

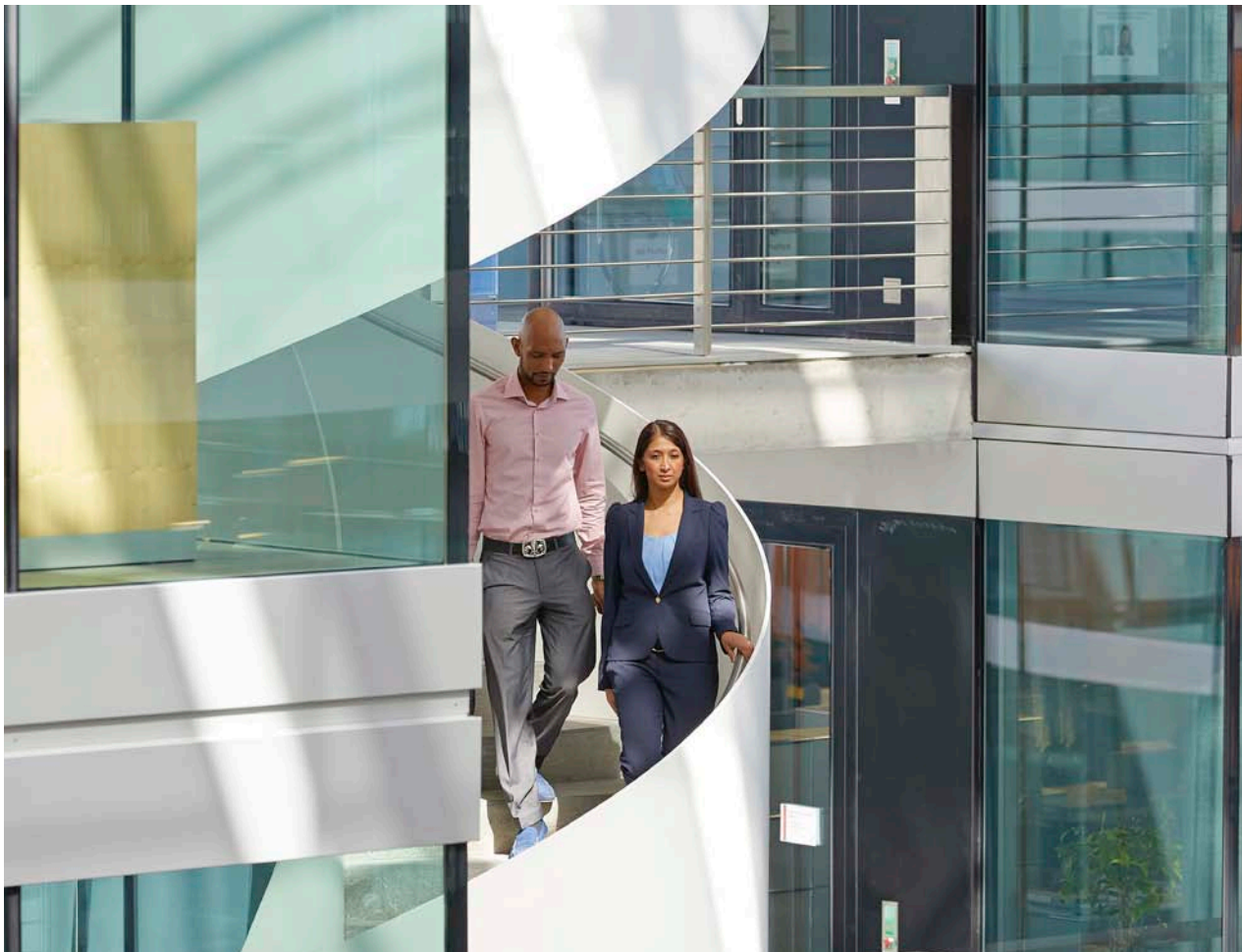
An analysis of company reporting in terms of the IIRC's International <IR> Framework.

**August 2014**



# ***Value creation: The journey continues***

## ***A survey of JSE Top-40 companies' integrated reports***



[www.pwc.co.za/integrated-reporting](http://www.pwc.co.za/integrated-reporting)





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# Contents

Foreword	4
Executive summary	6
<i>Emerging themes</i>	7
<i>Overview of findings</i>	8
<i>Research methodology</i>	8
<i>Reporting format trends</i>	9
Communicating value in the 21st century	12
<i>Developments in integrated reporting</i>	13
<i>An investor perspective</i>	16
Findings	18
<i>Guiding principles</i>	19
<i>Organisational overview and external environment</i>	20
<i>Governance</i>	25
<i>Business model</i>	30
<i>Risks and opportunities</i>	34
<i>Strategy and resource allocation</i>	41
<i>Performance</i>	46
<i>Outlook</i>	51
Appendix 1: Companies surveyed	55
Contacts	57





# *Foreword*

*“CEOs and CFOs can make their business as understandable as they choose. Comparability starts with transparency.”*

- Patrick Finnegan, IASB Board Member



As we approach the first anniversary of issuing the first International <IR> Framework, the question arises: has the Framework been a valuable guide to companies in preparing their integrated reports?

Integrated reporting is gaining traction globally as evidenced by the positive comments on <IR> by UNCTAD and the B20 of the G20 countries. Notwithstanding this, preparers are striving for quality integrated reports.

One of the main inhibitors of progress in quality is a distinct lack of integrated thinking within many organisations, which is also a key theme that has emerged from PwC's survey this year.

With the recent turmoil experienced in the South African financial services sector, it is more important than ever to acknowledge that good reporting does not necessarily equate to good corporate behaviour.

The integrated report is intended to be the outcome of integrated thinking and the integrated reporting process, but often an integrated report is a combination of the traditional silos in an organisation.

Integrated thinking puts into practice the recognition that stakeholders can affect the worth of an organisation. Hence their legitimate needs, interests, concerns and expectations should be managed in the organisation's best longer-term interests.

This approach recognises that stakeholder relationships and the essential resources used by the organisation are interconnected and interdependent, both functionally and operationally.

Integrated thinking acknowledges the connections between resources and relationships - how they connect to the different functions and operations in the organisation - and drives the organisation to work on an integrated basis. This integrated view breaks down the traditional silos in an organisation.

A handful of brave pioneers are embracing these concepts and inevitably benefiting from a clearer perspective of the organisation's dependency on resources and stakeholder relationships - which in turn informs strategy development, risk management, stewardship and accountability - in clear, concise and understandable language.

This survey by PwC lays bare the vast potential that South African organisations have to develop their reporting, while also revealing certain strides that have been made towards the pervasive change that is required in corporate reporting today.

This survey will be extremely helpful to those charged with applying integrated thinking and in preparing an integrated report.



**Mervyn King SC**

Chairman of the International Integrated Reporting Council

*“With the recent turmoil experienced in the South African financial services sector, it is more important than ever to acknowledge that good reporting does not necessarily equate to good corporate behaviour.”*

- Mervyn King SC



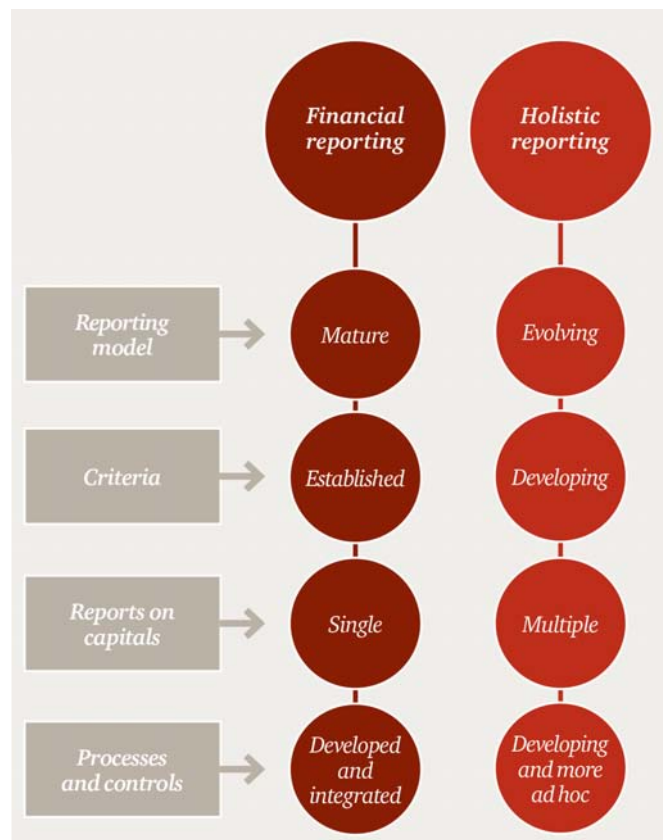
# *Executive summary*

*“We take a dim view of companies that report badly. It tends to be poorly governed companies that report badly, so we will be more sceptical when it comes to a capital raising or debt issuance. Companies that report better are more likely to get long term investment.”*

- Investor



**Figure 1: The evolution of reporting**



Source: PwC

## Introduction

Building and maintaining trust has never been more important and more challenging. How business operates and what drives success is constantly evolving. At the same time, what customers, suppliers, employees, governments and society in general expect from business is also shifting. This is having an inevitable impact on what information management needs to manage the business, and what needs to be communicated externally.

The integrated report has come to the fore as one of the most prominent channels of communicating with stakeholders. The integrated report seeks to align relevant information about an organisation's strategy, governance systems, performance and future prospects in a way that reflects the economic, environmental and social impact it has on the environment in which it operates.

For over a decade, we have invested significant resources in understanding the information needs of preparers and users as well as the economic benefits of transparency and best practices from around the world in order to provide practical insights into the critical building blocks of effective corporate reporting.

Our focus has been on aligning the interests of those who report on performance with those who use the information to make critical investment decisions.

While financial reporting is in a mature and established phase, and has been for quite some time, the model for reporting in an integrated way is still evolving.

## Emerging themes

### The conciseness paradox

It was apparent this year that companies have attempted to 'cut the clutter' in their integrated reports by removing information or moving it to other reports that provide more detail, or making it available on the company's website.

Striking a balance between reporting in a concise way and retaining key messages is not easy. Often, context and depth is

lost when a sufficient amount of thought is not put into what is being omitted from the integrated report. The key to achieving conciseness successfully is to consider materiality and completeness in communicating the 'big picture'.

### Embedding integrated thinking

Integrated thinking is underpinned by the concepts of connectivity and interdependency between a range of factors that affect an organisation's ability to create value over time<sup>1</sup>. There is a distinct trend of connecting certain 'typical' sections in an integrated report, like strategy and business model, while leaving others to stand on their own, like governance and future outlook.

### Reporting suites

Most companies have opted for a 'suite' of reports (85%) as opposed to issuing a single integrated report (15%). This suite generally includes an integrated report, sustainability report and annual financial statements, with cross-references to areas where more detail has been given in another report.

As with the conciseness paradox already mentioned, it is important to strike a balance between communicating enough

to bring the key messages across, and cross-referencing to other more detailed sections of reports. This trend may also not meet the needs and expectations of investors, which is discussed further in the *Investor perspective* section of this report.

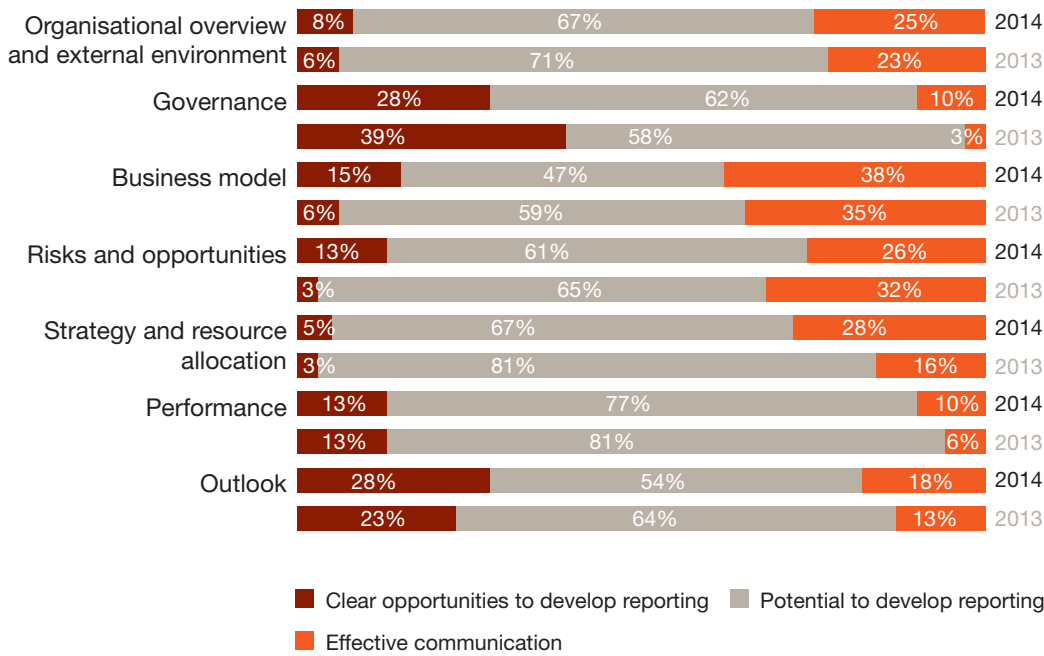
Although allowed, the question has been raised whether the inclusion of summarised financial statements are sufficient for purposes of an integrated report if they are not linked to the company's strategy and performance measures. Our analysis of the JSE Top-40 found that 48% of reporters included summarised financial statements as part of their integrated report, indicating no clear preference locally.

### Through the looking glass

As was the case in last year's findings, companies still focus on historical reporting, with limited insight being provided about prospects for the future. For those companies that made an attempt to bring forward-looking insights to their reports, the emphasis remains on the near term, with reporting on the medium and long term virtually non-existent.

# Overview of findings

**Figure 2: Survey findings by content element**



Source: PwC analysis

Findings were grouped by Content Element and then evaluated according to three broad categories:

- Clear opportunities to develop reporting;
- Potential to develop reporting; and
- Effective communication.

This year, once again, reporting on business model as well as strategy and resource allocation delivered the most effective communication.

While governance reporting showed the most improvement since our previous survey, it still appears to be lacking overall. Reporting on performance is another area where there are significant opportunities to improve effective reporting.

## Research methodology

We conducted our survey on the Top-40 companies listed on the JSE during the review period covering the 2013 calendar year. For each of the companies making up the Top-40 (see Appendix 1), a detailed assessment of over 100 factors was performed.

The assessment was based on PwC’s integrated reporting model and linked to the Content Elements of the IIRC’s International <IR> Framework.

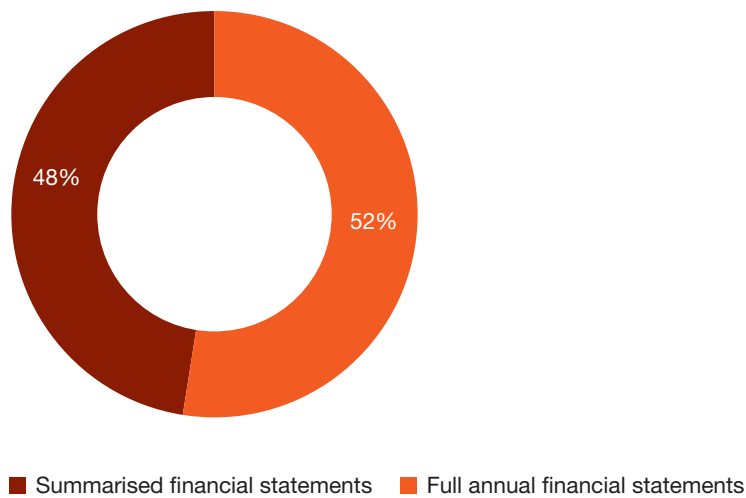
Each assessment was reviewed by an experienced reviewer before being approved for inclusion in the overall survey results.

<sup>1</sup> “International <IR> Framework”, IIRC, <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf> (accessed July 2014)



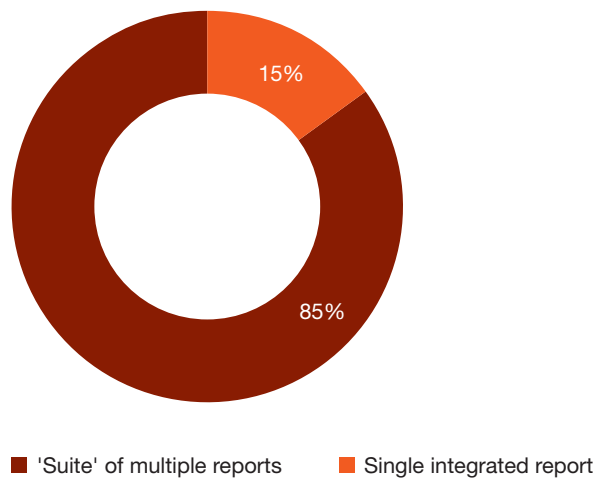
# Reporting format trends

Figure 3: Financial information included in integrated report



Source: PwC analysis of the JSE Top-40

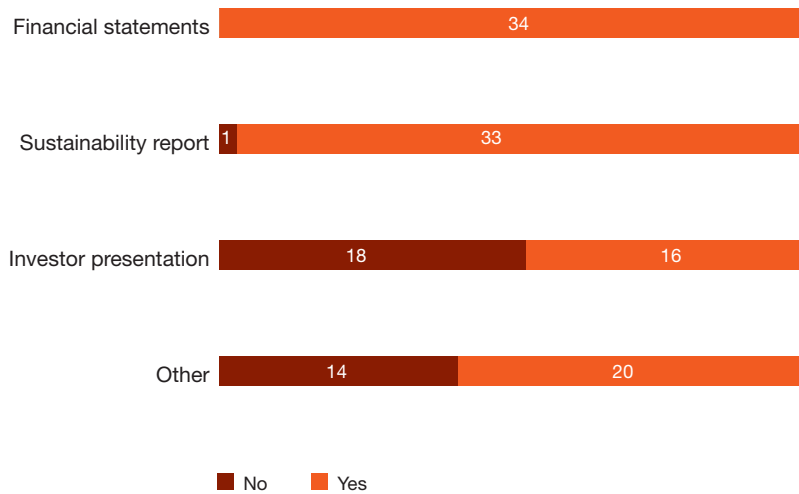
Figure 4: Form of reporting



Source: PwC analysis of the JSE Top-40



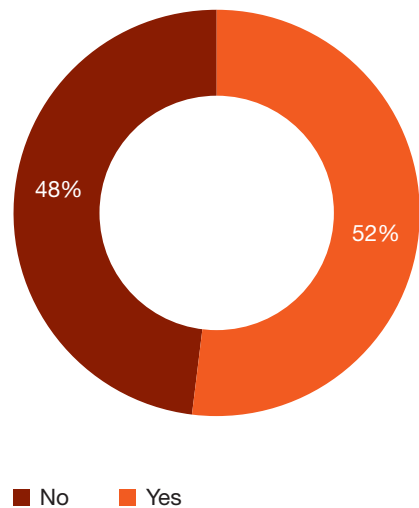
**Figure 5: Composition of suite of reports**



Source: PwC analysis of JSE Top-40

Of the 34 companies whose reports were identified as a ‘suite’, all provided financial statements and most provided a separate sustainability report. The other reports noted forming part of suites of reports included BEE reviews, governance reports and industry-specific reports.

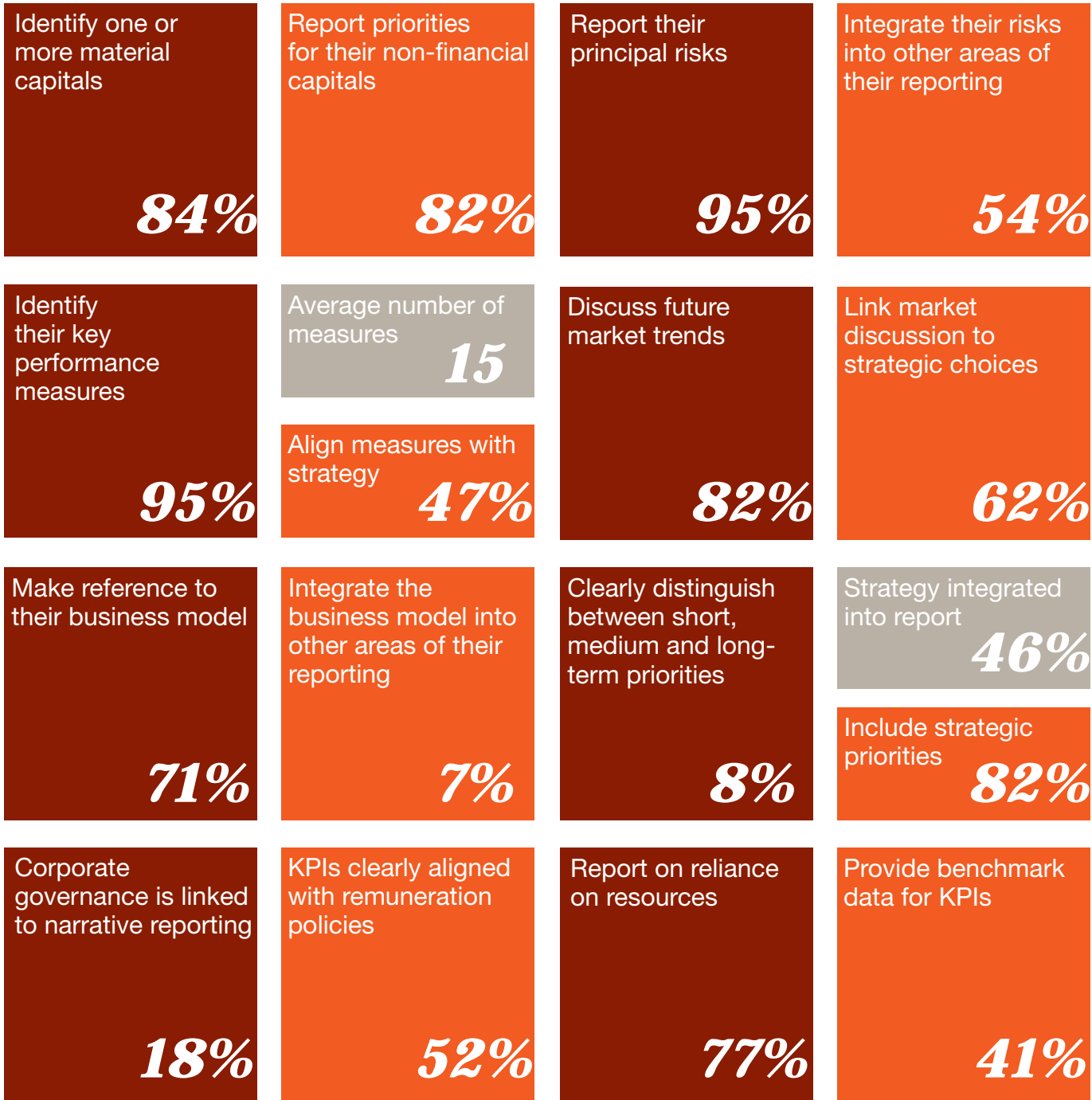
**Figure 6: Interactive web-based reports**



Source: PwC analysis



Highlights





A photograph of a modern building with a glass facade and a courtyard. The courtyard features several tall palm trees, a small pool, and a paved walkway. Two people are walking on the path, and another is sitting on a bench. The building has a white facade and large windows.

# *Communicating value in the 21st century*

*“My overarching philosophy is that there shouldn’t be a cookie cutter approach. A key skill of management should be explaining their business model and strategy clearly and concisely.”*

- Investor



## Developments in integrated reporting

### What is Integrated Reporting?

Integrated Reporting (<IR>), as formulated by the International Integrated Reporting Council (IIRC), “promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital.”<sup>2</sup>

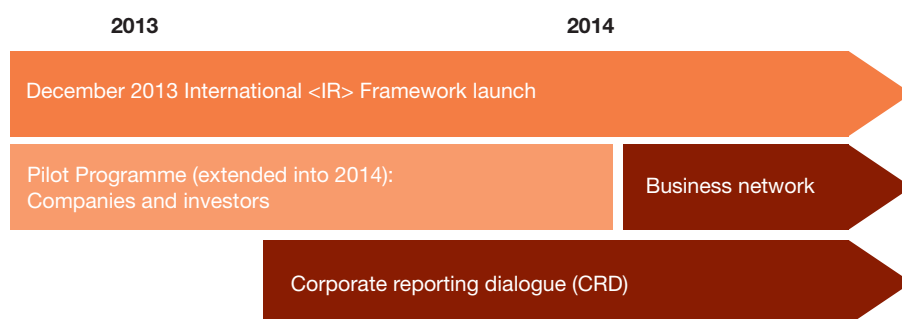
Integrated reporting is not just about producing an integrated report; it is about the journey that an organisation embarks on to create value. The IIRC anticipates that its International <IR> Framework will become the global standard for integrated reporting.

The IIRC released the Framework in December 2013 after a process of widespread consultation and ‘trial runs’ by businesses and investors participating in the IIRC Pilot Programme.

### What and how – linking integrated reporting and King III

The Institute of Directors in South Africa issued a practice note in June 2014 clarifying the interaction between King III and the Framework. The practice note clarifies that King III addresses the principles of integrated reporting (the what), while the format, or Guiding Principles and Content Elements are set out in the Framework (the how).

Figure 7: IIRC activity



Source: PwC analysis

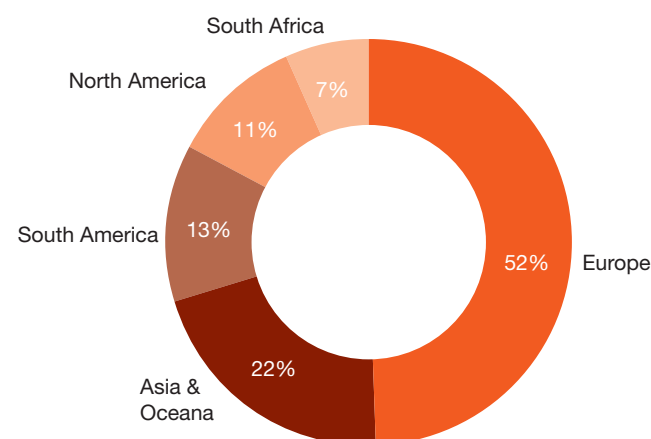
### The IIRC

The IIRC brings together leaders from all the major international standard-setting and regulatory bodies with companies, investors and other key representatives to develop an internationally accepted integrated reporting framework.

The IIRC’s long-term vision is “a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by integrated reporting as the corporate reporting norm.”<sup>3</sup>

Since October 2011, the IIRC’s Pilot Programme Business Network, comprising more than 100 businesses from 26 countries has been putting the principles of integrated reporting into practice. Although the Pilot Programme officially ends in 2014, it may continue to exist in another format.

Figure 8: Pilot Programme company locations



Source: IIRC<sup>4</sup>

The Business Network has been supported by more than 35 investor organisations that comprise the Pilot Programme Investor Network.

The IIRC recently facilitated the establishment of a Public Sector Pioneer Network that will enable its members to explore issues in applying integrated reporting in the public sector. The network will run over two reporting cycles starting with the 2014/2015 cycle.

<sup>2,3</sup> “International <IR> Framework”, IIRC, <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf> (accessed July 2014)

<sup>4</sup> “IIRC Pilot Programme Business Network, IIRC, <http://www.theiirc.org/companies-and-investors/pilot-programme-business-network/>, (accessed July 2014)



## What's the big deal?

The world is changing at a rapid pace and the global context in which businesses operate is changing along with it. The economic crisis was a sharp reminder that financial measurement alone cannot provide sufficient insight into business performance.

Investors and other stakeholders are now demanding that management teams provide clear, unambiguous information about issues such as external drivers affecting their business, their approach to governance and managing risk, and how their business model really works.

This paradigm shift is necessitating businesses and other organisations to consider more than just the traditional financial focus of thinking and reporting.

## What are the benefits?

The benefits of integrated reporting are twofold. The organisations participating in the Pilot Programme have identified the benefits of applying the principles of integrated reporting both in their businesses and with respect to their investors.

Organisations have benefitted from improving their ability to describe their strategy and how they create value. One of the key benefits highlighted by many reporters is the breaking down of silos within the business and improved internal reporting used by management to make decisions.

Investors have specifically identified clear reporting of the connection between the business strategy, performance and prospects as a benefit. In addition, investors focus on the disclosures provided around key risks and opportunities faced by the business and how its governance processes address these. Ultimately, better reporting leads to a reduction in the cost of capital.

## Stakeholders or shareholders?

The Framework identifies investors, or 'providers of financial capital', as the primary audience for an integrated report, but emphasises that other communications resulting from integrated reporting would be of benefit to all stakeholders interested in an organisation's ability to create value over time. Why then do the integrated reports of South African companies have a distinct stakeholder focus compared to those of their global peers?

The difference can be attributed to the fact that King III clearly describes integrated reporting as a stakeholder-inclusive process, while the Framework states that the primary audience of the integrated report are investors.

According to the practice note, the Framework has sufficient flexibility to allow the entity to address its integrated report to its stakeholders as it sees fit. If an entity selects a shareholder-focused approach, it should explain its approach and the potential impact in terms of the King III principles.

## What is the Corporate Reporting Dialogue?

The Corporate Reporting Dialogue (CRD) is an initiative introduced by the IIRC in mid-2014 with the aim to "strengthen cooperation, coordination and alignment between key organisations with integrated reporting as the umbrella".<sup>4</sup>

The participants include global accounting and sustainability standard setters representing both the private and public sector. The CRD has set a few objectives, which include improving the quality of information available to providers of financial capital and promoting a more cohesive and efficient approach to corporate reporting.

## What has changed between the Draft and the final Framework?

The IIRC discusses the key issues identified by the 359 respondents to its Draft Framework in a "Summary of significant issues" document.<sup>5</sup>

We have highlighted a few of these issues below.

## Integrated Reporting and an Integrated Report

According to the Framework, the integrated report is a concise communication about how an organisation'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. Integrated reporting, on the other hand, is defined as a process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time and related communications regarding aspects of value creation.

The Framework establishes a clear link between integrated reporting, integrated thinking and an integrated report through a revision of the definition of integrated reporting. The Framework also acknowledges that the application of integrated thinking, which results in integrated decision-making based on integrated reporting, can only simplify the preparation of an integrated report if based on information readily available in the organisation.

An integrated report is therefore not only a communication tool, but it is the end result of integrated reporting, founded in the processes of integrated thinking that underpin an organisation's internal management. A report that is not based on these underlying principles lacks substance and meaning.

<sup>4</sup> Paul Druckman, CEO, IIRC, <http://www.theiirc.org/crd/>, (accessed July 2014)

<sup>5</sup> Summary of Significant Issues, International <IR> Framework, <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-Summary-of-significant-issues-IR.pdf>, (accessed July 2014)

## Form of an integrated report and its relationship with other information published by the entity

The Consultation Draft intends for the integrated reporting process to be applied continuously to all relevant reports and communications, and anticipates the preparation of an annual integrated report. These specific requirements have been omitted from the final Framework. Some respondents sought clarification as to whether an integrated report was expected to be an additional or new report, or whether the Framework could be applied to existing reports such as an annual report. Additional text in the Framework clarifies the different forms that an integrated report may take, but emphasises that it should be a “designated and identifiable communication”<sup>6</sup>.

The Framework emphasises that if the integrated report uses information that is similar to information already publicly available, it should be prepared in a manner that is consistent with, or easily reconcilable with that information. This may be an investor presentation or other information made available to the public.

The Framework states that the integrated report should be more than a combined summary of various other reports. (e.g. financial statements and summarised sustainability report). The report may serve as a compliance report as long as any additional information contained in the report does not obscure the information required by the Framework. The integrated report may link to other information either through a hyperlink if the format of the report is in an electronic format or through a reference if it is printed report.

A report may only claim to be an integrated report “in compliance with the Framework” if it meets all of the highlighted requirements of the Framework.. The Framework provides some transitional concessions.

## Competitive harm, cost and materiality

The paragraphs in the ‘Reliability and completeness’ section have been revised to clarify that all material matters should be disclosed.

Information relating to material matters may, however, not be available. The Framework retains the requirement for the entity to disclose the lack of reliable data and its processes to rectify the situation. It clarifies that the risk of competitive harm in itself cannot be used inappropriately to avoid disclosure and that the limitations caused by legislative constraints and the nature of the omitted information must be disclosed.

The Framework also states that an organisation should consider cost-benefit, but may not refrain entirely from making any disclosure about a material matter on the basis of cost.

## Responsibility for the integrated report

While the Draft Framework only specified that the relevant governance body may include a statement acknowledging its responsibility for the integrated report, the Framework requires a statement by those charged with governance that acknowledges their shared responsibility for the integrated report and their opinion on whether it has been prepared in accordance with the Framework.

This explicit statement of responsibility is broadly aligned with the King III principle that requires the audit committee to describe whether it has recommended the integrated report for approval by the board.<sup>7</sup>

## The value-creation process

Based on a request from respondents to clarify what value and value creation is, the IIRC considered a number of viewpoints on value creation. The Framework concludes that value is created from two perspectives.

Firstly, value is created as financial returns for the providers of financial capital and, secondly, value is created for other stakeholders and society at large. The Framework defines value creation as “the process that results in increases, decreases or transformations of the capitals caused by the organisation’s business activities and outputs.”<sup>6</sup>

An organisation’s value creation process can be linked to the Content Elements as follows:

- **Organisational overview and external environment:** The external environment is the context within which the organisation intends to realise its mission and vision, and create value;
- **Governance:** An oversight structure underpins the ability of the organisation to create value;
- **Business model:** The ability of the organisation to use capitals as inputs, and convert these through its business activities as outputs and outcomes that lead to the increase, decrease or maintenance of capitals;
- **Risks and opportunities:** A continuous assessment of the organisation’s ability to create value;
- **Strategy and resource allocation:** The actions an entity takes to mitigate risks and maximise opportunities;
- **Performance:** Setting up, measuring and monitoring key performance indicators; and
- **Outlook:** The dynamic nature of an organisation’s value creation processes requires continuous reconsideration.

<sup>6</sup> “International <IR> Framework”, IIRC, <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf> (accessed July 2014)

<sup>7</sup> King Report on Governance for South Africa, 2009, <http://african.ipapercms.dk/IOD/KINGIII/kingiiiireport/> (accessed July 2014)



## Form of reporting

### An investor perspective

We previously mentioned that South African reporters tend to think about stakeholders very broadly thanks to King III's 'inclusive stakeholder' approach.<sup>8</sup>

The International <IR> Framework, however, identifies that the primary purpose of an integrated report is to explain to providers of financial capital how an organisation creates value over time.<sup>9</sup>

This means it is critical to understand investors' perspectives when producing an integrated report.

Investment professionals will benefit from a more integrated understanding of the risks and longevity of the business model through better disclosures about the business' key relationships and outcomes. They will also build confidence that management has a broader understanding of risk in its strategic decision-making thereby generating a more sustainable, resilient return, primarily through improved risk and value management.

### Reporting drives perception

A forthcoming PwC publication<sup>10</sup>, which surveyed 85 investors globally, found that 80% of respondents' perception of the quality of a company's reporting impacts their perception of the quality of its management. Only 6% said otherwise.

In addition, 82% of investment professionals surveyed revealed that when companies present information clearly and concisely, they feel more confident in their own analyses. This could suggest that for such companies there is a lower uncertainty or risk premium, which could have a longer-term impact on the company's ability to raise finance, or on its share price volatility.

Although management tends to believe that investors don't take the time to review their companies' annual reports, the annual report was consistently cited as important in every category of the investor survey as a source of information. Only 3% of investment professionals stated that they do not typically review the annual reports of companies that they follow. This should provide some comfort to preparers of integrated reports that their tireless work in this area is not for naught.

Interestingly, some of the findings of the investor survey contradict one of the emerging themes that we noted in our analysis this year, that being the growing number of companies who present a suite of reports as opposed to a single integrated report. Nearly three-quarters (72%) of those surveyed believe that having all the elements of the annual report in one document is important, perhaps reflecting the importance of the document across many different information types as well as the ease of having everything in one place.

# 80%

*of respondents say that the quality of reporting impacts their perception of the quality of management*



*"The annual report is really a point of reference; it's the place you go for the detail, or to refer back to when you need to. It might not be the first port of call for the financials – the market moves on the prelims – but it is a very important document."*

*Investor*

<sup>8</sup> King Report on Governance for South Africa, 2009, <http://african.ipapercms.dk/IOD/KINGIII/kingiiiireport/> (accessed July 2014)

<sup>9</sup> "International <IR> Framework", IIRC, <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf> (accessed July 2014)

<sup>10</sup> PwC Survey, Performance in Context: Integrated Reporting, Forthcoming, September 2014

## Highlights of the global investor survey

### Investor views on business model

Overall, investors see room for companies to improve the effectiveness of business model explanations, with the level of granularity, clarity and specificity being the most commonly cited areas for improvement.

Our local research of the JSE Top-40 companies found that companies could improve in describing the material capital inputs to their business models (only 33% currently do this effectively), and giving insight into reliance on certain resources and relationships within the business model (only 38% currently do this effectively). Read more about this in the Business model section of this report on page 30.

### Investor views on strategy

Some of the key themes investment professionals talked about as areas for improvement include clarity on performance against strategic targets and giving a wider market context to the company's strategic plans. Importantly, only 14% of investment professionals surveyed felt that companies generally disclose enough information about their future strategic plans to allow them to feel comfortable with the judgments they need to make.

Our own research of the JSE Top-40 companies corroborated this view, with only 38% of companies reporting on specific future actions to be taken in order to achieve their priorities. Read more about this in the Strategy and resource allocation section of this report on page 40.

### Investor views on risk

Although only 1% of respondents said that understanding management's view of potential risks and their mitigation strategies is not important to them, 76% agreed that there is too much 'boilerplate' risk disclosure. There also appears to be a lack of linkage between a company's risks, its strategy and its financial information, again highlighting the importance of linkage to high-quality reporting.

Our local research found that only 54% of companies integrated risks into other aspects of their reporting. Read more about this in the Risks and opportunities section of this report on page 34.

### Investor views on performance measures

One of the interesting points raised by investment professionals surveyed is a need for clarity on why management has chosen the particular measures. Such an explanation may help users of a report understand whether a particular KPI is an appropriate measure and the how the company has performed against the target KPI.

Our research found that only 26% of companies effectively defined each KPI and the rationale for its use. Read more about this in the Performance section of this report on page 45.

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\* PwC's global survey on investors' views on integrated reporting will be released in September 2014 and be available online at <http://www.pwc.com/gx/en/audit-services/corporate-reporting/publications/investor-view/investor-survey-edition.jhtml>.





# Findings



*“Companies don’t do a good job of following up on the statements they made in previous years’ annual reports. I need an update on what has happened since last year.”*

*Investor*

# Guiding principles

Figure 9: Guiding Principles



Source: Adapted from the International <IR> Framework<sup>11</sup>

The Guiding Principles identified in the International <IR> Framework underpin the preparation and presentation of an integrated report, informing the content of the report and how strategic information is presented.<sup>12</sup>

This year, we took note of some additional aspects of reporting that reflect the application of the Guiding Principles, which go beyond that of our core survey that focuses mainly on the Content Elements of the International <IR> Framework.

## Strategic focus and future orientation

Companies show a strong strategic focus in their reports. Strategy and resource allocation were areas we found to be among the most effectively reported on (see page 40). On the flipside, one of the main findings of our research this year is a reluctance to incorporate a future perspective into reporting (see page 50).

## Connectivity of information

On the surface, there appears to be a significant improvement in the integration of diverse information in reports. The majority of reporters (79%) reported a consistent picture between the narrative reporting in the integrated report and the numbers in the annual financial statements. Only when delving deeper, did cracks start to appear in a specific linkage. The solution to this problem is greater integrated thinking (see page 8).

## Stakeholder relationships

Many companies seem to put a lot of effort into reporting on the stakeholder engagement process. This emphasises the value that South African companies place on engaging with a wide range of stakeholders. This is especially important when reflecting on the damage recent labour and community unrest has inflicted on the value creation capabilities of certain South African companies.

## Materiality and conciseness, reliability and completeness

One of the most significant emerging themes of our research this year revolves around the delicate balance between these concepts, which are discussed further on page 8.

## Consistency and comparability

These are often the most difficult principles to apply in an integrated report. Companies that strive to innovate and evolve their reporting often have to sacrifice consistency and comparability to achieve this. Integrated thinking can again be a powerful tool in solving this conundrum. When a company's strategy is deeply integrated into all aspects of its business, the key values and priorities of the company should become clear and remain consistent over time which, in turn, will enable comparability.

<sup>11+12</sup> "International <IR> Framework", IIRC, <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf> (accessed July 2014)



# Organisational overview and external environment

*An integrated report should answer the question:*

*What does the organisation do and what are the circumstances under which it operates?*

*Source: International <IR> Framework para 4.4*

## **What it means**

Communicating the context within which an organisation operates is often the first step in enabling stakeholders to understand how that organisation creates and sustains value.

An integrated report should therefore communicate information to enable stakeholders to understand the markets the organisation competes in, why it has chosen to compete in that market and the impact of trends that are driving strategic choices. This involves communicating about the general market environment, including the key markets and environments that an organisation operates in, key underlying drivers of market growth historically and in the future, and the organisation's competitive landscape.

An organisation should recognise the opportunities and risks presented by the external market that, through its strategic choices, the organisation is adapting itself to meet.

**62%**  
*of companies linked strategic choices to external drivers*

## **Principle in practice**

Good reporting should provide insight into:

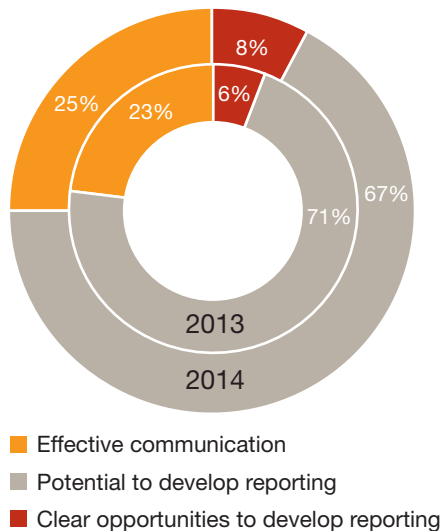
- The organisation's:
  - culture, ethics and values;
  - ownership and operating structure;
  - principal activities, markets, products and services;
  - competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry);
- Key quantitative information (e.g. the number of employees, revenue and number of countries in which the organisation operates), highlighting, in particular significant changes from prior periods; and
- Significant factors affecting the external environment and the organisation's response.

Source: *International <IR> Framework para 4.5*

## Findings

The majority of companies surveyed still displayed potential to develop their reporting further.

**Figure 10: Reporting on organisational overview and external environment**



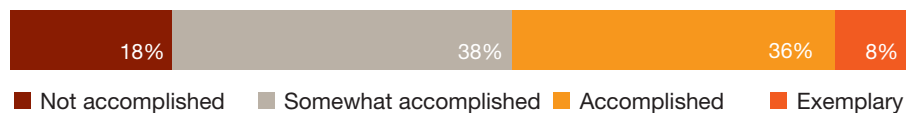
Source: PwC analysis

Most companies included information about their values, operating structure and principal activities, markets, products and services. There has been little change in the disclosure on organisational overview and external market compared to the prior year and this section of the integrated report could do with more depth and insight into management's view on the future of the markets it plans to operate in and why.

Companies typically describe the markets they operate in and their products and services but don't elaborate on why they consider the opportunities these markets offer to be attractive. Although we see companies describe the underlying drivers of market growth, this is typically limited to the past and current reporting period and does not provide insight into the market drivers for the future.

While only 46% of companies describe their customer base, even fewer companies (20%) provide information on their competitive landscape and this trend continues from last year.

**Figure 11: Key underlying drivers of expected market growth in the future**



Source: PwC analysis

## How reporting can be developed

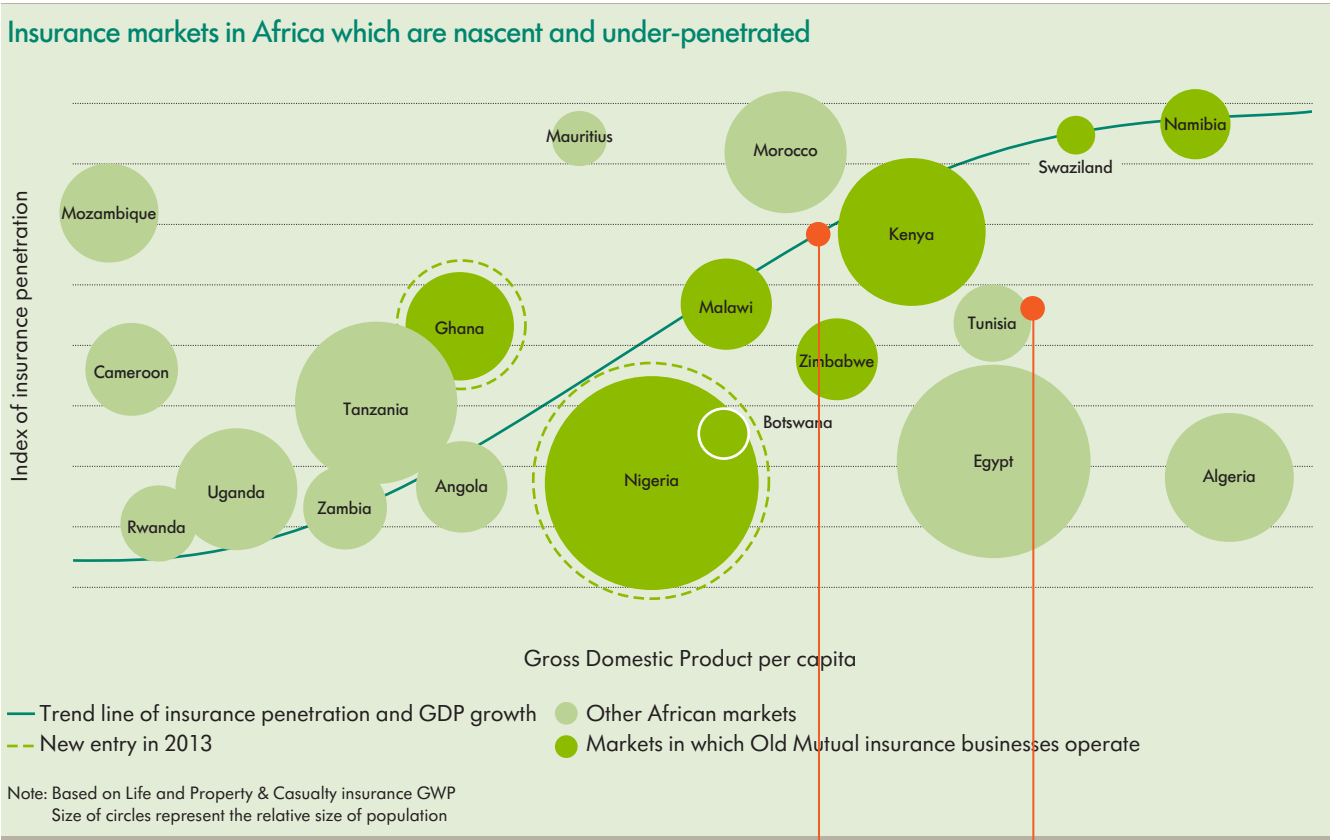
While it is often difficult to identify forward-looking information and quantify industry trends, this information is crucial to investors in assessing an organisation's ability to create value over the medium and long term, as opposed to providing short-term returns.

Companies can therefore seize the opportunity by including robust reporting on the factors that may impact on their ability to create value in the longer term, and use these factors to create context for its strategic choices.



What good reporting looks like

Example 1: Old Mutual plc



Source: Old Mutual plc Annual Report 2013, page 23

## Example 2: Woolworths Holdings Limited

# INDUSTRY TRENDS

A number of macro economic factors and changing consumer behaviour are shaping the current and future landscape in which global retailers operate. These global trends offer an external and often longer-term perspective on innovation, competitor actions and the needs of customers – an important tool to inform our strategy, to evaluate our offering and to identify opportunities and risks. For the WHL Group's response to these industry trends, see Our Strategy on page 34.

## SLOW GLOBAL ECONOMIC GROWTH

The outlook for global growth remains modest with some signs of recovery forecast for 2014.

While weak global demand has impacted the South African economy, domestic issues have recently returned to the fore. Political tension, wildcat strikes, service delivery protests and Eskom's delayed expansion plans all contribute to low business and consumer confidence. High fuel prices, rising food inflation, muted job creation and slower growth in government spending will probably continue to weigh on income and credit growth – and household consumption expenditure – during the second half of 2013. GDP growth in South Africa for 2013 is forecast at 2.0%, growing to 2.8% in 2014.

The credit environment is perceived to be deteriorating and is not expected to show any signs of recovery in the short term.

Key growth trends are identified

The resource-driven Australian economy has suffered in the wake of weaker demand from China and resulting softer commodity prices. The currency has weakened against key trading partners, interest rates are at record lows and the budget deficit has been revised upward. Despite this, the Australian macroeconomic position remains relatively strong, and GDP growth for 2013 is forecast at 2.5% and expected to remain at that level in 2014.

## STRONG GROWTH IN HIGHER INCOME GROUPS

The compound annual growth rate for Living Standards Measure (LSM) 8–10 between 2005 and 2015 is estimated at 5.4% compared to 2% for the total population. South Africa's emerging black middle class continues to drive a disproportionate growth in LSM 8–10. By 2020, we expect LSM 8–10 to represent 27% to 32% of the population.

The All Media Products Survey (AMPS) estimates that LSM 8–10 will account for 41% of total spend on food and 49% of the clothing and footwear spend within South Africa by 2015.

Fig 6: % of population by LSM category

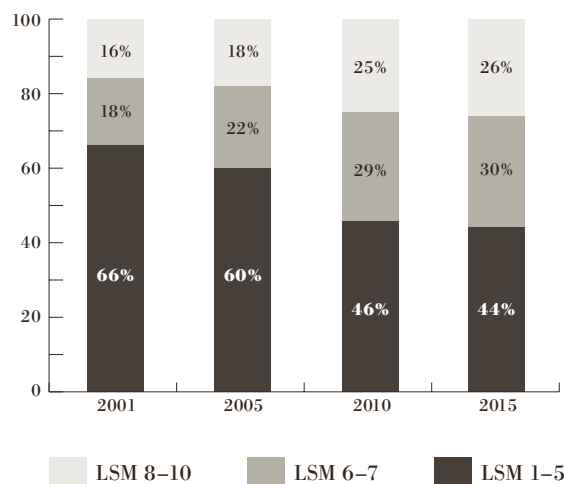


Fig 7: % of revenue for LSM 8–10 category



Source: Woolworths Holdings Limited Integrated Report 2013, page 22

Future key market trends are identified



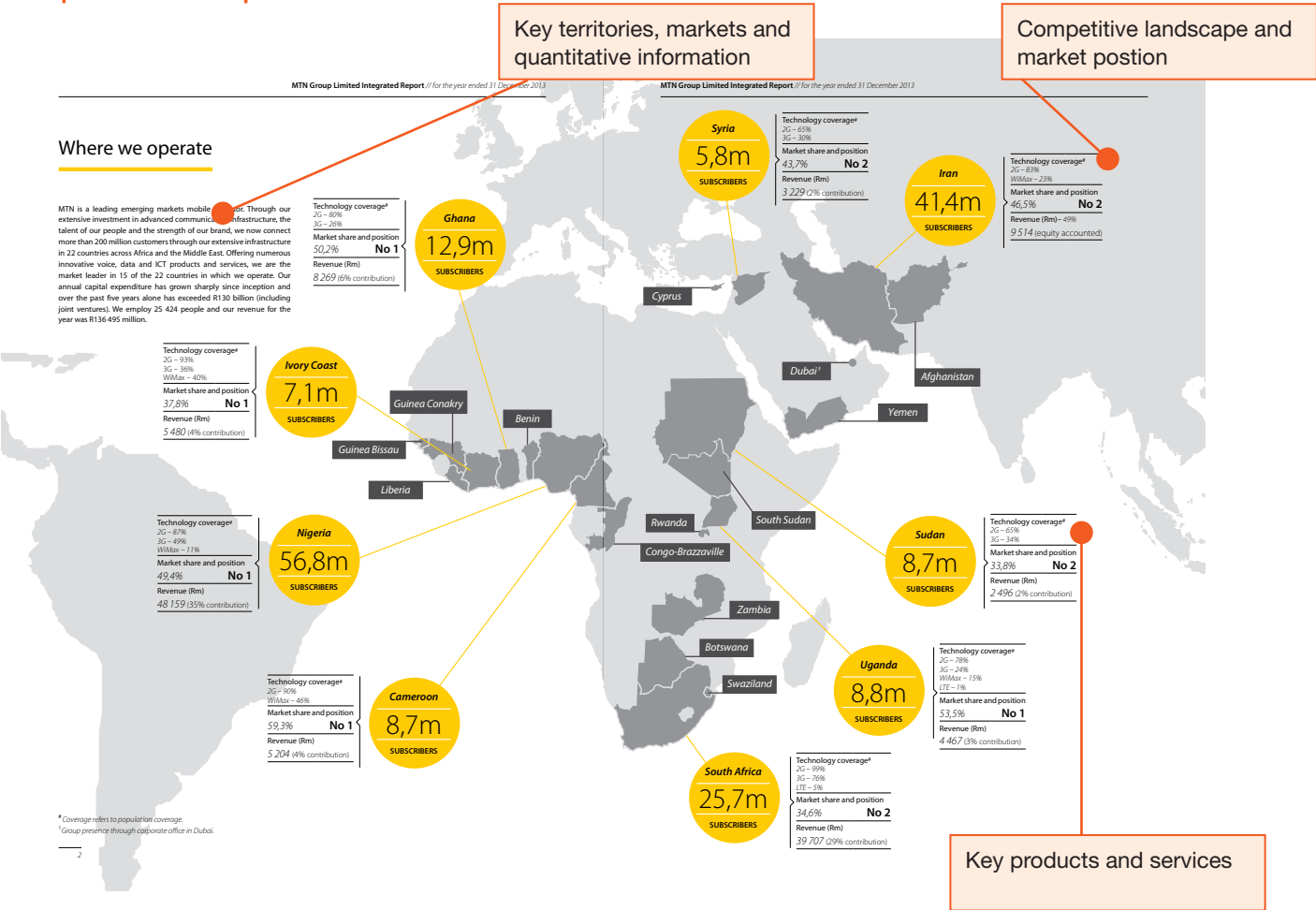
Example 3: British American Tobacco plc

The choice between the legal tobacco industry and the illegal market



Source: British American Tobacco Annual Report 2013, page 9

Example 4: MTN Group Limited



Source: MTN Group Limited Integrated Report 2013, pages 2 & 3

Integrated reports should answer the question: “How does the organisation’s governance structure support its ability to create value in the short, medium and long term?”

Source: International <IR> Framework para 4.8

Principle in practice

Good reporting should provide insight into:

- An organisation’s leadership structure, including the diversity and skills of those charged with governance;
- Specific processes used to make strategic decisions and to establish and monitor the culture of the organisation, including its attitude towards risk and mechanisms for addressing integrity and ethical issues;
- Particular actions those charged with governance have taken to influence and monitor the strategic direction and risk management approach;
- How the organisation’s culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders;
- Whether governance practices exceed legal requirements;
- The responsibility those charged with governance take for promoting and enabling innovation; and
- How remuneration and incentives are linked to value creation.

Source: International <IR> Framework para 4.9

What it means

“Those charged with governance are responsible for creating an appropriate oversight structure to support the ability of the organisation to create value”.<sup>13</sup>

Governance reporting provides the link between the social, environmental, economic and financial issues that impact on the organisation’s business and the development of strategy.

Effective communication about the governance of an organisation is therefore integral to the user’s appreciation of how those charged with governance are creating value.

18%

of companies linked the governance report to the rest of the narrative reporting.

Findings

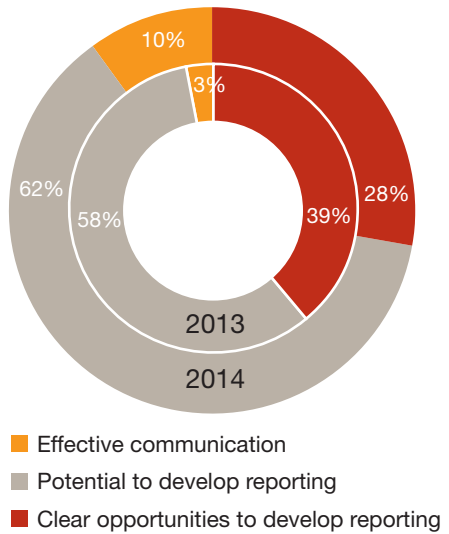
Our survey does not focus on governance compliance reporting but rather on whether the integrated report provides sufficient context to understand if the organisation’s governance structure will support its ability to create value over the short, medium and long term.

Companies assessed seem comfortable reporting on board charters and terms of reference. We continue, however, to see ‘boilerplate’ disclosure in the corporate governance section, which do not reflect what those charged with governance have actually done in adding value to the company.

Very few reports (18%) clearly link the section on governance to the rest of the integrated report. There is much opportunity to integrate the reporting of the actions and responsibilities of those charged with governance with the operations and strategies of the company to provide a holistic view of governance.

Less than half of the companies surveyed clearly describe the company’s culture and values and how these drive governance and the tone from the top.

Figure 12: Reporting on governance



Source: PwC analysis

<sup>13</sup> “International <IR> Framework”, IIRC, paragraph 2.22



### Do KPIs align with those that drive remuneration policies?

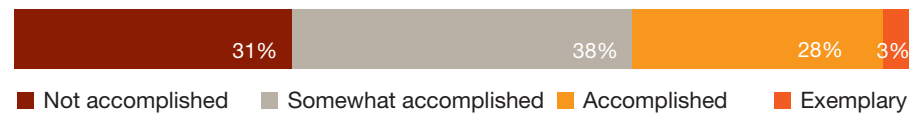
The link between remuneration and incentives and value creation is often thought to be one of the true measures of an organisation’s commitment to integrated thinking. Performance measures in isolation without a clear link to the reward of those tasked with implementing an organisation’s strategy are often not a fair reflection of what actually drives underlying value.

Very few reports provide a clear link between key performance indicators and remuneration policies for executive directors and key management. Most remuneration scheme disclosure includes narrative about fixed and variable remuneration with a statement that these are aligned with the company’s strategy.

However, it is not clear how the objectives set for management relate to the company’s objectives and key value drivers. This is truer for the link with non-financial capital measures where only 31% of companies disclosed any linkage between remuneration and KPIs.

Looking to the future, performance measures will have to take into account the strategy of the organisation, including both the financial and non-financial elements of achieving strategic objectives. Remuneration policies will have to go hand-in-hand with determining appropriate performance measures to ensure that targets are not only well thought through, but also measurable.

Figure 13: KPIs aligned with those that drive remuneration policies



Source: PwC analysis

### Board effectiveness and succession

Some description of the actual activities undertaken by the board was provided by 41% of reporters, while 33% of reports were assessed as having accomplished good reporting practice and having reported on the actual activities of the board and provided examples or case studies of these activities.

In terms of providing more than basic disclosures about the board effectiveness review, 23% of reports were assessed as having accomplished good reporting. These reports included disclosure on the logistics and process undertaken in assessing the effectiveness of the board as well as extensive disclosure of the outcomes of the review and follow-up actions planned in future.

No companies provided effective disclosure about board succession planning, while 50% made some reference to board rotation.

### A word on diversity

Gender and race are important factors to consider in achieving board diversity. In assessing the organisation’s leadership structure, we reviewed integrated reports to determine if policies and targets for diversity have been disclosed.

No mention of a policy or a target for diversity could be found in 46% of reports, while 36% of reports provided brief reference to supporting policies on diversity.

Figure 14: Targets for diversity on the board are discussed



Source: PwC analysis

Reporting assessed as accomplished in this area provided insight into the company’s policy, evidence of actions taken and targets set to achieve diversity. This was demonstrated in 18% of the reports.

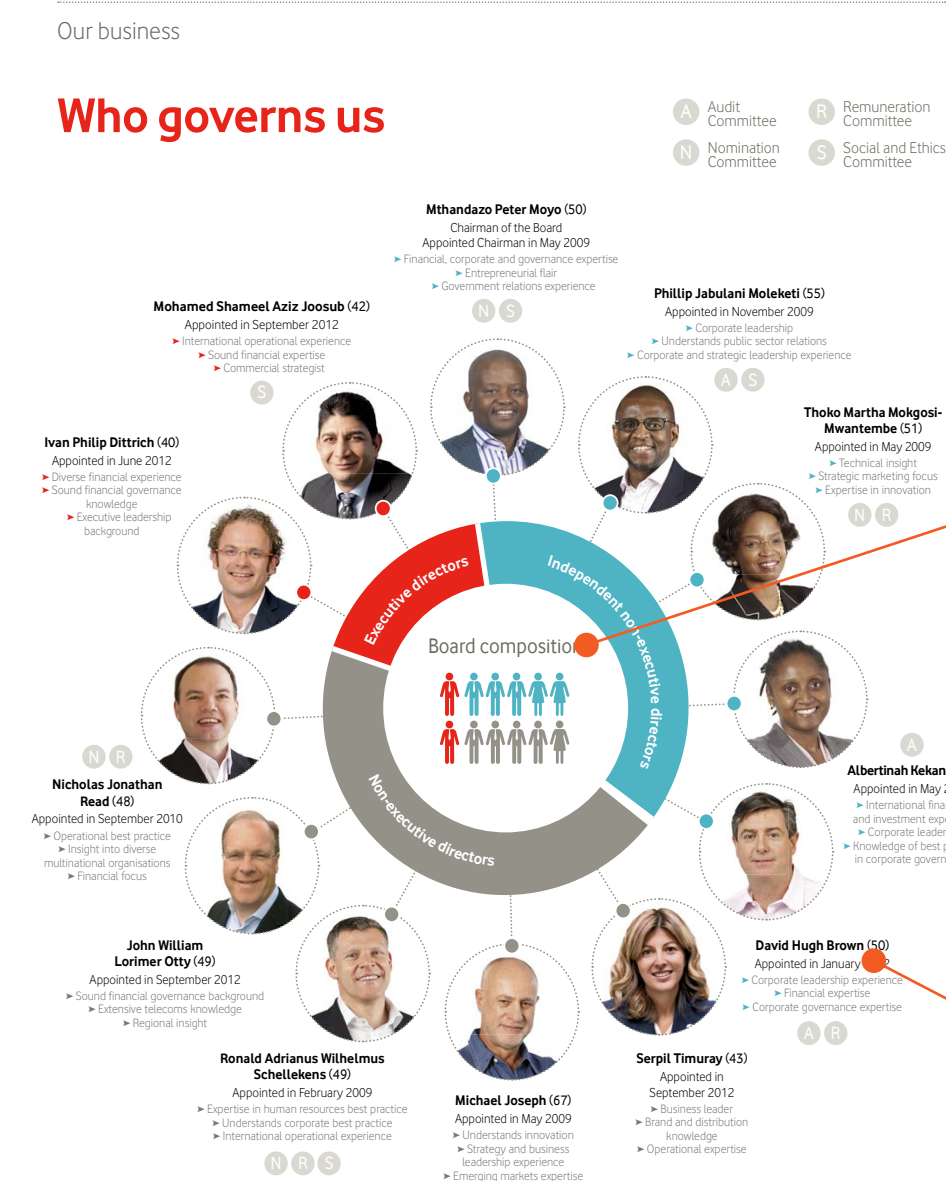
### How reporting can be developed

Organisations that integrate their governance reporting into their integrated report provide a more holistic view of the importance of governance to a business. This also instils confidence in investors with regards to the quality of management and overall credibility of reporting.

Reporting on actual activities undertaken by the board and the outcomes of these activities is more insightful than simply providing information about committee agendas and charters.

A lot of space is dedicated to key management remuneration while there is a clear opportunity to illustrate how management will be incentivised for executing the company strategy and for meeting not only financial but also non-financial targets.

Example 5: Vodacom Group United



## Example 6: British American Tobacco plc

### Board evaluation in 2013

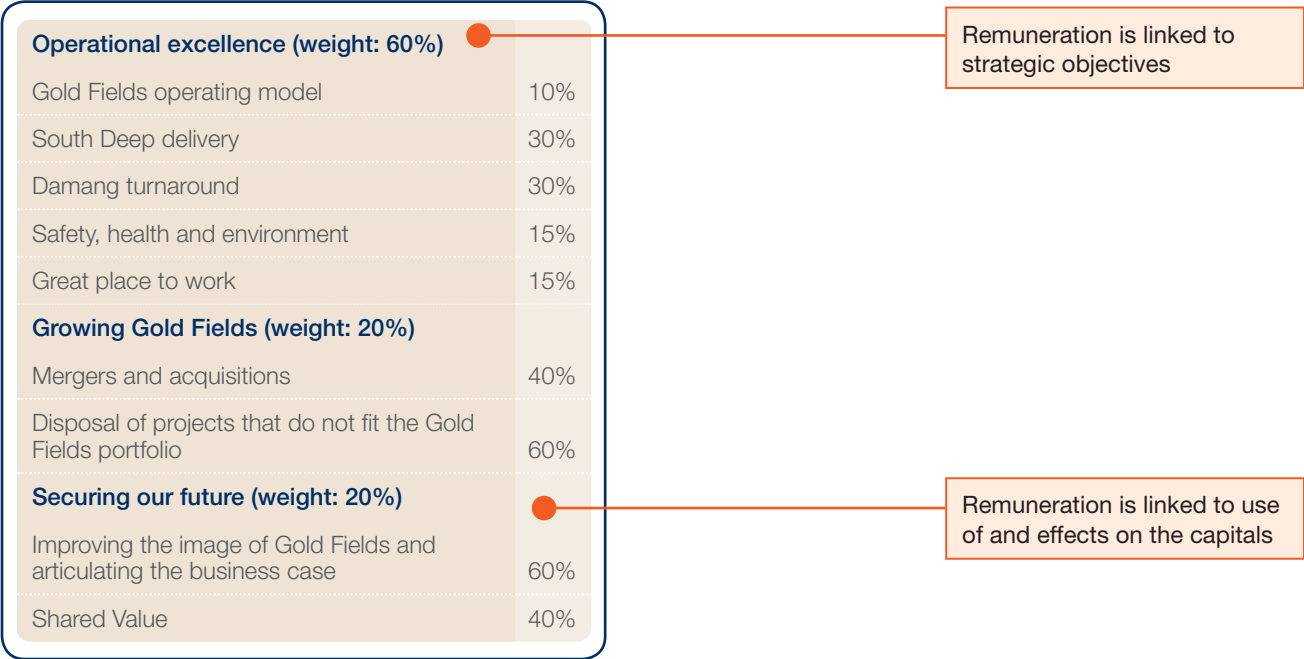
Culture and dynamics	Composition and tenure	Strategy and operations	Matters that those charged with governance deem important
<p>“Board dynamics are good, with quality leadership, and no factions. We debate the issues against a solid background.”</p> <p>Non-Executive Director</p>	<p>“The strength of the executives’ knowledge, and the Board’s desire for debate, demand a high level of Non-Executive understanding and ability.”</p> <p>Dr Tracy Long, External Facilitator</p>	<p>“It’s an exciting new world, which has caught our imagination – as the Board, we need to understand the drivers.”</p> <p>Non-Executive Director</p>	
Findings	Findings	Findings	
<ul style="list-style-type: none"> <li>– the Board has an open and transparent culture, encouraging active debate and a sophisticated level of challenge and enquiry;</li> <li>– there is full cooperation between the Executive and Non-Executive Directors;</li> <li>– there is no ‘group-think’ within the Board, and each director has a strong independent mindset;</li> <li>– the Chairman is a good listener, managing the Board with an effective and consensual style;</li> <li>– the CEO is a strong, performance orientated leader who knows the business well; and</li> <li>– there is an even contribution by all Directors across the variety of topics discussed at Board meetings.</li> </ul>	<ul style="list-style-type: none"> <li>– the composition of the Board, and its rolling tenure, combines a variety of professional experience;</li> <li>– Board membership combines a diverse blend of intuitive and analytical perspectives;</li> <li>– Non-Executive portfolio experience has been useful in improving internal processes (such as risk management); and</li> <li>– as the business faces shifting consumer behaviour and changing trends, the Board would benefit from more experience of fast changing consumer landscapes and fast decision-making environments (which are often present in technology dependent, less regulated, industries).</li> </ul>	<ul style="list-style-type: none"> <li>– the Board’s strategic debate is encouraged by the Chief Executive, and facilitated by the annual off-site meeting dedicated to strategy;</li> <li>– the underlying performance of the business is closely scrutinised by executive management;</li> <li>– the competitive, customer and regulatory landscapes are clearly visible to the Board, and a core part of the executive team’s regular updates;</li> <li>– the Board receives high-quality consumer research;</li> <li>– innovation and regulation are both recognised to be at the forefront of the Board’s agenda; and</li> <li>– the Board is attuned to market sentiment and feedback from shareholder road-shows is valued.</li> </ul>	
Action points for 2014	Action points for 2014	Action points for 2014	Actions planned for the future
<ul style="list-style-type: none"> <li>– <b>Maintaining balance:</b> recognising the strength of the Board’s culture and dynamics, the composition matrix considered by the Nominations Committee should factor in the balance of individual approaches and styles in addition to specific professional expertise.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>FMCG experience:</b> experience in FMCG is likely to be a sector priority for the next round of Board appointees; and</li> <li>– <b>Non-financial expertise:</b> as the Board is strong in financial expertise, it could accommodate more operational line management experience.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Stakeholder views:</b> the CSR Committee will now incorporate an annual review of stakeholder maps into its agenda.</li> </ul>	
Progress in 2013	Progress in 2013	Progress in 2013	Particular actions taken in current year
<ul style="list-style-type: none"> <li>– <b>Director induction:</b> following Dr Richard Tubb’s appointment to the Board in early 2013, he was appointed as a member of the CSR Committee and completed a full induction programme that included visits to the Group’s R&amp;D facilities in Southampton and our factory in Bayreuth, Germany.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Board and Committee balance and skills:</b> the shortlisting and interviewing of candidates with technology-based skills and/or an Asian business background culminated in Savio Kwan’s appointment to the Board in January 2014. His background in the internet business, Alibaba.com, also provides welcome technical experience to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>– <b>CSR peer comparison:</b> the CSR Committee reviewed how the Company compared to its industry peers in terms of delivery and reporting of its CSR agenda; and</li> <li>– <b>Shareholder engagement:</b> the Chairman and the Chairman of the Remuneration Committee met together with institutions and key shareholders to discuss corporate governance and remuneration.</li> </ul>	

Source: British American Tobacco Annual Report 2013, page 52



Example 7: Gold Fields Limited

Figure 3.8: CEO's 2014 Performance Scorecard



Source: Gold Fields Integrated Annual Review 2013, page 63

# Business model

*An integrated report should answer the question: What is the organisation's business model?*

*Source: International <IR> Framework para 4.10*

## What it means

The business model is at the heart of an organisation and draws from the different capitals as inputs and converts them into outputs by means of the organisation's business activities. This process leads to outcomes which in turn impact on the capitals, which are not necessarily the same as those used in the input phase.

This complex interconnection between an organisation and its environment is the core of value creation.

**77%**  
*of companies integrate discussion of their business models with other reporting*

## The value creation process

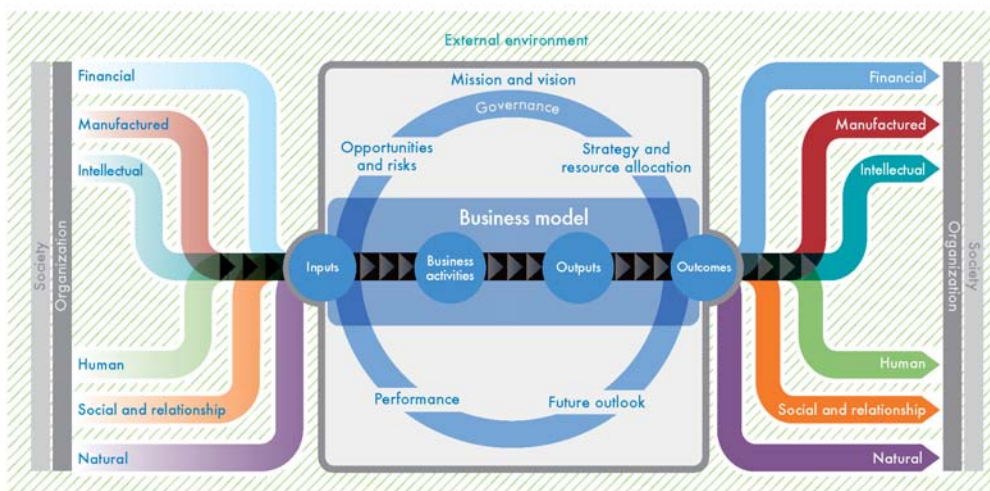


Figure 3: The complete picture of an organization's value creation process, showing the interaction of the Content Elements and the capitals in the context of the organization's external environment.

*Source: International <IR> Framework<sup>14</sup>*

An organisation should explain the resources and relationships that it relies on to deliver its strategy, how dependent it is on them, how it manages them and how it monitors success.

## Principle in practice

Good reporting should provide insight into:

- Explicit identification of the key elements of the business model;
- A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organisation;
- Narrative flow that is logical given the particular circumstances of the organisation;
- Identification of critical stakeholder and other (e.g. raw materials) dependencies and important factors affecting the external environment;
- Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).

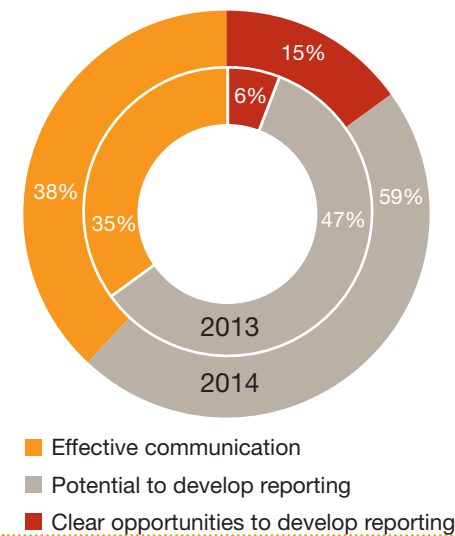
*Source: International <IR> Framework para 4.13*

<sup>14</sup> Copyright © December 2013 by the International Integrated Reporting Council ('the IIRC'). All rights reserved. Used with permission of the IIRC

# Findings

The reporting on the business model has consistently proven to be one of the areas where the most effective communication has been achieved. It is interesting to note, however, that as many companies continue on their integrated reporting journey, they seem to be experiencing certain growing pains in communicating about their business model. While companies appear to find it easier to report on outputs, managing the effect of outputs holistically in the form of outcomes remains a challenge.

Figure 15: Reporting on the business model



Source: PwC analysis

## The power of graphics

Communicating the business model is one of the areas of integrated reporting that lends itself best to graphical representation. Only slightly more than half of companies illustrated their business model through the use of graphics.

Figure 16: Business model illustrated through the use of graphics

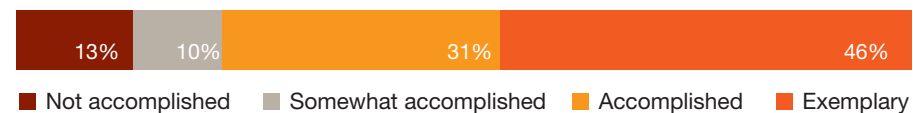


Source: PwC analysis

## Integration and dependency

The vast majority of companies succeeded in integrating discussion of their business model into other areas of their reports. However, there is still room for improvement in discussing the different components of the business model. Only a third of companies clearly identified the material capital inputs into the business model, and even a smaller proportion gave insight into their reliance and dependence on certain resources or relationships in their business model.

Figure 17: Business model integrated into other reporting



Source: PwC analysis

## How reporting can be developed

### Clarity and conciseness

Given the complexity of organisations' relationships with the external environment, resources and relationships, thought should be given to the communication of this complexity to stakeholders. This is especially true where organisations are dependent on scarce resources or significant relationships to create value. Clearly identifying the different elements of the business model (inputs, business activities, outputs and outcomes) and depicting them graphically may be an effective way to simplify reporting in this area.

### Outcomes-based reporting

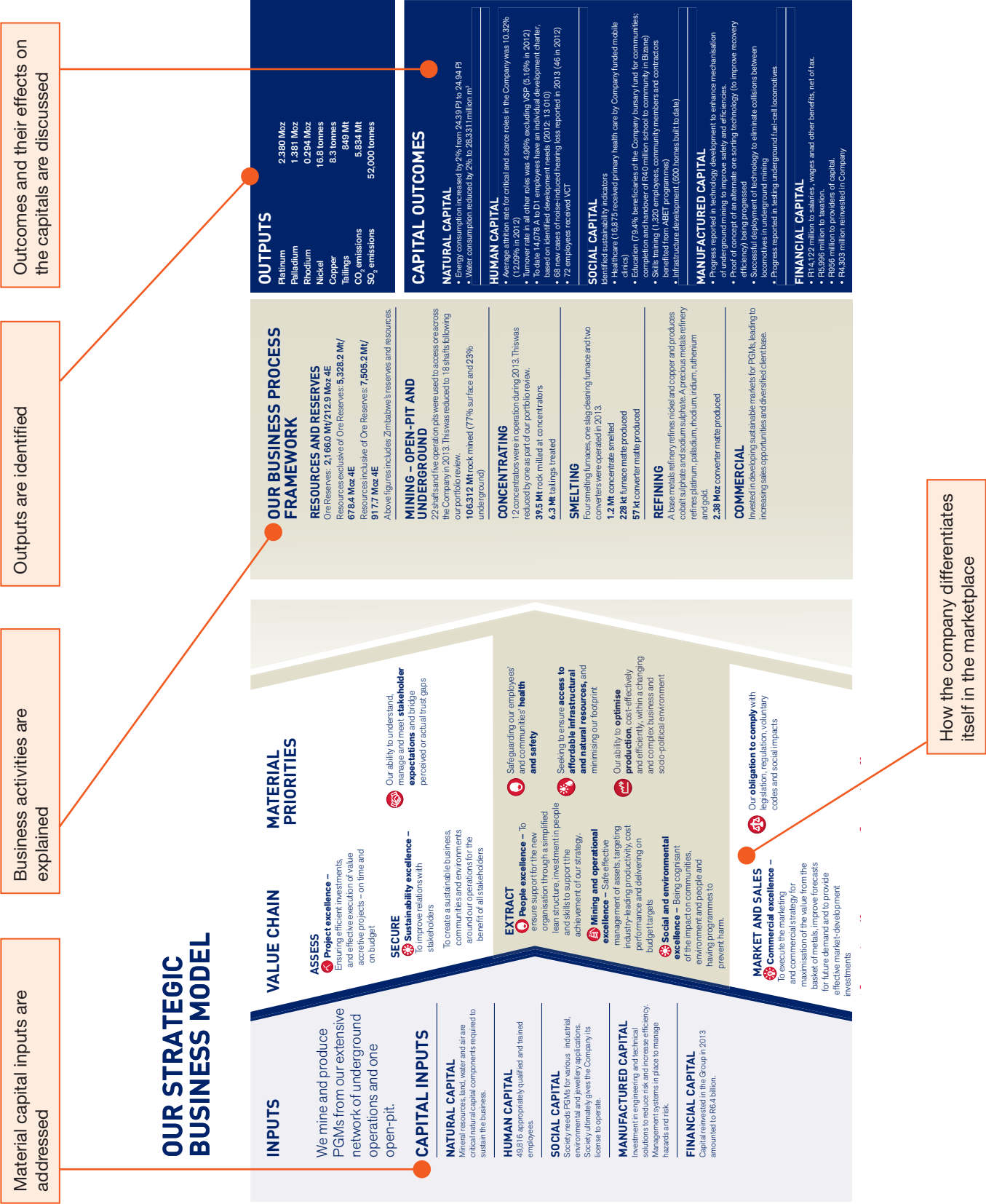
Furthermore, an increased focus on the positive and negative outcomes of the business model, both internal (e.g. employee morale and organisational reputation) and external (e.g. customer satisfaction and environmental effects), could add valuable insight to stakeholders.

### Centralised value creation

Many organisations neglected to discuss the role of the corporate centre in the delivery of strategy. How an organisation functions on a central level may provide insights about how the different elements of the business model are managed and monitored, as the corporate centre is often the main driver of the different value-creating activities of an organisation.



Example 8: Anglo American Platinum Limited



## Outcomes and their effects on the capitals are discussed

Material capital inputs are addressed

MTN achieves profitability and creates value through selling a range of innovative and reliable communications products and services to around 208 million people in 28 emerging economies. To ensure the Group's sustainability, our business model takes into consideration MTN's vision, mission and values, supported by robust governance structures and processes. The environment in which we operate and our engagement with stakeholders both play a critical role in identifying risks and opportunities. Our strategy strives to maximise these opportunities and mitigate the risks effectively, and our management structure enables delivery of our strategy.

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## Our outputs and outcomes

Radio spectrum, a limited resource, is one of the most important *natural capital* inputs to our business; access to it is absolutely vital for MTN. Renewable energy, air and land constitute our other natural capital inputs. The efficient operation of our offices, base stations and retail outlets all rely on the availability and appropriate quality of these, as well as their affordability.

## Spectrum

- Mostly 900MHz, 1 800MHz and 2100MHz radio frequency to enable 2G, 3G, LTE and WiMAX technologies.

Our *human capital inputs* are made up of the people we employ as well as others who we work with: their health and knowledge, skills and experience, drive and inventiveness as well as their capacity to work constructively in collaborative partnerships.

## 2013

- Employee numbers 25 424
- Spending on training R29.3 million

The communities in which we operate are at the core of our *social and relationship* capital. Customers are very clearly central to our business. Regulators, Group companies, business partners, suppliers and trade unions also make up this resource. Educational Institutions play an important role in developing the skills we need. We work with numerous businesses to develop, launch and sustain products and services and to ensure the smooth running of our organisation. To secure our social licence to operate, we consider effective and regular stakeholder engagement critical.

## 2013

- Countries in which we have a presence 28
- Regulators with whom we interact 22
- Value of licences R5,629 million

Our strong brand and reputation, built up over 20 years, are key **intellectual capital inputs**.

## 2013

- Brand ranking in Africa
- Experience and track record

MTN's *manufactured capital inputs* include our extensive network infrastructure, such as base stations, masts and fibre optic cables. The devices and machinery required for service provision, our investment in submarine cables, as well as the buildings from which we operate are other manufactured capital inputs.

## 2013

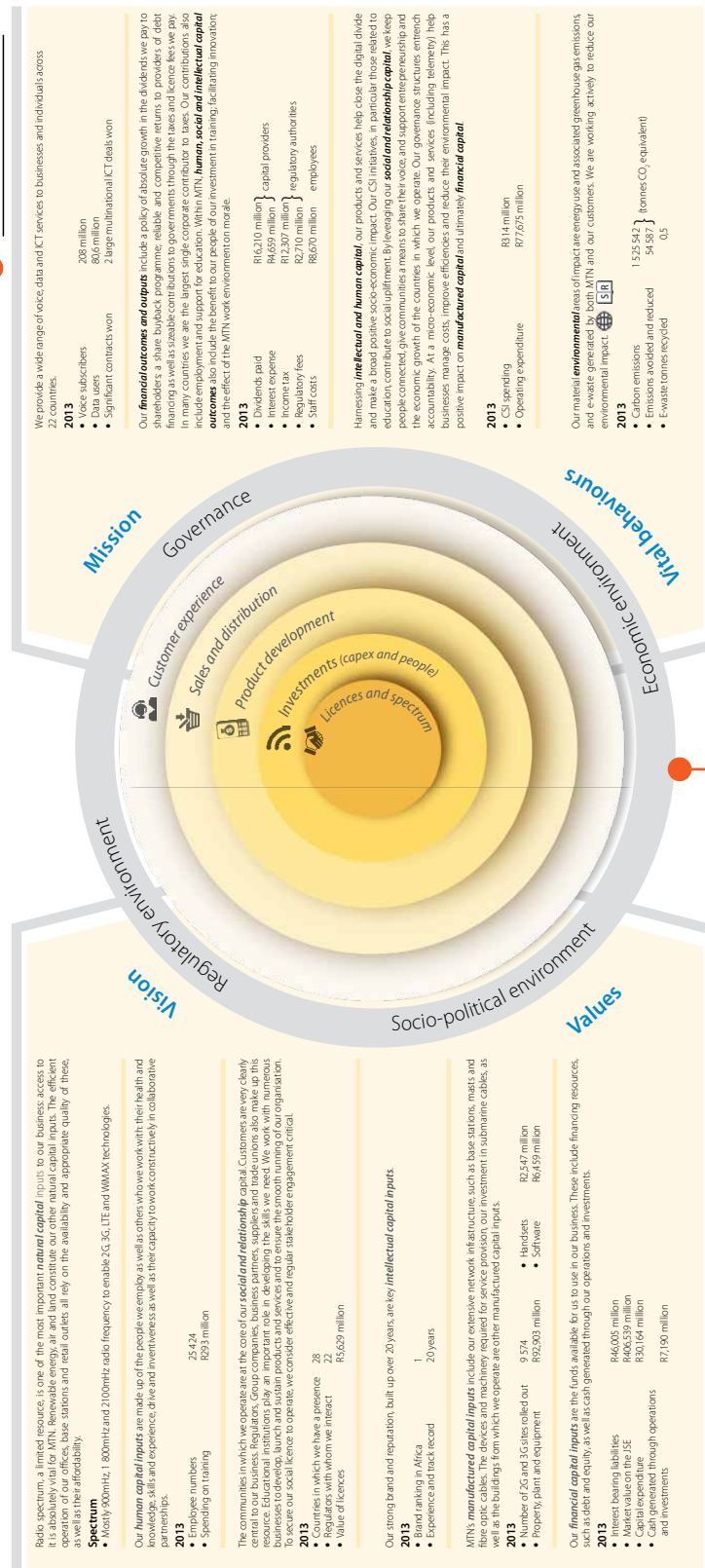
- |  |                 |            |                |
|--|-----------------|------------|----------------|
| • Number of 2G and 3G sites rolled out | 9,574           | • Handsets | R2,547 million |
| • Property, plant and equipment        | R92,903 million | • Software | R6,459 million |

Our **financial capital inputs** are the funds available for us to use in our business. These include financing resources, such as debt and equity, as well as cash generated through our operations and investments.

## 2013

- Interest bearing liabilities R46,005 million
- Market value on the JSE R406,539 million
- Capital expenditure R30,164 million
- Cash generated through operations and investments R7,190 million

To understand how our business operates, the center of this graphic represents the starting point: the acquisition of sufficient and appropriate radio spectrum through telecom companies in targeted markets. Then, moving outwards, it is clear that **capital investment** is the next step in our value chain. This ensures efficient coverage, capacity and quality networks. **Investment in people** is also vital and feeds into the following step in the value chain, which is **product development**: ensuring the right products at the right prices. **Sales and distribution** is the next stage: we establish and maintain a wide and deep distribution network and foster sound partnerships. Ultimately, this leads to **creating a distinct customer experience** — we work to attract and retain our customers.



Business activities are explained

# Risks and opportunities

*An integrated report should answer the question: What are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium and long term, and how is the organisation dealing with them?*

*Source: International <IR> Framework para 4.23*

## What it means

Continued short, medium and long-term value creation is significantly affected by an organisation's ability to identify and manage risk and embrace opportunities. An integrated report should identify these risks and opportunities, and explain the strategic direction the organisation has chosen and the actions it has undertaken to mitigate these.

The company should provide insight into its risk identification and materiality determination process. It is important that risks are not boilerplate, but specific to the organisation, and that the organisation provides a clear discussion of the implications of the identified risks on its ability to create value.

The Framework requires the organisation to look beyond its financial reporting boundary (subsidiaries, joint arrangements or associates) to identify risks, opportunities and outcomes that materially affect its ability to create value. Risks that could impact on the organisation's ability to create value may for example be supplier labour practices or scarcity of natural resources available to suppliers.

**54%**  
*of companies integrate risk reporting with other aspects of the report*

## Principle in practice

Good reporting should provide insight into:

- Significant risks, opportunities and dependencies flowing from the organisation's market position and business model;
- The specific source of opportunities and risks, which may be internal, external or, commonly, a mix of the two;
- The organisation's assessment of the likelihood that the opportunity or risk will come to fruition and the magnitude of its effect if it does. This includes consideration of the specific circumstances that would cause the opportunity or risk to come to fruition; and
- The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and key performance indicators.

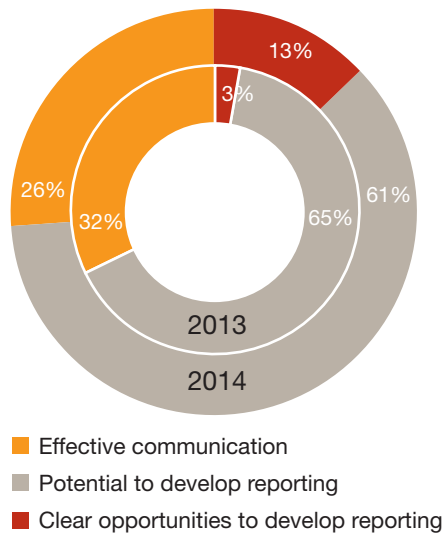
Source: International <IR> Framework para 3.4, 4.25



# Findings

The vast majority of companies surveyed showed potential to develop risk reporting and the integration thereof into other aspects of the report. Reporting on risks and opportunities

Figure 18: Reporting on risks and opportunities



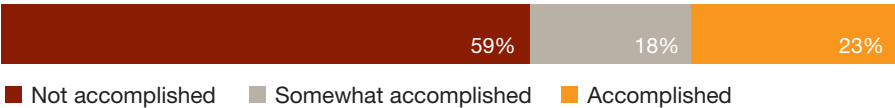
Source: PwC analysis

While most companies included narrative information about identified risks specific to the company (69%), only 10% supported the discussion with quantified information, such as through key performance indicators (KPIs).

## Risk dynamics

There was an increase in companies that provided good insights into the dynamics of their risk profiles by including information about the impact and probability of identified risks, as well as how risk profiles may change over time.

Figure 19: Insights into the dynamics of the risk profile are provided



Source: PwC analysis

### *How reporting can be developed*

Less than a third (28%) of companies make reference to their risk appetite, others state that the board has considered what type and quantum of risk or uncertainty the organisation is prepared to accept while still being able to create value and meet its objectives.

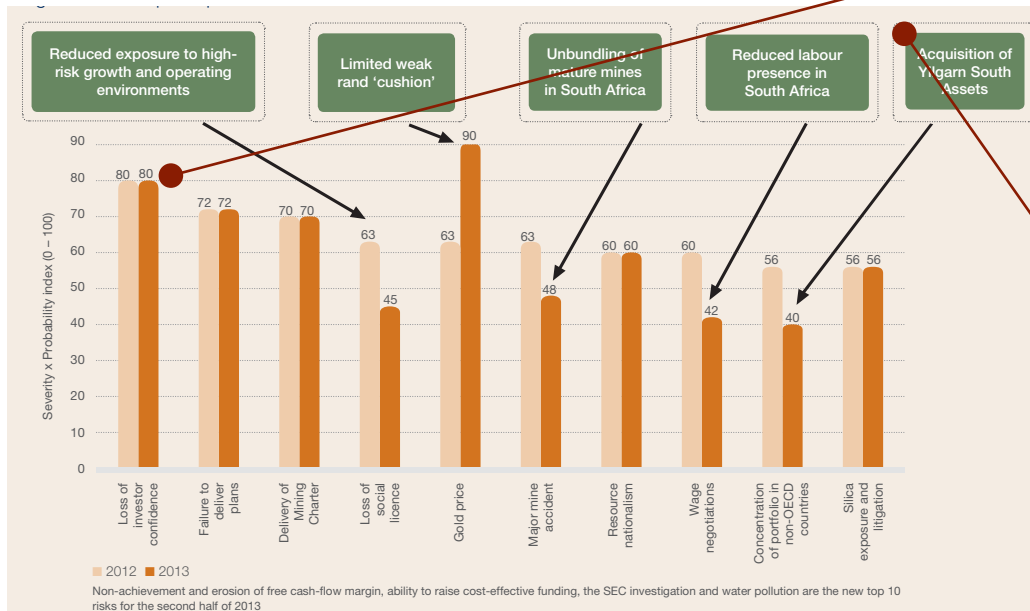
Risks and opportunities are fundamental and pervasive to organisations' value creation activities. It is therefore paramount to integrate discussions relating to risks and opportunities throughout the integrated report and avoid limiting risk reporting to a stand-alone section.

Companies that include information about the potential impact and probability of risks occurring provide stakeholders with valuable information about those risks that may influence the company's ability to create value over the short, medium and long term. This could also include linking risks to KPIs or quantifying risks in a meaningful way. It is also valuable for investors and other stakeholders to consider how risks impacting on the organisation and the organisation's risk appetite evolves over time.

**28%**  
*of companies make specific reference to its risk appetite*

## What good reporting looks like

### Example 10: Gold Fields Limited

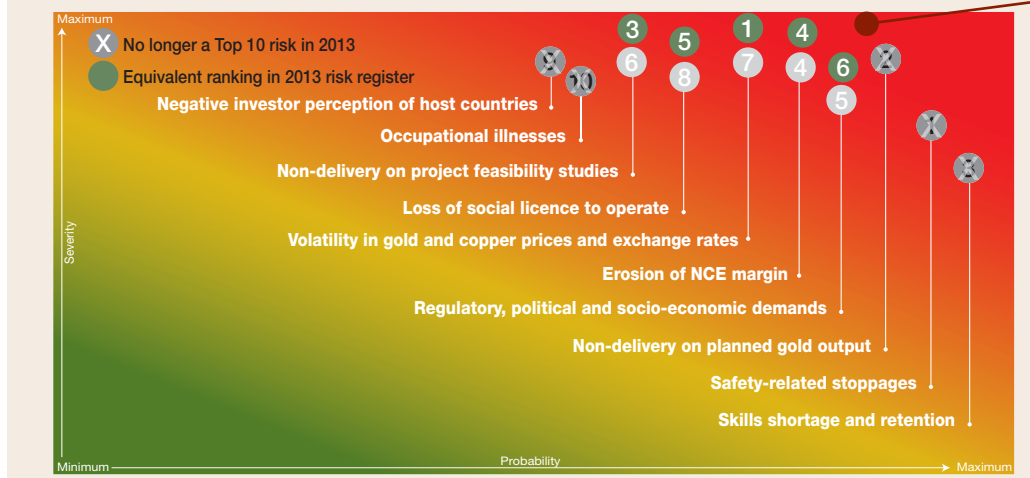


Change in severity and probability of risks and explanation

Risks are specific to the company

The impact of this restructuring is set out here – including a demonstration of how a pre-selected bundle of risks have changed as a result of Gold Fields restructuring – as well as a comparison of those top 10 risks faced by Gold Fields prior to the unbundling of Sibanye Gold and those that remain following the unbundling.

Figure 2.4: The Gold Fields 2011 heat map



Materiality is applied to highlight most significant risks and why these have changed

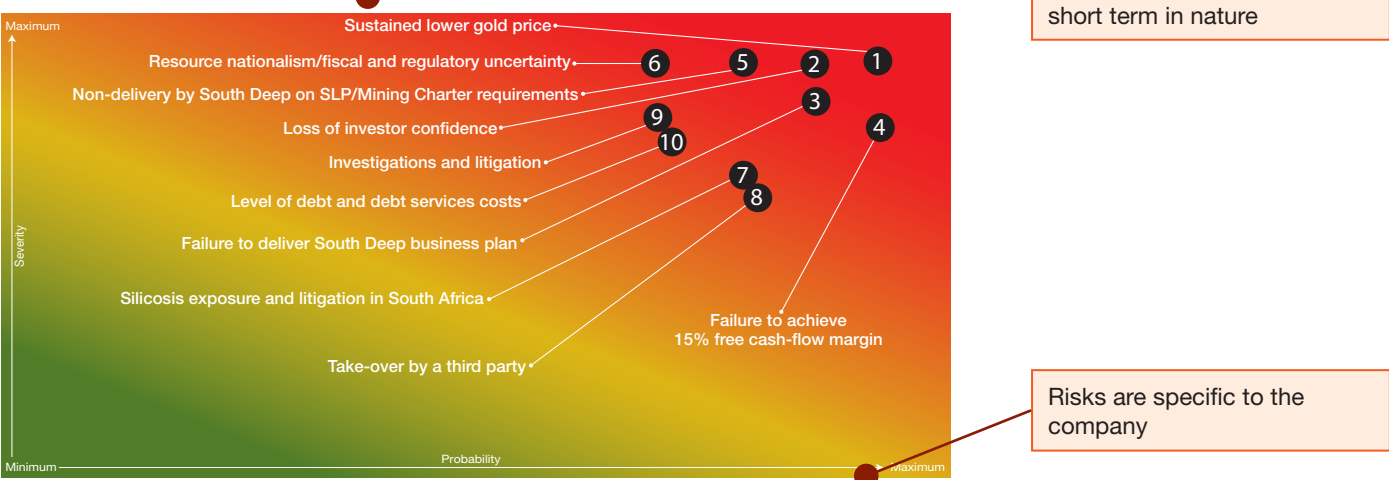
Source: Gold Fields Integrated Annual Review 2013, page 31



Short-term risk performance

The heat map below sets out the top 10 Group risks, as identified through our ERM process. This represents the Group's top operational and strategic risks, based on our operation- and region-level risk registers as at the end of 2013. Regional risk maps are contained in the online regional reports.

Figure 3.4: Gold Fields' 2013 heat map



Risk	Description	Mitigating strategies
1	Sustained lower gold price	<ul style="list-style-type: none"><li>Restructuring of Gold Fields as a smaller but more cash-generative business and achieve a 15% free cash-flow margin at a gold price of US\$1,300/oz</li><li>An increase in geographical and currency diversification</li><li>Application of a strict stage-gate process to ensure future growth projects contribute to cash generation</li></ul>
2	Loss of investor confidence	<ul style="list-style-type: none"><li>Restructuring at our mines and growth projects to maximise financial and operational efficiency and achieve market guidance</li><li>Full review of our production portfolio to optimise cash generation and investment payback</li><li>Engagement with shareholders and analysts to explain our new business strategy</li><li>Demonstration of our ability to reduce our costs and deliver on our business plans</li></ul>
3	Failure to deliver South Deep business plan	<ul style="list-style-type: none"><li>Implementation of a new production target following a life-of-mine review</li><li>Embedding of the '24/7/365' operating model and development of new training and maintenance facilities</li><li>Appointment of a General Manager from our Agnew mine, who is a specialist in mechanised underground mining, along with a support team of 14 experts</li><li>Addressing of the following issues to facilitate production build-up:<ul style="list-style-type: none"><li>Ore-handling infrastructure</li><li>Fleet availability and utilisation</li><li>Operator and technician skills</li></ul></li></ul>

Steps taken to mitigate identified risks

Source: Gold Fields Integrated Annual Review 2013, page 58

Risks identified are aligned to strategic objectives

Risks have been identified as long term in nature

## Long-term risk performance

Figure 3.5 indicates whether management is operating within the risk tolerance levels set for them by the Board. Tolerance levels are reviewed and reset every year as part of our annual risk management plan.

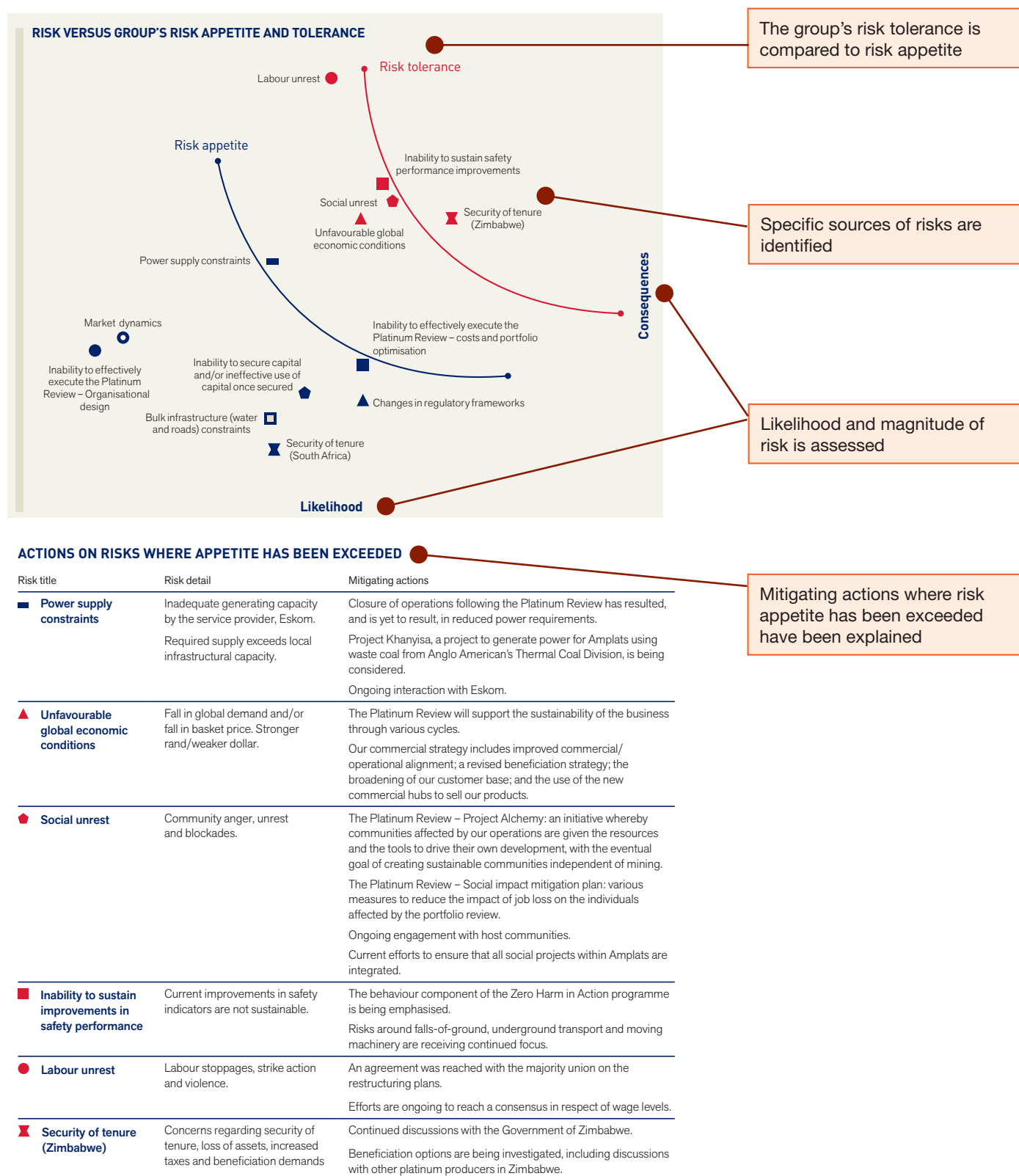
Figure 3.5: Risk performance

Strategy and risk category		Risk appetite	Tolerance level	Targets	2012 <sup>5</sup>	2013 <sup>6</sup>	X /✓
Operational excellence	Safety	Zero harm	Zero harm	No fatalities	0	2	X
				SIFR <sup>7</sup> (5% reduction) <sup>1</sup>	0.35	0.66	X
				LTIFR (5% reduction) <sup>1</sup>	2.36 <sup>2</sup>	2.86	X
				DLIFR <sup>8</sup> (5% reduction) <sup>1</sup>	28.35	61.46	X
	Operational plan	Sustainable cash flow	Within ±5% of plan	20 – 25% NCE	20%	17%	X
Superior shareholder returns		Payment of dividends of 25% – 35% of earnings		235 cps = 25%	22 cps = 30%	✓	
Growing Gold fields	Mergers and acquisitions	Prioritise low-risk/ high-return growth opportunities	Minimum of 10% IRR at US\$1,300/oz	Increase % oz in OECD countries	29% oz in Australia	43% oz in Australia	✓
	Exploration			Orogenic/low sulphidisation ore bodies	n/a	On track	✓
Securing our future	Environment	Zero harm	Zero Level 4 and 5 incidents	Zero	Zero	Zero	✓
	Health	Zero harm	Zero harm	Silica <sup>3</sup> Less than 5% >0.1mg/m <sup>3</sup>	4.7%	3.8% <sup>4</sup>	✓
				Noise <sup>3</sup> All machinery <110dB(A)	0.7%	Zero	✓
	Human resources	Pipeline of successors for scarce and critical skills	Successor cover for all executive committees	100%	110%	100%	✓
		High-performance culture	Performance management plans and targets for management	100% Excluding South Deep	100%	100%	✓
	Licence to operate	Global leader in sustainable gold mining	Full compliance with all statutory, regulatory and community commitments	Full compliance – No mine closures, community- or government-related	100%	100%	✓
	Ethics and corporate governance	Full compliance with SOX and substantial compliance with King III	No material/significant failures	Nil	Nil	Nil	✓

Source: Gold Fields Integrated Annual Review 2013, page 60

Risk metrics are identified for each risk

## Example 11: Anglo American Platinum



Source: Anglo American Platinum Annual Report 2013, pages 34 & 35



# Strategy and resource allocation

*An integrated report should provide insight into the organisation's strategy, and how it relates to the organisation's ability to create value in the short, medium and long term and to its use of and effects on the capitals.*

*An integrated report should answer the question: Where does the organisation want to go and how does it intend to get there?*

Source: International <IR> Framework para 3.3, 4.27

## What it means

The importance of an organisation's strategy is highlighted by the fact that strategic focus is one of the Guiding Principles of the <IR> Framework, as well as a Content Element.

A good strategy is the frame of reference for all the value creation decisions and activities that an organisation may engage in. An organisation should communicate what it is trying to achieve, where it is trying to compete, how it will achieve its goals and how it will measure progress.

**46%**  
*of companies have integrated strategy into the rest of their integrated report*

**Principle in practice**

Good reporting should provide insight into:

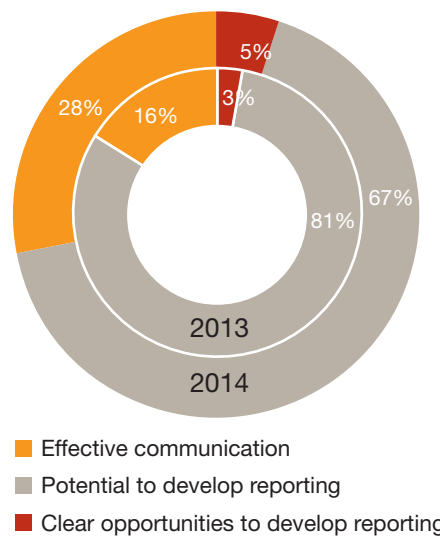
- The organisation's short, medium and long-term strategic objectives;
- The strategies it has in place, or intends to implement, to achieve those strategic objectives;
- The resource allocation plans it has in place, or intends to put in place, to implement its strategy; and
- How it will measure achievements and target outcomes for the short, medium and long term.

Source: International <IR> Framework para 4.28

## Findings

More than three-quarters (82%) of companies explain their key strategic priorities, but only 8% make a clear distinction between short, medium and longer-term strategic priorities.

**Figure 20: Reporting on strategy and resource allocation**

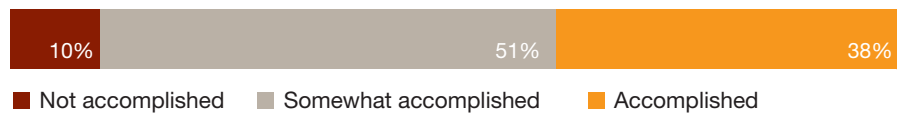


Source: PwC analysis

Almost all companies surveyed (97%) had comprehensive discussions surrounding how strategic priorities are aligned to overall goals.

More than half (61%) of companies surveyed reported on the outcomes of strategic activities in the current period and clearly set out performance measures that management use to monitor whether these are being achieved. Only 38% of companies report on the specific actions it plans to take in the future in order to implement its priorities and achieve its objectives.

**Figure 21: Specific future actions planned to achieve objectives**



Source: PwC analysis

By creating a link between the company's strategy, business model, external environment, risk management and its impact on the capitals, the organisation's strategic priorities can be integrated as a common theme throughout the integrated report.

Including time frames and targets for achieving strategic priorities would also enable stakeholders to assess whether companies are making progress towards achieving their ambitions.

**8%**  
*of companies make  
a clear distinction  
between short, medium  
and longer-term  
strategic priorities*

### ***Principle in practice***

Good reporting should provide insight into:

- How the organisation's strategy relates to its business model, and what changes to that business model might be necessary to implement chosen strategies;
- How the strategy is influenced by or responds to the external environment and the identified risks and opportunities;
- How the strategy affects the capitals, and the risk management arrangements related to those capitals;
- What differentiates the organisation (innovation, IP, environmental and social considerations); and
- Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.

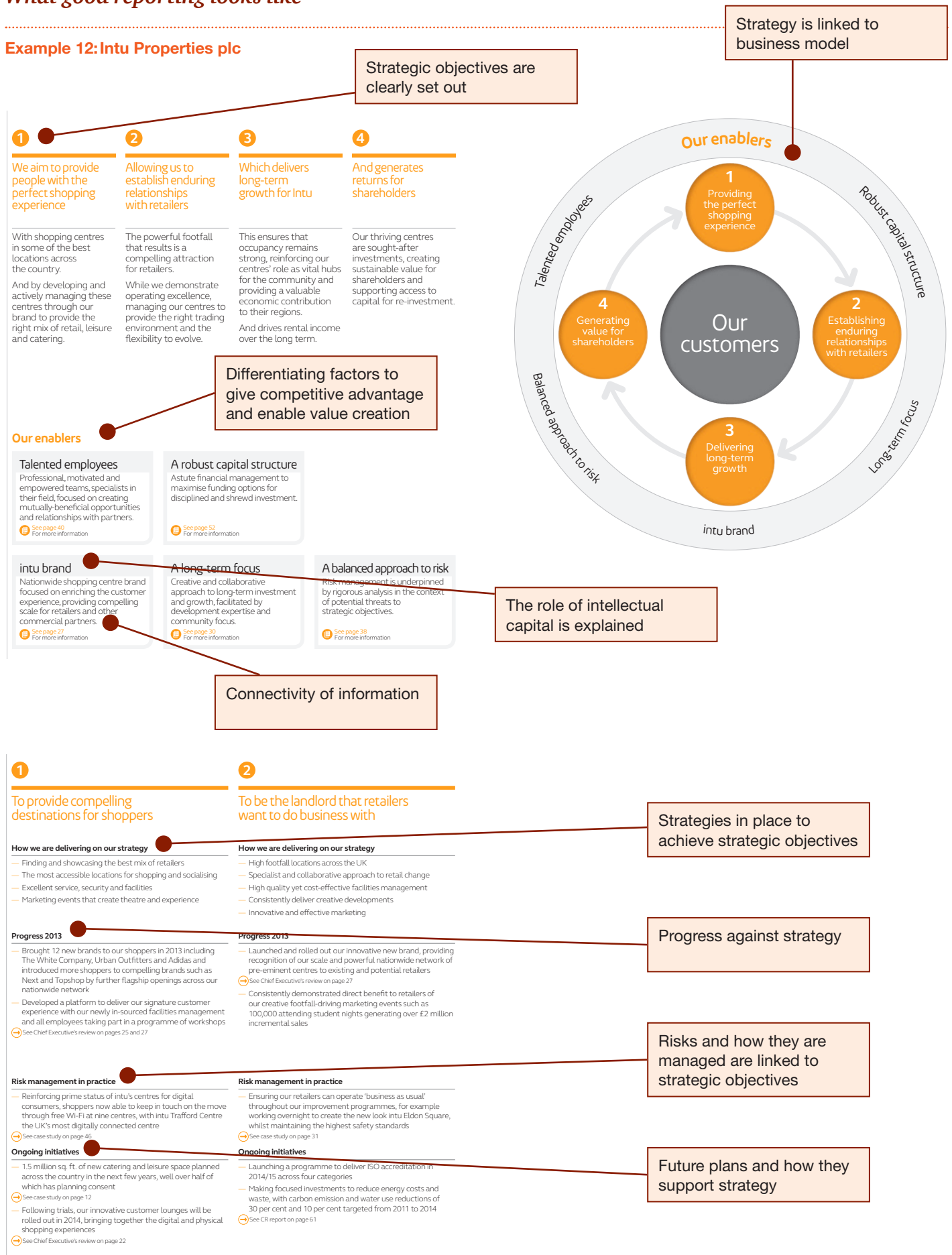
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Source: *International <IR> Framework para 4.29 (adapted)*



# What good reporting looks like

## Example 12: Intu Properties plc



Source: Intu Properties plc Annual Report 2013, pages 14, 15 & 16

Example 13: Barclays Africa Group Limited

## Strategy and balanced scorecard

Executing our One Africa Strategy through 5 strategic themes...



Strategies in place to achieve strategic objectives

### And we measure our performance through our balanced scorecard

We balance our stakeholders' needs across the short and long term.  
Our activities drive mutually re-inforcing outcomes across our stakeholders.

How achievements are measured



Target outcomes over short and medium term

Different capitals are balanced



#### Notes

<sup>1</sup> 2012/2013 growth rate.

<sup>2</sup> South Africa.

<sup>3</sup> 2013 conduct reputation survey only included South Africa, Kenya and Botswana. Survey data is subject to the standard, statistical errors associated with market research of this kind.

<sup>4</sup> Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrix Systems Inc., Bain and Co Inc. and Fred Reichheld.



For further information on the balanced scorecard methodology and data sources.

Source: Barclays Africa Group Limited Integrated Report 2013, pages 14, 15 & 16

*An integrated report should answer the question: To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?*

*Source: International <IR> Framework para 4.30*

What it means

Underpinning the focus on integrated reporting is a strong appreciation that the success of organisations is inextricably linked to three interdependent factors: society, the environment and the global economy.

Performance reporting has similarly evolved from reporting on financial measures of success to a more holistic approach that encompasses reporting on social and environmental performance.

**41 %**  
*of companies provide trend or comparable benchmark data for KPIs*

**Principle in practice**  
Good reporting should provide insight into:

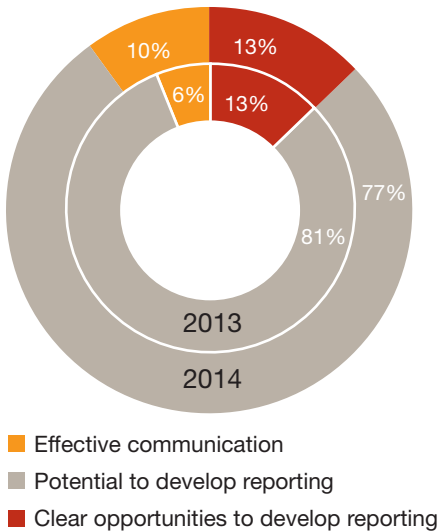
- Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications and the methods and assumptions used in compiling them;
- The organisation’s effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain;
- The state of key stakeholder relationships and how the organisation has responded to key stakeholders’ legitimate needs and interests; and
- The linkages between past and current performance, and between current performance and the organisation’s outlook.

Source: International <IR> Framework para 4.3.1

Findings

Similar to our findings last year, the overall results indicate that there is significant potential to develop reporting on performance, with only 10% of reporters effectively communicating their holistic performance to users.

Figure 22: Reporting on performance



Source: PwC analysis



## Advanced measures of success

It is clear when analysing individual companies' reporting that the basics of reporting on performance are well applied. Two-thirds of reporters explicitly identify their KPIs and the majority of those are clearly aligned to strategic priorities.

It is tailored to be relevant to the organisation;

It is consistent with measures used by those charged with governance in assessing the performance of the organisation;

It is presented with targets, forecasts or projections over the short and medium term;

It is presented for past periods to establish a trend and with industry benchmarks;

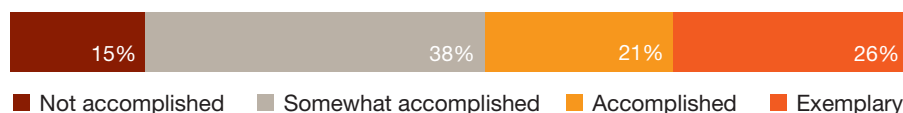
It is compared against previously reported targets, forecasts or projections to enhance accountability;

It is reported consistently over periods;

It includes measurement techniques and assumptions made with qualitative information; and

Reports on reasons for significant variations from targets, trends or benchmarks are made, including explanations of why they are or are not expected to reoccur.

**Figure 23: KPIs are aligned to strategic priorities**

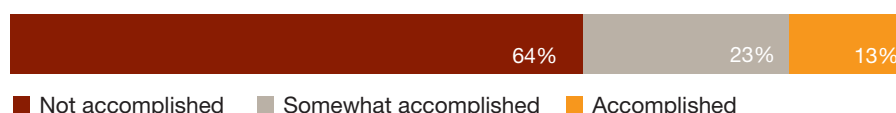


Source: PwC analysis

Beyond 'basic' reporting on performance, there is still a significant amount of thought that needs to be given to the rationale for using specific measures of performance, and how these are to be achieved into the future.

As was the case in our 2013 survey, almost half of reporters did not define each KPI or provide a rationale for its use and over two-thirds of reporters did not provide future targets for KPIs.

**Figure 24: Future targets are provided for KPIs**



Source: PwC analysis

## Quality over quantity

Our analysis found that an average of 15 KPIs are disclosed per integrated report. Reporters appear to be embracing the concepts of integrated reporting by using a balance of financial (average six KPIs), operational (average five KPIs) and sustainability (average five KPIs) measures.

However, the question remains: What is too much and what is enough when it comes to performance measures? There cannot possibly be a one-size-fits-all answer and every reporter will have to judge whether the indicators that are identified as 'key' indeed reflect the organisation's performance against strategy.

## How reporting can be developed

Organisations can enhance the quality and usefulness of KPIs by making them specific to their business and providing clear targets and industry benchmarks against which they can be measured.

Where trends are provided to assist in year-on-year analysis, management commentary should accompany these trends to enable users to understand the movements in KPIs.

Providing a clear link between KPIs and the organisation's strategy and remuneration policies will enhance the quality of disclosure around remuneration.

## What good reporting looks like

### Example 14: SABMiller plc

Financial goal	What we measure	Why we measure	How we have performed		
To deliver a higher return to our shareholders than our peer group over the longer term.	Total Shareholder Return in excess of the median of our peer group over five-year periods (2012 and 2011: three-year periods).	Monitor the value created for our shareholders over the longer term relative to alternative investments in the drinks industry.	2013 140%	2012 89%	2011 73%
	Growth in adjusted earnings per share.	Determine the improvement in underlying earnings per share for our shareholders.	11%	12%	19%
	Free cash flow.	Track cash generated to pay down debt, return to our shareholders and invest in acquisitions.	US\$ 3,230m	US\$ 3,048m	US\$ 2,488m
Strategic priority	What we measure	Why we measure	How we have performed		
<b>Creating a balanced and attractive global spread of businesses.</b> The wide geographic spread of our operations allows us to benefit from growth in volumes and value in beer markets around the world. We continue to look for opportunities to strengthen our geographic footprint in both developing and developed markets through greenfield entries, alliances, mergers and acquisitions.	The proportion of our total lager volume from markets in which we have No.1 or No.2 national market share positions.	Gain an overall picture of the relative strength of our market positions.	2013 95%	2012 93%	2011 94%
	The proportion of group EBITA from developing and emerging economies.	Assess the balance of our earnings exposure between regions of the world economy with highest growth potential and more mature regions.	72%	76%	79%
<b>Developing strong, relevant brand portfolios that win in the local market.</b> We seek to develop attractive brand portfolios that meet consumers' needs in each of our markets. This includes expanding our offerings to address new consumer segments and drinking occasions, strengthening our mainstream brands, building a differentiated portfolio of global and local premium brands and channelling the right brands to the right outlets at the right time and price.	Organic growth in lager volumes.	Track underlying growth of our core business.	3%	3%	2%
	Group revenue growth (organic, constant currency).	Assess the underlying rate of growth in sales value of our brand portfolios.	7%	7%	5%
	Revenue growth in premium brands (constant currency).	Monitor progress in building our portfolio of global and local premium brands.	10%	14%	7%
<b>Constantly raising the profitability of local businesses, sustainably.</b> Our aim is to keep enhancing our operational performance through top-line growth and continuous improvement in costs and productivity. It's also important that we maintain and advance our reputation, protect our licence to trade and develop our businesses sustainably for the benefit of our stakeholders.	EBITA growth (organic, constant currency).	Track our underlying operational profit growth.	9%	8%	12%
	EBITA margin.	Monitor our underlying operational profitability.	18.6%	17.9%	17.8%
	Hectolitres of water used at our breweries per hl of lager produced.	Gauge our progress in reducing the amount of water used in our breweries.	3.7 hl/hl	4.0 hl/hl	4.2 hl/hl
	Fossil fuel emissions from energy use at our breweries per hl of lager produced.	Assess progress towards reducing fossil fuel emissions at our breweries.	11.1 kg CO <sub>2</sub> e/hl	12.4 kg CO <sub>2</sub> e/hl	13.8 kg CO <sub>2</sub> e/hl
<b>Leveraging our skills and global scale.</b> Our global spread presents increasing opportunities to gain value from the scale and skills of the group, not least by leveraging our scale and expertise in procurement, standardising our back-office functions and integrating our front-office systems. We are also benefiting from ongoing collaboration and the sharing of skills between our businesses.	Cumulative financial benefits from our business capability programme.	Track the payback from our investment in the group business capability programme.	US\$ 1,229m	US\$ 890m	US\$ 620m









Each performance measure is linked to a strategic priority




Rationale for the use of each measure is explained

Performance is compared over more than one period

Source: SABMiller plc Annual Report 2013, page 15

## Example 15: MTN Group Limited

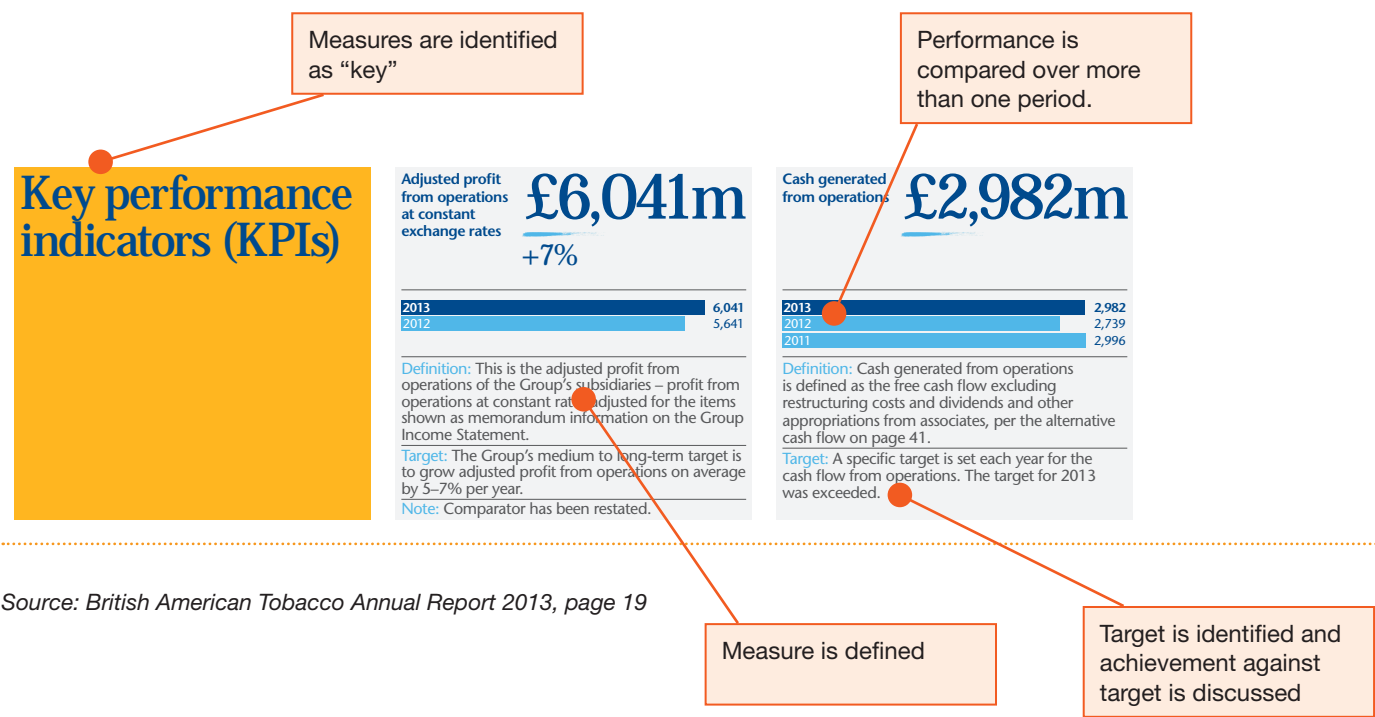
Strategic theme				Priorities		
 <b>Creating and managing stakeholder value</b>				<ul style="list-style-type: none"> <li>A sustainable shareholder return strategy</li> <li>Responsible corporate citizenship</li> <li>Creating a great place to work</li> <li>Instilling sound governance and ethics</li> </ul>		
KPIs measured	2013 performance	How we're doing	Relevant capital	Stakeholder	Short- to medium-term focus	Primary executive responsibility
<i>Sustainable shareholder returns</i>	<ul style="list-style-type: none"> <li>Grew absolute dividends to shareholders by 25,6%</li> </ul>		Financial	Shareholder	<ul style="list-style-type: none"> <li>Sustain absolute dividend growth between 5% and 15%</li> <li>Opportunistic buy-backs</li> </ul>	<b>Brett Goschen</b>
<i>CSI spend</i>	<ul style="list-style-type: none"> <li>Spent R314 million through MTN Foundations with a 70% directed on education</li> </ul>		Social and relationship	Communities	<ul style="list-style-type: none"> <li>R200 million to be spent on education projects, particularly on ICT projects</li> <li>Fully deploy MTN Foundations into all opcos</li> </ul>	<b>Paul Norman</b>
<i>Group culture audit</i>	<ul style="list-style-type: none"> <li>68% employee satisfaction based on 75% participation in audit</li> <li>Developed MTN culture through MTN's vital behaviours in 18 opcos</li> </ul>		Human	Employees	<ul style="list-style-type: none"> <li>Ongoing benchmarking of our practices and remuneration policies against global best practice</li> <li>Further integration of the employee value proposition in line with HR policies and practices</li> </ul>	<b>Paul Norman</b>
<i>Labour productivity</i>	<ul style="list-style-type: none"> <li>Implemented a minimum criteria for performance standard and qualification criteria for bonuses, salary increases and share schemes on training and development</li> <li>Group headcount reduction of 4,8%</li> </ul>		Human	Employees	<ul style="list-style-type: none"> <li>Increased focus on labour productivity and organisational redesign</li> <li>Develop in-house IP</li> <li>Realignment of talent management to meet strategic priorities</li> <li>Pay for performance optimisation</li> <li>Retrenchment in certain operations</li> </ul>	<b>Paul Norman</b> <b>Ahmad Farroukh</b> <b>Michael Ikpoki</b> <b>Zunaid Bulbulia</b>
<i>Investor in People accreditation</i>	<ul style="list-style-type: none"> <li>Three of five opcos obtained accreditation, meeting people management global standards</li> </ul>		Human	Employees	<ul style="list-style-type: none"> <li>Ensure all major opcos acquire accreditation</li> </ul>	<b>Paul Norman</b>
<i>Roll-out of governance and ethics policies</i>	<ul style="list-style-type: none"> <li>Development and implementation of Group-wide various governance policies and frameworks. See social and ethics statement on page 77 for more detail</li> </ul>		Social and relationship	All stakeholders	<ul style="list-style-type: none"> <li>Deploy and embed policies and framework across Group</li> </ul>	<b>Paul Norman</b>
<i>Corporate reputation index</i>	<ul style="list-style-type: none"> <li>27% increase in positive mentions about MTN as ranked by Meltwater Monitoring Group</li> </ul>		Social and relationship	All stakeholders	<ul style="list-style-type: none"> <li>Improve positive mentions and enhance stakeholder engagements through establishing effective issues council</li> </ul>	<b>Paul Norman</b>

 Good progress made
  We are working on it
  Requires attention

Source: MTN Group Limited Integrated Report 2013, pages 54 & 55



Example 16: British American Tobacco plc



*An integrated report should answer the question: What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?*

*Source: International <IR> Framework, para 4.34*

### **What it means**

In developing the Framework, it was recognised that much of what is currently reported tends to be backward-looking and fails to provide stakeholders with sufficient information to make a meaningful assessment regarding the organisation's ability to create and sustain value over the short, medium and long term.

Therefore, in addition to reporting on performance during the reporting period, the integrated report should include a forward-looking statement concerning the organisation's anticipated activities and performance objectives, informed by its assessment of recent performance and understanding of trends in the external and internal environment, including stakeholder expectations.

**28%**  
*of companies explain how they have identified material issues for the future viability of their business*

### **Principle in practice**

Good reporting should provide insight into:

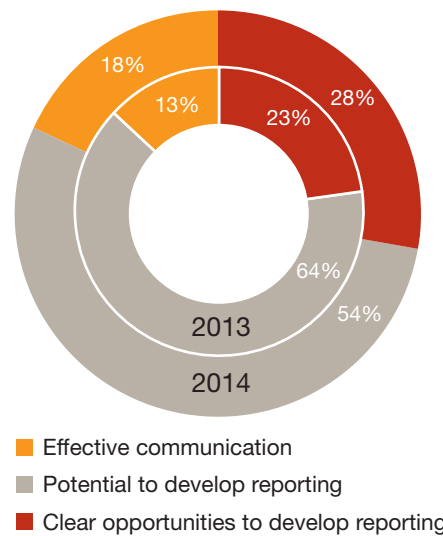
- Anticipated changes over time;
- The organisation's expectations about the external environment it is likely to face in the short, medium and long term;
- How the external environment will affect the organisation; and
- How the organisation is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.

*Source: International <IR> Framework para 4.35*

## **Findings**

Our research found that 26% of reporters provided effective communication of their future viability in terms of availability and constraints on material capital inputs, a slight improvement on last year's survey.

**Figure 25: Reporting on future outlook**



Source: PwC analysis

### The materiality determination process

It is important to understand the process undertaken by management to identify material issues affecting the organisation's future viability in order to provide a context for the strategic outlook of the organisation

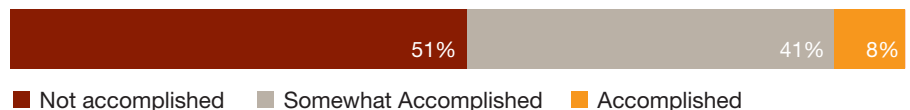
Less than a third of reports (28%) explain how material issues have been identified, while the largest proportion of reports only provided some insight into this process, for example by describing the stakeholder engagement process.

### Time frames

Reporting on an organisation's future is most effective when it is done in the context of time frames that are relevant to that organisation's business. This will vary depending on its business and investment cycles, industry context, strategies adopted and stakeholder expectations.

While half of reports provided time frames that are unclear, the balance do attempt to identify the time frame in which future viability has been considered, bearing in mind the nature of the company's business and industry.

**Figure 26: Relevant issues discussed over appropriate time frames**



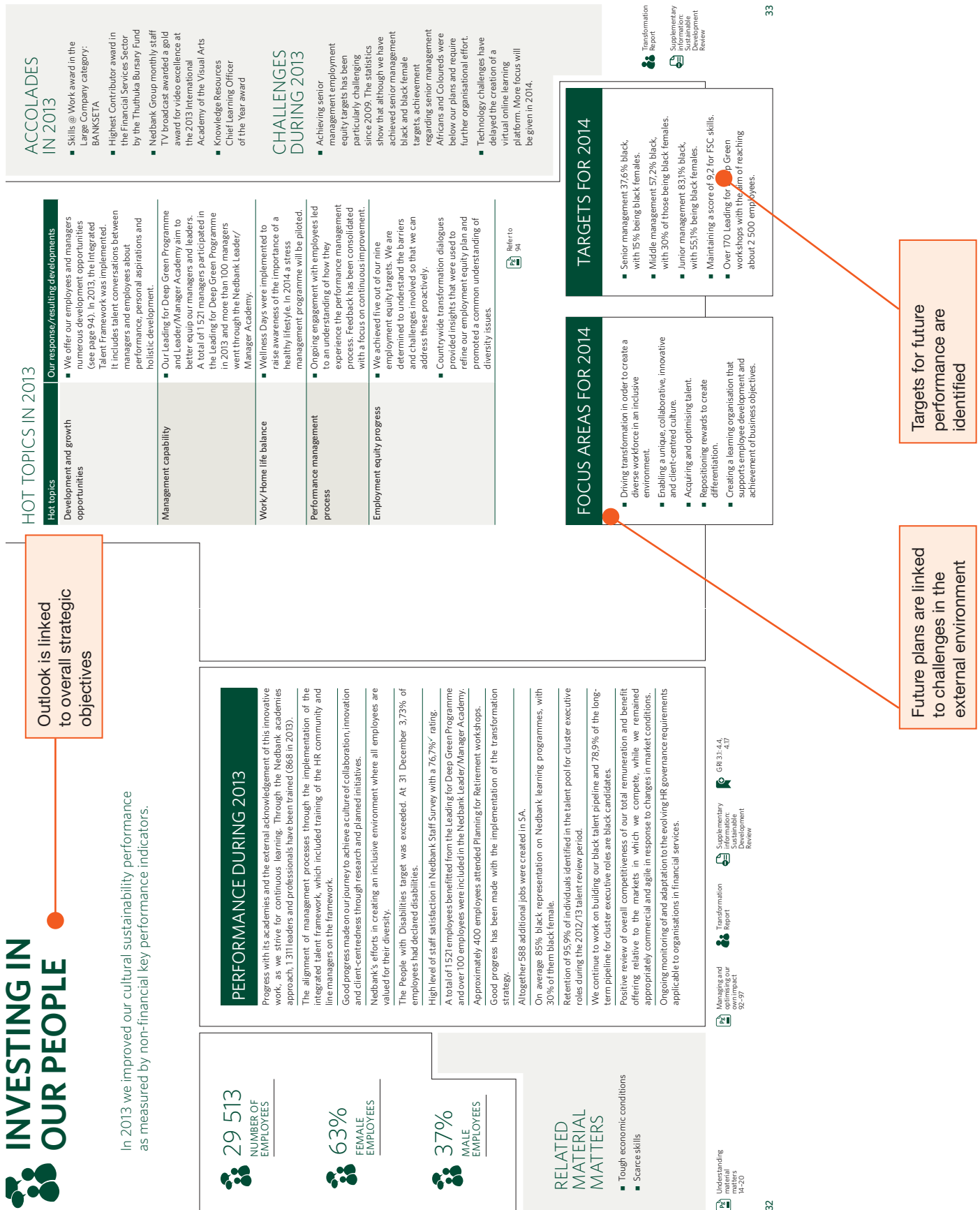
Source: PwC analysis

### How reporting can be developed

The integrated report should provide a clear and appropriate demonstration of the time frame over which future viability has been considered, in the context of the nature of the company's business and industry.

Disclosing the specific strategic actions to be undertaken to address the availability of material non-financial capitals and provide future KPIs for the strategic objectives identified communicates the future prospects and viability of an organisation to its stakeholders.

Example 17: Nedbank Group Limited



Source: Nedbank Group Integrated Report 2013, pages 32 & 33



Example 18: Exxaro Resources Limited

OUTLOOK

Despite global economic risks (mainly related to oil prices, United States tapering of quantitative easing and the fragile Euro zone, volatile exchange rates and commodity prices), the global economy still points to a gradual recovery for 2014. The South African economic growth outlook is expected to remain fragile with a weakening exchange rate which will dampen domestic demand and increase inflation. Labour discontent on the back of unresolved socio-economic issues and union rivalry are expected to remain a challenge for the local mining industry.

2014 coal export sales are expected to be affected mostly by commodity price volatility, ZAR/US\$ exchange rate fluctuations and the availability of trains from Transnet Freight Rail (TFR). As Exxaro has ceased production at the NCC export mine in 2013, export performance in 2014 will hinge largely on TFR performance between the Waterberg and Richards Bay. Both thermal and coking coal seaborne markets are expected to remain soft given an oversupply of coal globally. Developments on TFR's first-phase expansion of capacity, on the line from Lephalale in the Waterberg, from 4Mtpa to

23Mtpa by 2018 are expected to have a positive long-term impact on Exxaro's bottom line. That expansion is crucial to the group meeting its commitments to Eskom. Given that Mpumalanga coal deposits will have largely been exhausted in the medium term, keeping the Mpumalanga power stations going with coal from the Waterberg has been designated a national development priority.

In the domestic market, demand for steam and metallurgical coal is expected to be stable in 2014. Demand for power station coal from Eskom is, however, expected to be weaker than in 2013 due to

the current high level of coal stock-days at Eskom power stations.

Exxaro continues to engage with Eskom following the recent announcement of the delay in the construction of the Medupi power station and the impact this is expected to have on the previously revised volume off-take agreement between the two parties.

The focus on the Mayoko project in 2014 will be mainly on ensuring the successful conclusion of the detailed port and rail agreements. This is expected to be completed in the first half of 2014. It is also expected that the prefeasibility

study on phase 2 will be completed in the fourth quarter of 2014.

Stable offtake is expected in the FerroAlloys business, with full production targeted. Eskom remains a threat to the ferroalloy industry, but has announced that it will not continue with its 'electricity buy-back' scheme and will employ other methods to reduce electricity consumption.

For Exxaro to remain a resilient, long-term, sustainable enterprise, we must continuously shape and adapt our business to external market conditions and geographical locations.

Continued review of costs is expected to assist the group to weather the next few years where cost pressures, subdued global demand and lower available sources of finance are critical for running a value-adding business.

Anticipated changes in external environment are discussed

OUR VISION FOR THE MINE OF THE FUTURE

- 1 Sustainable licence to operate:
  - Creating inclusive wealth – all stakeholders
  - Balanced and sustainable partnership between government, community and resources industry
  - Small footprint/limited environmental impact
  - Self-sustaining, economically viable community beyond life of mine.
- 2 Smart exploration: accurate, predictable, instant, information and models
- 3 100% resource extraction
- 4 Zero waste
- 5 Zero harm – safety/health
- 6 Energy, carbon and water neutral
- 7 Workforce equipped to support the future business
- 8 Hybrid/renewable/alternative energy solutions
- 9 Capitalise on trend of advanced/light materials/metals
- 10 Integrated, optimised and redefined value chain.

Ambitions for the future are identified

LOOKING FORWARD 2014

The following activities are planned for 2014

- The board to review and approve detailed risk tolerance levels
- Upgrading our risk management enabler to the newest version
- Implementing the SHEC risk management enabler and rolling it out to the business units
- Conducting risk review sessions within the updated technology enabler
- Rolling out the risk appetite framework to business units
- Monitoring and reviewing risk thresholds to ensure operations function within the board-approved framework
- Reviewing and updating the ERM framework
- Linking key performance indicators (KPIs) and key risk indicators (KRIs) to management's performance contracts
- Conducting a risk maturity self-assessment
- Conducting mining right audits for all operations.

Future plans are linked to challenges in the external environment

Source: Exxaro Integrated Report 2013, pages 12, 13, 16 & 25

## *Appendix 1: Companies surveyed*



Company	JSE Listing Code	Year end
Barclays Africa Group Limited	BGA	31 December 2013
African Rainbow Minerals Limited	ARI	30 June 2013
Anglo American Platinum Limited	AMS	31 December 2013
Anglo American PLC	AGL	31 December 2013
AngloGold Ashanti Limited	ANG	31 December 2013
Aspen Pharmacare Holdings Limited	APN	30 June 2013
Assore Limited	ASR	30 June 2013
BHP Billiton PLC	BIL	30 June 2013
Bidvest Group Limited	BVT	30 June 2013
British American Tobacco PLC	BTI	31 December 2013
Capital & Counties Properties PLC	CCO	31 December 2013
Compagnie Financière Richemont SA	CFR	31 March 2013
Discovery Limited	DSY	30 June 2013
Exxaro Resources Limited	EXX	31 December 2013
FirstRand Limited	FSR	30 June 2013
Gold Fields Limited	GFI	31 December 2013
Growthpoint Properties Limited	GRT	30 June 2013
Impala Platinum Holdings Limited	IMP	30 June 2013
Imperial Holdings Limited	IPL	30 June 2013
Intu Properties PLC	ITU	31 December 2013
Investec Bank Ltd <sup>16</sup>	INL	31 March 2013
Kumba Iron Ore Limited	KIO	31 December 2013
Life Healthcare Group Holdings Limited	LHC	30 September 2013
Massmart Holdings Limited	MSM	31 December 2013
Mediclinic International Limited	MDC	31 March 2013
Mondi Limited <sup>16</sup>	MND	31 December 2013
MTN Group Limited	MTN	31 December 2013
Naspers Limited	NPN	31 March 2013
Nedbank Group Limited	NED	31 December 2013
Old Mutual PLC	OML	31 December 2013
Remgro Limited	REM	30 June 2013
RMB Holdings Limited <sup>17</sup>	RMH	30 June 2013
SABMiller PLC	SAB	31 March 2013
Sanlam Limited	SLM	31 December 2013
Sasol Limited	SOL	30 June 2013
Shoprite Holdings Limited	SHP	30 June 2013
Standard Bank Group Limited	SBK	31 December 2013
Steinhoff International Holdings Limited	SHF	30 June 2013
Tiger Brands Limited	TBS	30 September 2013
Truworths International Limited	TRU	30 June 2013
Vodacom Group Limited	VOD	31 March 2013
Woolworths Holdings Limited	WHL	30 June 2013

<sup>16</sup> Due to their dual listed nature, Investec Bank Limited and Mondi Limited are respectively featured twice amongst the Top 40 companies listed on the JSE. The Group integrated report has been assessed once as the content of both reports has been included within the Group integrated report.

<sup>17</sup> RMB Holdings Limited integrated report makes significant reference to the FirstRand Limited integrated report. The RMB Holdings Limited and FirstRand Limited integrated reports have therefore been assessed simultaneously.



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