

# <IR> TRENDS IN S.A. - THE LAST 10 YEARS

MARK GRAHAM (UCT)



**INTEGRATED REPORTING  
COMMITTEE (IRC)  
OF SOUTH AFRICA**

**ANNUAL CONFERENCE  
2020**

**#IRCSACConf20**

# INTEGRATED REPORTING

January 2011



September 2011



December 2013

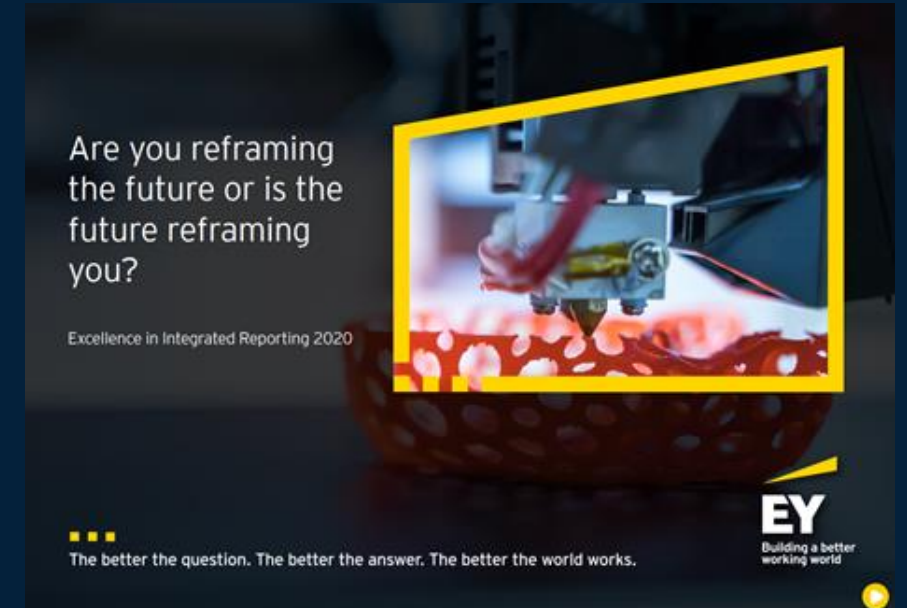


“... is a concise communication of how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long-term” (para 1.1)

# EY'S EXCELLENCE IN INTEGRATED REPORTING



THE PURPOSE OF THE SURVEY IS TO ENCOURAGE AND BENCHMARK STANDARDS OF EXCELLENCE IN THE QUALITY OF INTEGRATED REPORTING TO INVESTORS AND OTHER STAKEHOLDERS IN SOUTH AFRICA'S LISTED COMPANY SECTOR.



The views expressed in this presentation are those of the presenter and not those of EY

# GENERAL OBSERVATIONS

- “Integrated reporting is a journey” – the great <IR> cliché!
- Early reports were often a sustainability report combined with the annual financial statements and some management commentary
- Diversity in structure and innovation in communication seen over the years
- Ongoing struggle to strike a balance between the traditional annual report and a more forward-looking report that emphasises strategy
- 50% of JSE listed (top 100) companies are still NOT (really) getting it right
- Gap widening between reports ranked as ‘excellent’ and those ranked as ‘average’ and ‘progress to be made’
- S.A.’s top reports are comparable with the best in the world

# POSITIVE TRENDS OVER THE LAST 10 YEARS

1. Significant improvements in the quality of (the better) integrated reports
2. Improved connectiveness of information
3. Better use of infographics, navigation tools and cross references
4. Improved articulation of business models including outputs and outcomes
5. Innovation in layout and structure
6. Greater conciseness
7. Greater use of websites for detailed and compliance information
8. Increased usage of the UN's Sustainability Development Goals

# STILL LACKING AFTER 10 YEARS

1. Insufficient explanation of the value the business wishes to create for itself and others
2. Not enough emphasis on strategy and value creation
3. Actual strategies to achieve strategic objectives
4. Evidence of integrated thinking
5. Trade-offs between capitals not given enough prominence
6. Explanation of how the business will use its various capitals (or resources) to create value
7. Balance – challenges, constraints, disappointments and negative outcomes
8. Explanation of how governance structures /processes will create/preserve value

# REDEFINE PROPERTIES LTD, 2019, PAGE 5

## Board responsibility statement

Redefine's board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its collective mind and, in its opinion, this integrated report addresses all material matters, and offers a balanced view of its strategy and how it relates to the organisation's ability to create value in the short-, medium- and long-term. The report adequately addresses the use of and effects on the capitals, and the manner in which the availability of these capitals is impacting on Redefine's strategy and business model. We, as the board, believe that this report has been prepared in accordance with the International Integrated Reporting <IR> Framework. This report was approved by the board on 20 December 2019.

## Board of directors

### Sipho M Pityana

Independent non-executive chairman

### Bridgitte Mathews

Lead independent non-executive director

### Andrew König

Chief executive officer

### Leon Kok

Financial director

### Amanda Dambuza

Independent non-executive director

### Dhanasagree (Daisy) Naidoo

Independent non-executive director

### Lesego Sennelo

Independent non-executive director

### Marius Barkhuysen

Independent non-executive director

### Nomalizo (Ntombi) Langa-Royds

Independent non-executive director

# NEDBANK GROUP LTD, 2019, PAGE 3

## DELIVERING VALUE BY DELIVERING ON OUR PURPOSE

We understand that our success depends on the degree to which we deliver value to society. It is therefore important to understand our role in society and how society can be different, because Nedbank is a part of it. Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by moving capital from where it is to where it is required. A deep understanding of one's purpose helps to guide strategy and decisionmaking in this regard and should result in an optimal balance between long-term value creation and short-term results.

### STAFF

Our 29 403 staff are key to making Nedbank a great place to bank and work. Motivated and skilled staff, together with efficient and value-creating solutions, services and operations, offer value to our clients. Staff, as part of society, contribute materially to the communities in which they live and work.

#### Value is created through ...

- employing citizens in the jurisdictions in which we operate;
- rewarding staff for the value they add;
- creating job opportunities as we grow;
- encouraging our staff to embrace technological changes, further their careers and improve our services and products; and
- contributing to the transformation towards an inclusive society through employment equity and gender equality.

### NEDBANK GROUP

A strong and profitable business enables continued investment in our staff and operations, which in turn creates value for our clients, shareholders and society at large. Trust is core to our relationships with all our stakeholders and to creating value.

### CLIENTS

Our clients remain our largest source of deposits, which enable us to fund lending activities. Gaining more clients and deepening existing relationships result in greater revenue growth, while responsible banking practices and worldclass risk management mitigate bad debts.

#### Value is created through ...

- safeguarding deposits, investments and wealth, while growing returns;
- providing credit that enables wealth creation, sustainable development and job creation in line with the SDGs;
- facilitating transactions that are the backbone of economic value exchange;
- enabling financial inclusion by providing the previously unbanked with access to affordable products;
- providing financial education and advice; and
- developing innovative solutions that meet our clients' specific needs.

### SHAREHOLDERS

The financial capital we source from our equity and debt investors and our retained earnings enable business continuity and growth, including strategic investments.

#### Value is created through ...

- increasing net asset value, returns, dividends and share price;
- maintaining a strong balance sheet to protect against downside risk;
- sustainably investing in and growing our client franchises and our people; and
- following good governance and sustainable business practices that ensure a sustainable business for the long term.

### GOVERNMENT

The tax we pay and investments in bonds we make as part of our statutory liquid asset requirements are imperative for the economic and social development of the countries in which we operate.

#### Value is created through ...

- contributing meaningfully to government budgets through our own corporate taxes and staff paying personal taxes; and
- investing in government and public sector bonds as required by prudential regulation, thereby supporting the funding needs of government.

### REGULATORS

Regulation ensures a sound and stable banking system, which reduces systemic risk and promotes the healthy functioning of an economy in which all stakeholders prosper. Good governance and compliance support client confidence in Nedbank and reduce the potential for reputational risk. We have a responsibility to comply fully with the regulators of the countries in which we operate.

#### Value is created through ...

- embracing sustainable banking practices and regulatory compliance, which enable a safe and stable banking system and a thriving society.

### BROADER SOCIETY

We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have aligned values.

#### Value is created through ...

- transforming economies and society positively through our lending and transactional activities, which are increasingly aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and CSI activities.

## SHAREHOLDERS



The financial capital we source from our equity and debt investors and our retained earnings enable business continuity and growth, including strategic investments.

### Value is created through ...

- increasing net asset value, returns, dividends and share price;
- maintaining a strong balance sheet to protect against downside risk;
- sustainably investing in and growing our client franchises and our people; and
- following good governance and sustainable business practices that ensure a sustainable business for the long term.

## BROADER SOCIETY



We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have aligned values.

### Value is created through ...

- transforming economies and society positively through our lending and transactional activities, which are increasingly aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and CSI activities.