

HOW DO WE USE INTEGRATED REPORTS?

Our 6-step Process:

- ✂ Business Model
- ✂ Industry
- ✂ Company
- ✂ Management
- ✂ Valuation
- ✂ Primary Motivation

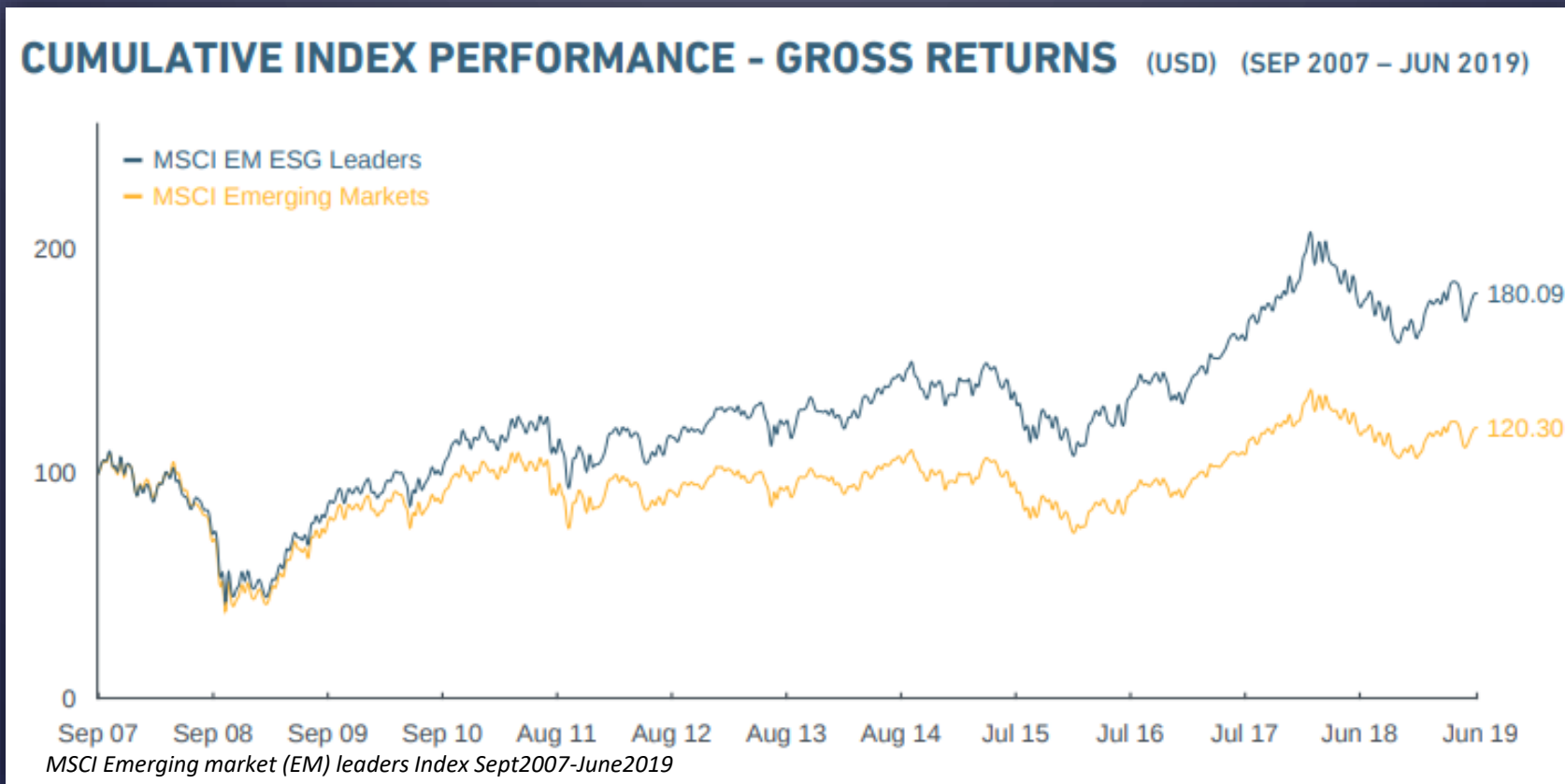
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	Internal		
Quantitative	<ul style="list-style-type: none"> ✘ Reporting of performance and capital allocation: <ul style="list-style-type: none"> • Profitability, Cash Profile, Leverage ✘ Changes in the disclosure: <ul style="list-style-type: none"> • Comparability, restatements, reclassifications ✘ Prospects and outlook: <ul style="list-style-type: none"> • Conditions going forward 	<ul style="list-style-type: none"> ✘ Changes in strategy: <ul style="list-style-type: none"> • Business model, Value Proposition ✘ Changes in Exco-management: <ul style="list-style-type: none"> • Continuity, Incentivized on a sustainable outcome ✘ Board representation: <ul style="list-style-type: none"> • Experience, Incentives, conflicts of interest, Duration of term. 	Qualitative
	<ul style="list-style-type: none"> ✘ Comparison to peers: <ul style="list-style-type: none"> • Visible competitive advantage ✘ Market share: <ul style="list-style-type: none"> • Risks to disruption ✘ Customer Demand: <ul style="list-style-type: none"> • Pricing ability ✘ Supplier Power: <ul style="list-style-type: none"> • Cost management 	<ul style="list-style-type: none"> ✘ Regulatory/Policy changes: <ul style="list-style-type: none"> • Industry or Sector scrutiny ✘ Themes: <ul style="list-style-type: none"> • Cyclical vs Structural ✘ Other Unique Risks/Shocks 	
	External		

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An Environmental, Social and Governance (ESG) framework should be used as an overlay in each of the four quadrants.

MSCI ESG leader's performance since 2007



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Identifying material issues:

- ✦ Changes and/or anomalies within all the quadrants.
- ✦ Risks we deem to be underestimated.
- ✦ Follow up in meetings. e.g. Management or Investor relations

Visible improvements:

- ✦ Segmental disclosure by operation and geography.

Scope for Improvement:

- ✦ Stronger linkage between qualitative information (e.g. policies) and the value created.
- ✦ Disclosure of related party transactions. (Steinhoff FY17 IR p255)

Argument for soft copies:

- ✦ Less carbon intensive and easier to navigate (ctrl +F).



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