic, social and environmental value. Trade-offs are minimised, and core business functions and resources are focused on the same strategic priorities.

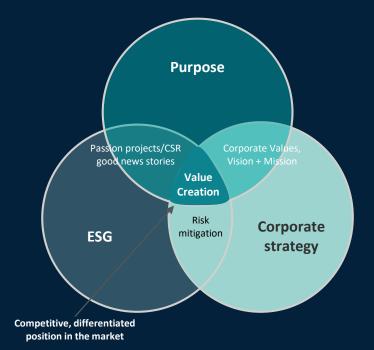
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How do you develop a sustainability strategy?

1. Define

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

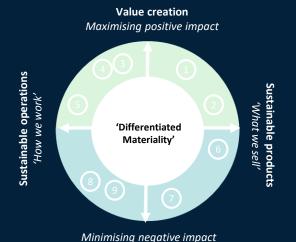
Overlaying your material ESG issues to see where they connect with your organisation's purpose and corporate strategy allows you to identify the areas your firm can differentiate and gain competitive advantage.



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.

Risk mitigation

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.

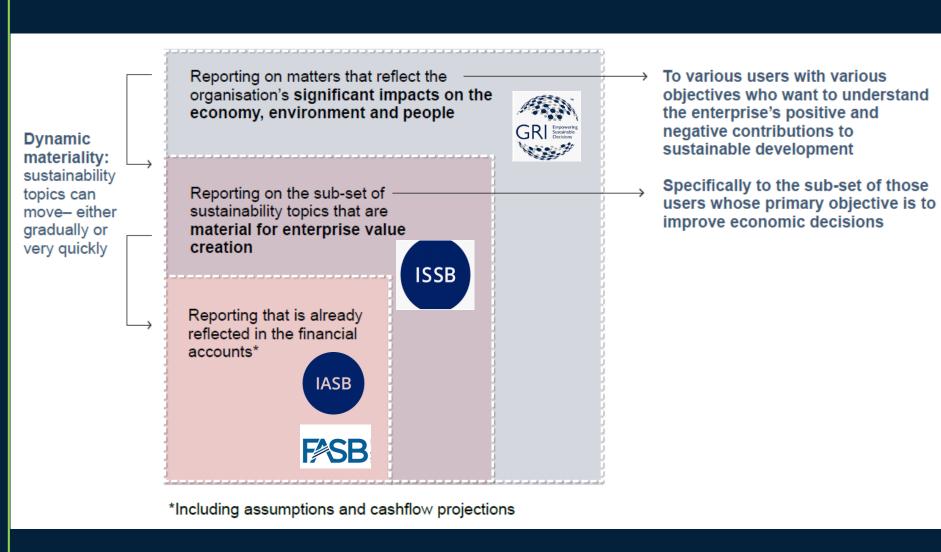


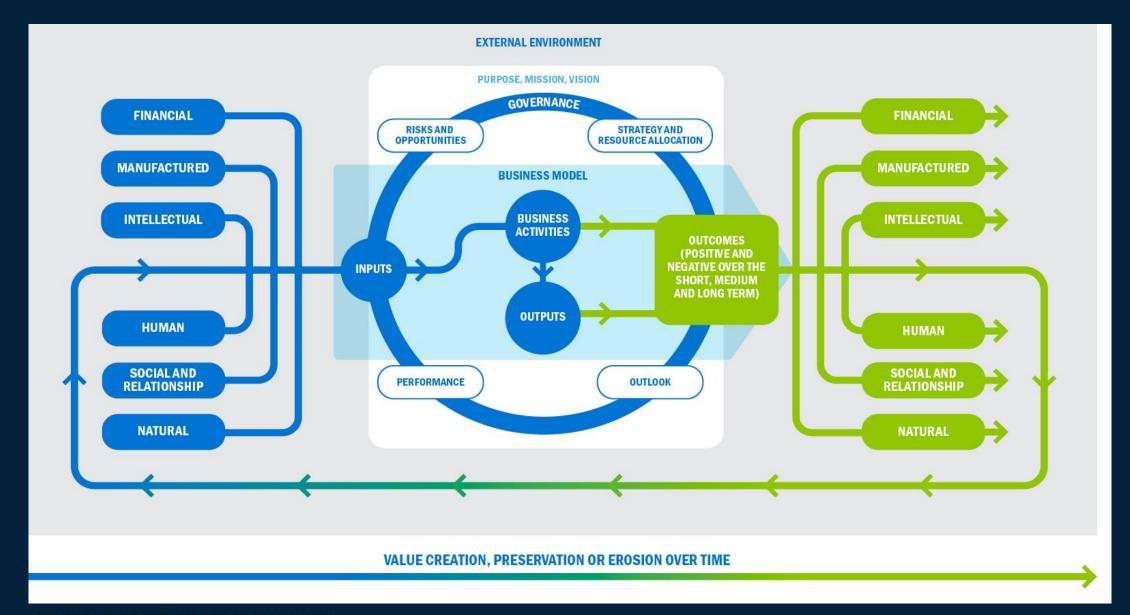
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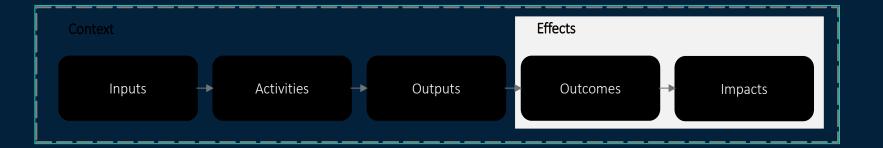
UNDERSTANDING IMPACTS AND OUTCOME

DOUBLE & DYNAMIC MATERIALITY





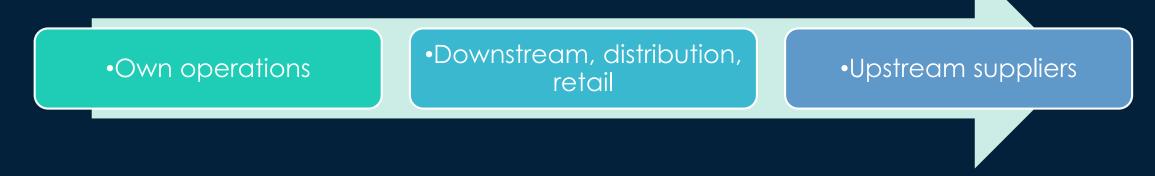
UNDERSTANDING IMPACTS AND OUTCOMES



- 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



AREAS OF IMPACT AND OUTCOME TO CONSIDER





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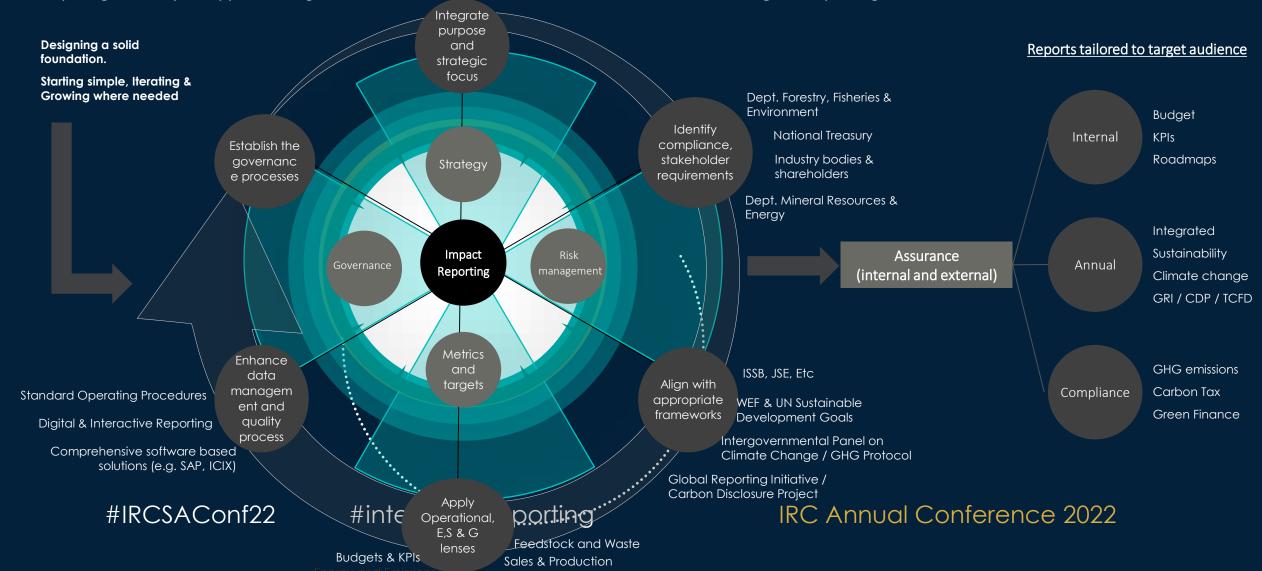




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Approach to Reporting

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.





Integrated report

Filter – materiality – linkage – relevance - completeness



Annual financial statements

IFRS, stock exchange, company legislation

Statutory annual financial statements

Financial reporting will remain a key discipline but will feed into the <IR>

Regulatory Reporting

Legislative requirements – country/industry specific/stock exchange, and other (secondary listings)

- Taxation
- Circulars
- Acts
- Regulation
- Etc.

Many sectors e.g. Banking and insurance sectors are highly regulated and the regulatory reporting needs to flow through into the <IR>

Corporate governance Reporting

Governance code, stock exchange, and company legislation

- Governance
- Risk management
- Internal controls
- IT governance
- Compliance
- Ethics
- Internal audit
- Reporting Process,

Corporate governance
disclosure requirements as set
out in varies governance
codes needs to flow through
into the <IR>

Sustainability Reporting

GRI standards Carbon disclosure project Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD)

- Economic, environmental, social
- Electricity
- Water
- Emissions / waste
- Health and safety
- Etc.

Sustainability disclosure requirements (environmental and climate change very topical) needs to flow through into the <IR>

Management reporting

Business strategy Focus areas Dashboards Budgets

- Monthly dashboards
- Board/exco
- Operational data
- Key ratios/ trend analysis
- Product and customer info

The business needs to continue running, and management reports are compiled for decision making purposes.

These flow into the <IR>

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