

Reporting Strategy: Why and How



Creating Markets, Creating Opportunities

Susan Blesener
CEO Art of Value
16 June 2021

Module 3: Strategy

Module Structure

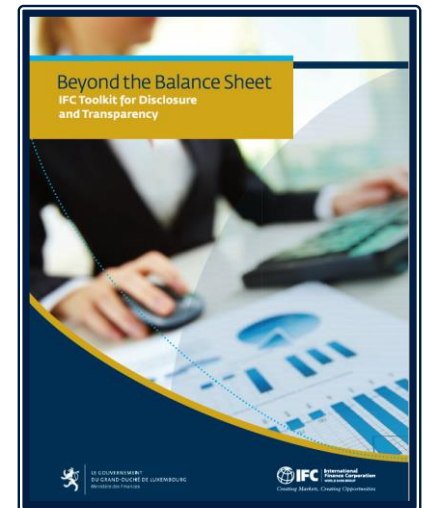
Unit 1: Strategic Vision, Direction and Plans

Unit 2: Operating Environment & Strategic Context

Unit 3: Objectives, Targets and KPIs

Unit 4: Embedding Sustainability Objectives into Core Business Strategy

Unit 5: Strategy Implementation: Risks, Opportunities and Materiality



**Disclosure & Transparency Toolkit
1.0 Strategy**

How important do you believe each of these time horizons are to investors?

1

Past performance

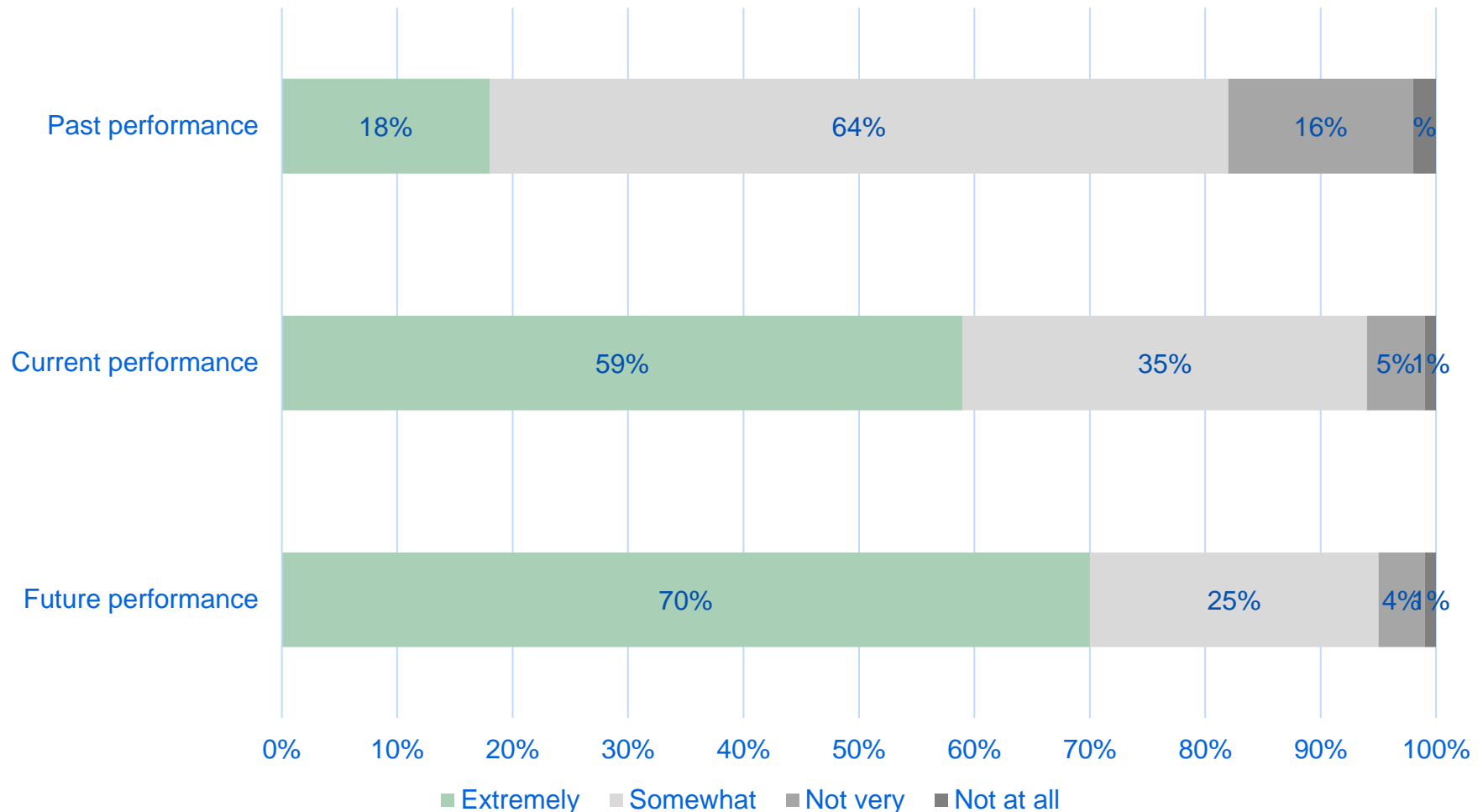
2

Current performance

3

Future performance

Future performance seen as most critically important information for investors



Source: 2020 survey of AICPA/CIMA members, research published by Black Sun, AICPA and Value reporting Foundation June 2021.

What should a strategy include?

Is this a good example of a strategy?

“We want to be the number one or number two in all the markets in which we operate”

The answer is: No

‘Many so-called strategies are in fact goals.

“We want to be the number one or number two in all the markets in which we operate” is one of those.

It does not tell you what you are going to do; all it does is tell you what you hope the outcome will be.

But you’ll still need a strategy to achieve it.’





Contents

Strategic report

- 02 About us
- 04 Value potential
- 10 Business model
- 12 Q&A with the Executive Chairman
- 14 Market review
- 16 Strategic review
- 26 Key performance indicators
- 28 Bond restructuring
- 30 Q&A with the Chief Executive Officer
- 32 Strategy
- 34 Stakeholder engagement
- 36 Sustainability review
- 50 Risk management
- 52 Principal risks and uncertainties
- 56 Viability statement
- 58 Financial review
- 64 Five-year summary



Our purpose

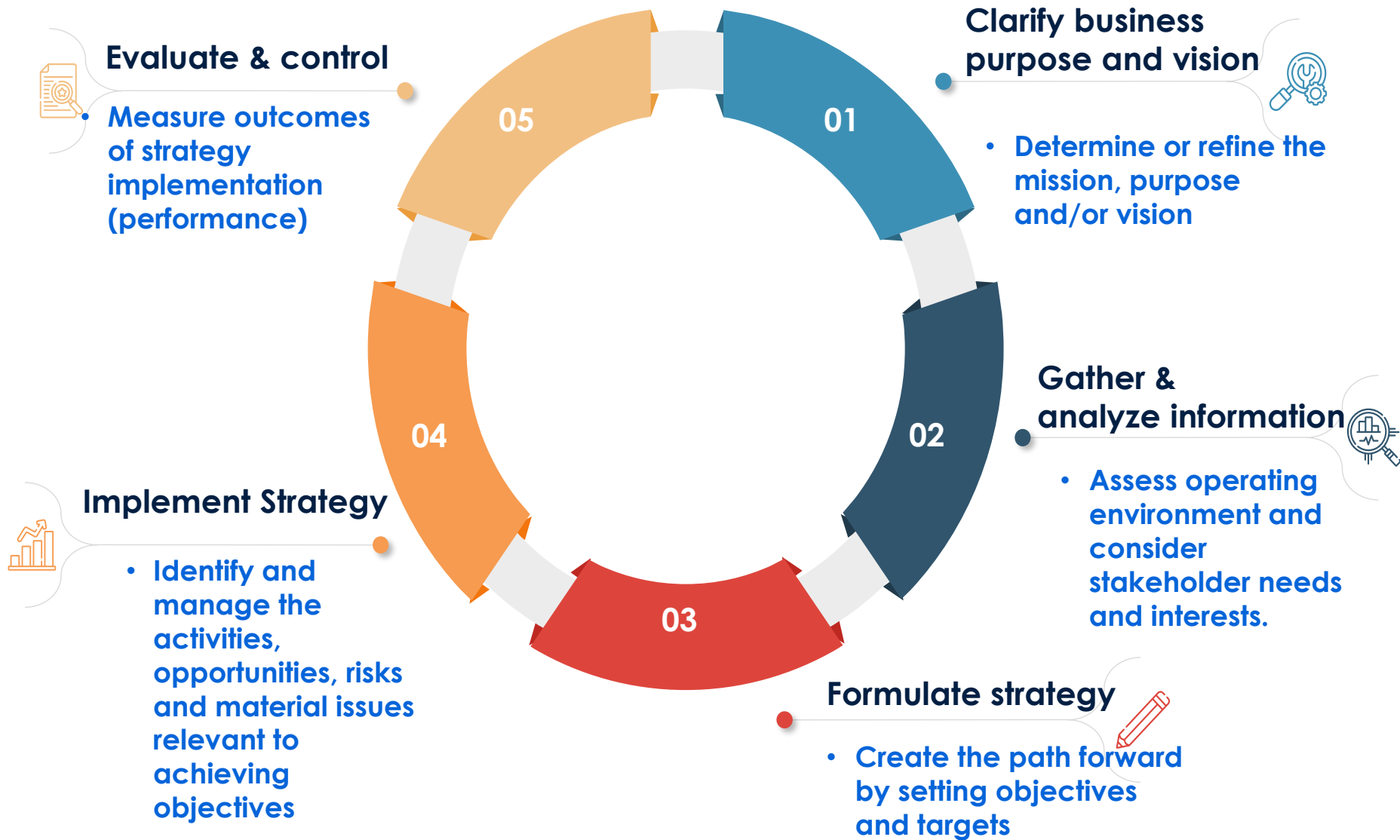
To work as a close-knit and well-integrated team across all disciplines to deliver excellence across the whole of our value chain.

Financial report

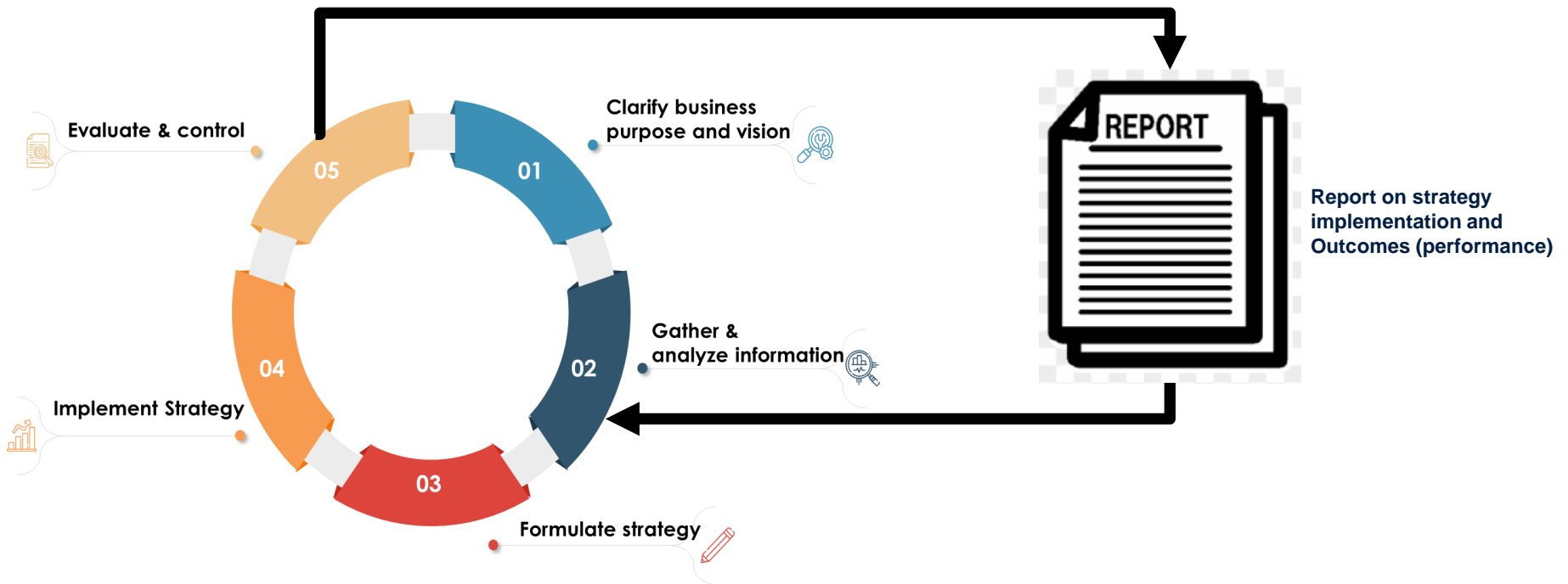
- 116 Independent auditor's report to the members of Nostrum Oil and Gas PLC
- 125 Consolidated financial statements
- 153 Parent company financial statements

Regulatory information

Circular Process for Business Strategy



Strategy and Reporting: an ongoing process





Toyota Motors 2019 Annual Report

Message from the President

Reforming Our Company to Become a “Mobility Company”

Toyota's growth to date is within the established business model of the automotive industry. In light of technological innovations in “CASE,”* the very concept of the automobile is on the verge of major change. Given this situation, we must transform our business model into one that is in line with the CASE era.

Transforming the Business Model for the CASE Era

As we make changes to our business model, it is crucial that we go back to the basics, that is, our roots, to re-examine the role Toyota should play and consider how we should proceed, for example, in the advancement in electrification. Given that people can only contribute to the environment when eco-friendly technologies are widely used, we realized that we need to embrace fresh ideas and new ways of thinking.

Therefore, rather than focus solely on passenger cars and individual customers, we can spread these technologies via commercial vehicles and vehicles for government offices and fleet customers. Rather than conduct development on our own—without friends and partners—we can partner and collaborate with others who share our aspirations. Rather than keep our patents to ourselves, we can open them up and create more new friends. Rather than sell only cars, we can provide various services in which vehicles are incorporated into a system and focus more broadly and openly on contributing to the improvement of society.



Rio Tinto: Value maximization strategy

Strategic report

Our strategy

Our strategy is to create superior value for shareholders by meeting customers' needs, maximising cash from our world-class assets and allocating capital with discipline.

Our strategy comprises four key areas:

Portfolio

Low-cost, long-life assets that deliver attractive returns

People

Building capability to drive performance

Performance

Safety, operational and commercial excellence drive superior margins and returns

Partners

Working with others for future success

CREATE GREAT CLIENT EXPERIENCES AND GROW CLIENTS

ENABLED BY ...

Technology

Managed Evolution and
Digital Fast Lane



**People
and Brand**

DELIVERED THROUGH ...

Target Operating Model (TOM)

Largely by new Ways of Work

LEADING TO ...

**Client growth
and client satisfaction**

**Operating
efficiencies**

RESULTING IN ...

**Revenue
growth**

**Cost
savings**

FINANCIAL TARGETS¹

Medium term

ROE \geq 17%

Cost-to-income ratio \leq 53%

Long term

ROE COE + 4%

Cost-to-income ratio \leq 50%

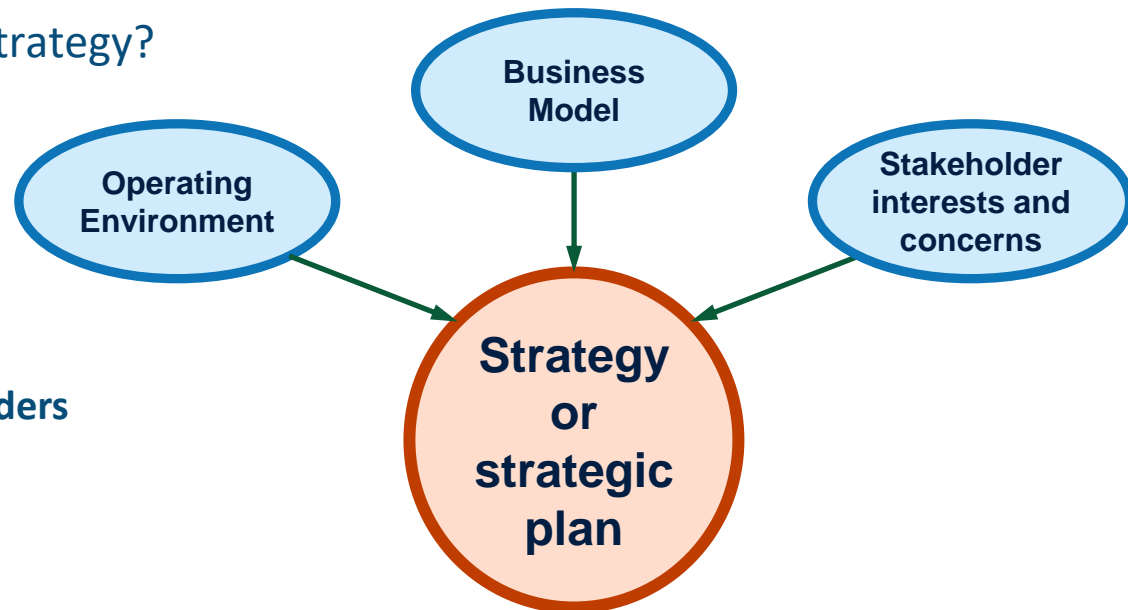
Module 3: Strategy

Unit 2

Operating Environment and Strategic Context

What information allows report readers to assess the quality of a company's strategy?

- Operating environment
- Business model
- Interests and concerns of key stakeholders



Market share %	Nedbank	Absa	FirstRand	Standard Bank	Other
Home loans	▼ 14,4%	23,1%	21,0%	33,9%	7,6%
Vehicle and asset finance	▲ 36,4%	19,7%	28,6%	13,7%	1,6%
Credit card	▼ 13,0%	25,1%	27,4%	25,1%	9,4%
Personal loans	▼ 10,2%	11,1%	23,6%	16,3%	38,8%
Core corporate loans	▲ 21,2%	21,1%	21,5%	19,1%	17,1%
Commercial mortgage loans	▼ 38,7%	15,2%	7,0%	16,9%	22,2%
Household deposits	▼ 16,9%	22,0%	21,9%	18,9%	20,3%
Non-financial corporate deposits	▼ 16,5%	17,0%	24,7%	27,3%	14,5%

Our strategy

A strategy addressing long-term trends

Our strategy was developed against the backdrop of six long-term trends, which will continue to significantly shape the economies and broader landscape in the markets in which we operate. We believe that each of these long-term trends presents opportunities that we are uniquely positioned to capture

1 Rise of urban middle class

Markets in our footprint are urbanising rapidly and becoming more consumption-led, driving rapid growth in demand for wealth and financing solutions

Our strategic response: Focus on the affluent and wealth offerings

2 Digital revolution

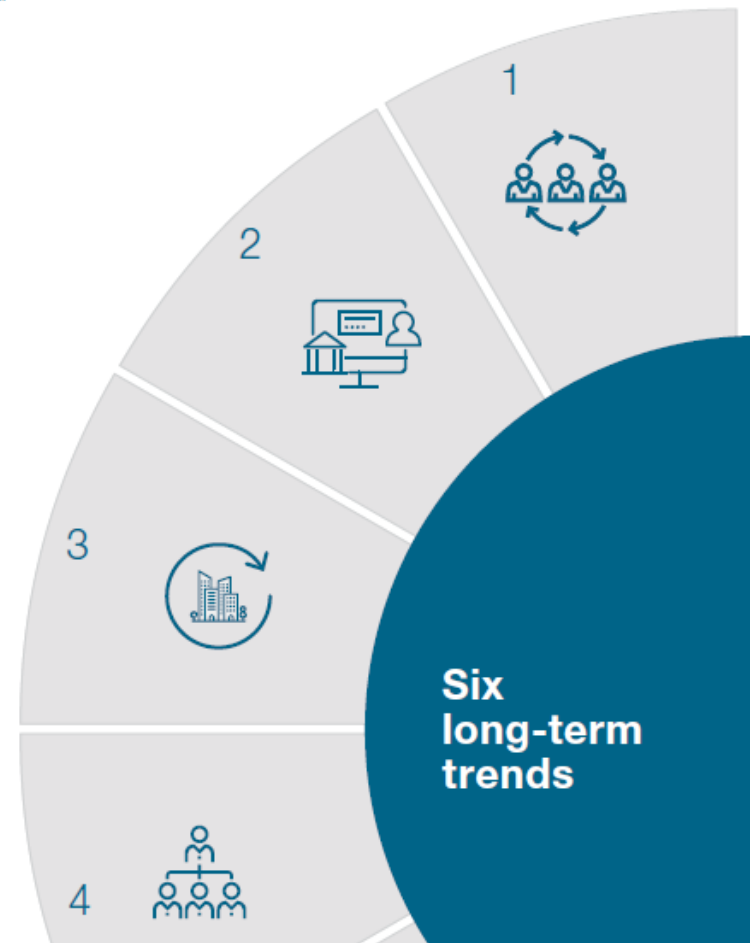
Digital adoption in our markets is often ahead of otherwise more developed Western markets. Digitisation offers an opportunity for us to deliver more convenient and efficient solutions to clients and thus to increase our client reach and engagement in a cost-effective manner

Our strategic response: Accelerate pace of our digitisation

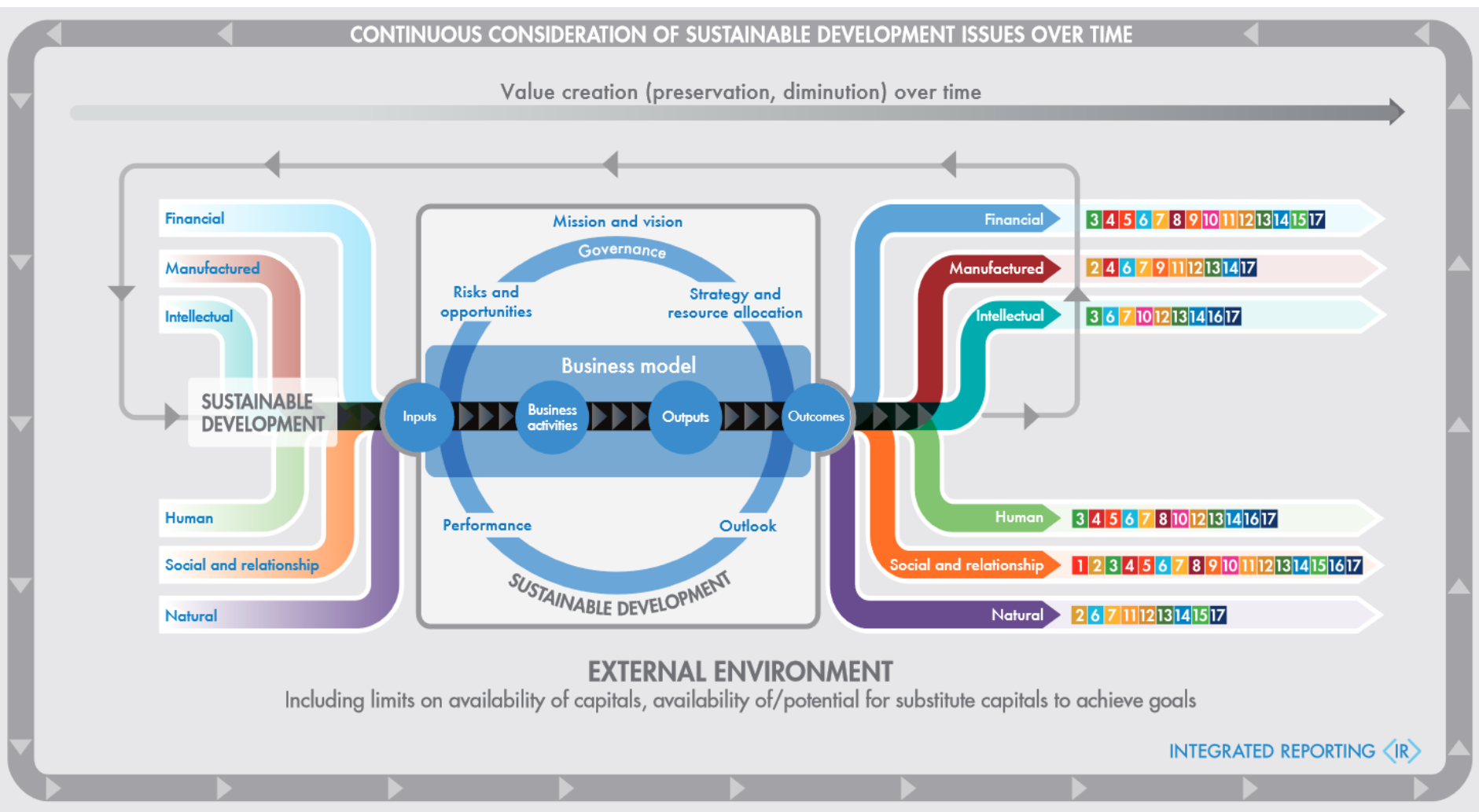
3 Increasing regional connectivity

Despite a rise in anti-globalisation sentiment in several parts of the world, we are witnessing in the long term the emergence of complex supply chains, combined with new frameworks for cooperation, such as the Belt and Road initiative and the ASEAN Economic Community. With our long history in the markets that are driving these trends, we are uniquely positioned to capture the benefits they bring

Our strategic response: Leverage our network capabilities



Business Model Template



Linking outcomes to the UN Sustainable Development Goals



Stakeholder disclosure (with outcomes): Barclays PLC, UK

Who are our stakeholders?	Why we focus on these stakeholders?	How do we engage them?	What do they tell us?	How do we respond to them?
CUSTOMERS AND CLIENTS Our customers and clients are those individuals who use our products, services and financial expertise. See pages 39 to 47	Our customers and clients are the most important stakeholders for our business. We focus on them because they are the ones who use our products, services and financial expertise.	We engage with our customers and clients through a variety of channels, including our website, social media, and direct communication. We also have a dedicated team of customer service representatives who are available to assist our customers and clients.	Based on data from millions of customers and clients, we understand their needs and preferences. We use this information to develop new products and services, and to improve our existing ones. We also use this information to identify areas where we need to improve our customer service.	In 2019, we developed our services following engagement with our customers and clients. These included: • Raising the unsecured lending limit to £100k for SME clients with a digital application process • The upgrade of BARX as an integrated cross-asset electronic trading platform to create a better experience for investment bank clients • The upgrade of our online banking platform to create a better experience for our retail customers
COLLABORATORS Our collaborators include our partners, suppliers, and other organizations that work with us to provide products and services to our customers and clients. See pages 48 to 52	Our collaborators are essential to our business. We focus on them because they help us to provide products and services to our customers and clients.	We engage with our collaborators through a variety of channels, including our website, social media, and direct communication. We also have a dedicated team of collaborator service representatives who are available to assist our collaborators.	In the 2019 employee opinion survey, our collaborators told us that they valued our commitment to diversity and inclusion, and our focus on providing a safe and healthy work environment. They also told us that they appreciated our commitment to environmental sustainability and social responsibility.	The results from our employee opinion survey help us to improve our business and to create a better work environment for our employees. We use this information to develop new policies and procedures, and to improve our existing ones. We also use this information to identify areas where we need to improve our employee service.
REGULATORS Regulators are responsible for the supervision and regulation of our business. We focus on them because they ensure that we are compliant with the relevant laws and regulations. See pages 53 to 55	Regulators are essential to our business. We focus on them because they ensure that we are compliant with the relevant laws and regulations.	We engage with our regulators through a variety of channels, including our website, social media, and direct communication. We also have a dedicated team of regulator service representatives who are available to assist our regulators.	Based on data from regulators, we understand their needs and preferences. We use this information to develop new products and services, and to improve our existing ones. We also use this information to identify areas where we need to improve our regulator service.	We responded to the regulators' requests for information in 2019 through a variety of channels, including: • Providing information to the regulators through our website • Providing information to the regulators through social media • Providing information to the regulators through direct communication • Providing information to the regulators through our dedicated team of regulator service representatives
INVESTORS Our investors include our shareholders, bondholders, and other organizations that provide us with capital. We focus on them because they provide us with the financial resources we need to operate our business. See page 56	Our investors are essential to our business. We focus on them because they provide us with the financial resources we need to operate our business.	We engage with our investors through a variety of channels, including our website, social media, and direct communication. We also have a dedicated team of investor service representatives who are available to assist our investors.	Based on data from investors, we understand their needs and preferences. We use this information to develop new products and services, and to improve our existing ones. We also use this information to identify areas where we need to improve our investor service.	We have responded to investors' requests for information in 2019 through a variety of channels, including: • Providing information to investors through our website • Providing information to investors through social media • Providing information to investors through direct communication • Providing information to investors through our dedicated team of investor service representatives

How do we respond to them?

In 2019, we developed our services following engagement with our customers and clients. These included:

- The upgrade of BARX as an integrated cross-asset electronic trading platform to create a better experience for investment bank clients
- Raising the unsecured lending limit to £100k for SME clients with a digital application process

Applying insights from stakeholders

Who are our stakeholders?	Why we focus on these stakeholders?	How do we engage them?	What do they tell us?	How do we respond to them?
CUSTOMERS AND CLIENTS <p>Our customers and clients are those stakeholders who use our products, services and financial expertise.</p> <p>See pages 20 to 27</p>	<p>Our customers and clients are central to our business – without them, we would not exist.</p>	<p>We engage and build our relationships with our customers and clients in a number of ways, from face-to-face interactions to the award-winning Barclays App.</p> <p>We conduct a wide range of customer and client research to better understand their interactions with, and expectations of, Barclays. This includes close analysis of our NPS and monitoring of customer complaints.</p>	<p>Based on data from millions of individual transactions and personal interactions, our customers and clients tell us they want:</p> <ul style="list-style-type: none"> to be able to trust that our products and services meet their needs value for money to find Barclays easy to deal with. <p>These insights help to inform our business decisions and improve our products and services.</p>	<p>In 2019, we developed our services following engagement with our customers and clients. These included:</p> <ul style="list-style-type: none"> holding events for customers and clients ranging from our Eagle Labs to over 200 local clinics for UK SMEs to prepare for Brexit the upgrade of BARX as an integrated, cross-asset electronic trading platform to create a better experience for Investment Bank clients raising the unsecured lending limit to £100k for SME clients with a digital application process allowing clients to receive money within 24 hours.
COLLEAGUES <p>Our colleagues embody our culture and provide excellent service to our customers and clients.</p> <p>See pages 28 to 31</p>	<p>Our people are our most valuable asset. They make a critical difference to our success, and our investment in them protects and strengthens our culture.</p>	<p>We have an established approach to engaging colleagues to ensure we take their perspectives into account in our decision-making and action plans, and share with them our strategy and progress. Our employee opinion survey formally captures their views and is a key part of how we track engagement.</p> <p>Our leaders engage face to face with colleagues locally and we engage collectively, including through an effective partnership with Unite, and the Barclays Group European Forum.</p>	<p>In the 2019 employee opinion survey, our colleagues told us:</p> <ul style="list-style-type: none"> overall colleague engagement score is 77% 88% say they are able to work dynamically, and 80% would recommend Barclays as a good place to work only 61% said the stress levels at work are manageable and only 53% believe that we have been successful in eliminating obstacles to efficiency. <p>This data and other insights form an important part of our decision-making, and improving these scores is a key priority.</p>	<p>The results from our employee opinion survey help shape how we run the business and the areas that will make a real difference to our colleagues:</p> <ul style="list-style-type: none"> we ensure everyone is kept up to date on the strategy, performance and progress of Barclays through a co-ordinated, multi-channel approach across a combination of leader-led engagement, and digital and print communication we are continuing to focus on tools and training for physical and mental well-being and we are investing in technology and in our premises.
SOCIETY <p>Society is represented by the communities in which we serve as well as the world in which we live.</p> <p>See pages 32 to 35</p>	<p>Delivering long-term returns for all our stakeholders depends on deep and thoughtful engagement with the numerous individuals and interest groups representing wider society.</p>	<p>We engage in a continual dialogue with non-governmental organisations (NGOs) and other interest groups to improve our understanding of current and emerging environmental and societal topics.</p> <p>We participate in multiple sustainability and human rights forums and global and regional industry initiatives, engaging directly through Barclays' Sustainability and Environmental, Social and Governance (ESG) teams.</p>	<p>During 2019, our society stakeholders told us that they wanted to hear more about:</p> <ul style="list-style-type: none"> supporting our customers and clients in the transition to a low-carbon economy responsible financing for companies in sensitive energy sectors managing our broader environmental and social impacts the support we're giving to the communities in which we operate. 	<p>We responded on key topics in 2019 through a wide range of initiatives including:</p> <ul style="list-style-type: none"> publication of our <i>Energy & Climate Change and Forestry and Palm Oil Statements</i> becoming a founding signatory of the United Nations Principles for Responsible Banking continued growth in our suite of green finance products maintaining ongoing dialogue with a wide range of NGOs further engagement on ESG with investors and broader stakeholders launching <i>Building Thinking Local Economics</i> pilots in the UK.
INVESTORS <p>Our investor stakeholder group encompasses all parties interested in the success and sustainability of the business, from our shareholders and bondholders to regulators and public policy makers.</p> <p>See page 36</p>	<p>Delivering for our investors ensures the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders.</p>	<p>We conduct extensive engagement with our institutional equity and fixed income investors throughout the year.</p> <p>We have a collaborative and transparent dialogue with our regulators and work together to ensure we meet prudential and conduct based regulatory standards, contributing to a safe and robust banking system.</p> <p>Our AGMs give the Board the opportunity to engage with investors on the running of their company, and to receive feedback.</p>	<p>Discussions with our investors included:</p> <ul style="list-style-type: none"> drivers of sustainable improvement in Group returns the macroeconomic environment and headwinds to the delivery of our strategy and targets our focus on cost efficiency and ongoing investment in digital and technology <p>We continued to have constructive engagement with regulators, evidenced by positive stress test outcomes.</p> <p>ESG engagement increased during 2019, reflecting the pace of change in the industry and its importance to our investors.</p>	<p>We have responded to investors in a number of ways including:</p> <ul style="list-style-type: none"> the new Chairman's 'listening tour', which helped to inform new deep-dive Board sessions passing the 2019 BoE and CCAR stress tests, giving regulators in the UK and US comfort in our capital position taking Barclays to its stakeholders, from 2020, the AGM will be held outside of London; our 2020 AGM will be held in Glasgow, where we are building a new strategic campus site.

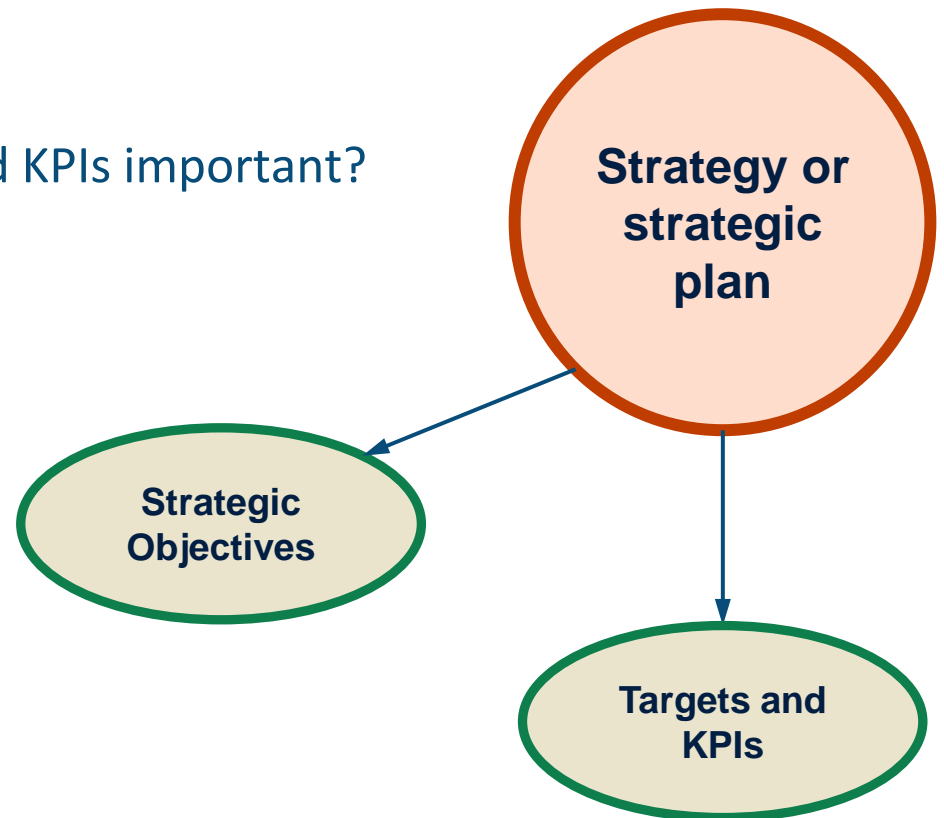
Module 3: Strategy

Unit 3



Objectives, Targets and KPIs

Why are strategic objectives, targets and KPIs important?

- Details about plans and progress
- Accountability over time





Reporting against long-term strategic targets: HSBC (UK/HK)

Strategic priorities	Targets by end of 2020	Performance in 2018 (vs prior period)	Highlights
 Deliver growth from areas of strength	1 Accelerate growth from our Asia franchise to be the leading bank to support drivers of global investment: Check Belt and Road Initiative and the transition to a low-carbon economy	- High single-digit revenue growth p.a. from Asia franchise - Market share gains in eight scale markets ¹⁰ - No. 1 international bank for Belt and Road Initiative - \$100bn in sustainable financing and investment ¹¹	- Asia adjusted revenue: +11% - Hong Kong: +14% - Pearl River Delta: +31% - ASEAN: +3% - Wealth in Asia: +1% - Sustainable financing and investment (global): \$28.5bn cumulative (+\$17.5bn in 2018) - Wealth in Asia ⁹ revenue: +13% - Five of eight scale markets ¹⁰ gained loan and/or deposit market share ⁹ - Belt and Road Initiative: Awarded 'Best Belt and Road Bank' in Asia for the second consecutive year by FinanceAsia - Pearl River Delta: Launched co-brand credit card with JD Finance - Awarded 'Asia's Best Bank for Sustainable Finance' by Euromoney
2 Complete the establishment of UK ring-fenced bank and grow market share	- Market share gains	- Market share in mortgages: 6.6% (+0.5 percentage points)	- Completed set-up of UK ring-fenced bank and opened new UK head office in Birmingham in October 2018 - Launched dedicated SME fund with £12bn of funding, including £1bn of funding to help UK companies grow overseas - Launched Connected Money app to enable retail banking customers to view balances and transactions from their UK bank accounts, including those with other providers, in one place
3 Gain market share and deliver growth from our international network	- Mid to high single-digit revenue growth per annum from international network ¹⁴ - Market share gains in transaction banking	- International client revenue: +7% - Transaction banking ¹⁵ revenue: +14%	- GLCM revenue +21%; FX revenue +10%; Securities Services revenue +11%; GTRF revenue +2% despite subdued global trade environment - Market share gains in GLCM, GTRF and FX; GTRF market share in Singapore and Hong Kong up by three and one percentage points, respectively
 Turnaround of low-return businesses	4 Turn around our US business	- US return on tangible equity >6% - US RoTE: 2.7% (+1.8 percentage points)	- US adjusted revenue of \$4.8bn up 1% vs 2017 - Adjusted profit before tax of \$1.0bn up 32% vs 2017 - Nearly 200,000 more active retail customers - Completed multi-year core banking system upgrade, paving the way for significantly enhanced client digital experience
5 Improve capital efficiency	- Increase in asset productivity	- Revenue / average RWA: 6.2% (+30bps)	- Overall capital efficiency improvement driven by 4% revenue growth - Continue to redeploy RWAs to higher-return businesses

Strategic priority	2020 target	2018 performance
Be the leading bank to support transition to a low-carbon economy	\$100 billion in sustainable financing and investment	Sustainable financing and investment: \$17.5 billion (\$28.5 billion cumulative)

Reporting against long-term strategic targets: HSBC (UK/HK)

Strategic priorities		Targets by end of 2020	Performance in 2018 (vs prior period)	Highlights	
 Deliver growth from areas of strength	1	Accelerate growth from our Asia franchise; be the leading bank to support drivers of global investment: China-led Belt and Road Initiative and the transition to a low-carbon economy	<ul style="list-style-type: none">– High single-digit revenue growth p.a. from Asia franchise– Market share gains in eight scale markets¹⁰– No. 1 international bank for Belt and Road Initiative– \$100bn in sustainable financing and investment¹¹	<ul style="list-style-type: none">– Asia adjusted revenue: +11%<ul style="list-style-type: none">– Hong Kong: +14%– Pearl River Delta: +31%– ASEAN: +3%– Wealth in Asia⁷: +1%– Sustainable financing and investment (global): \$28.5bn cumulative (+\$17.4bn in 2018)	<ul style="list-style-type: none">– Wealth in Asia⁷ revenue, excluding market impacts in Insurance¹², improved 13%– Five of eight scale markets¹⁰ gained loan and/or deposit market share¹³– Belt and Road Initiative: Awarded 'Best Belt and Road Bank' in Asia for the second consecutive year by <i>FinanceAsia</i>– Pearl River Delta: Launched co-brand credit card with JD Finance– Awarded 'Asia's Best Bank for Sustainable Finance' by <i>Euromoney</i>
	2	Complete the establishment of UK ring-fenced bank and grow market share	<ul style="list-style-type: none">– Market share gains	<ul style="list-style-type: none">– Market share in mortgages: 6.6% (+0.5 percentage points)	<ul style="list-style-type: none">– Completed set-up of UK ring-fenced bank and opened new UK head office in Birmingham in October 2018– Launched dedicated SME fund with £12bn of funding, including £1bn of funding to help UK companies grow overseas– Launched Connected Money app to enable retail banking customers to view balances and transactions from their UK bank accounts, including those with other providers, in one place
	3	Gain market share and deliver growth from our international network	<ul style="list-style-type: none">– Mid to high single-digit revenue growth per annum from international network¹⁴– Market share gains in transaction banking	<ul style="list-style-type: none">– International client revenue: +7%– Transaction banking¹⁵ revenue: +14%	<ul style="list-style-type: none">– GLCM revenue +21%; FX revenue +10%; Securities Services revenue +11%; GTRF revenue +2% despite subdued global trade environment– Market share gains in GLCM, GTRF and FX¹⁶; GTRF market share in Singapore and Hong Kong up by three and one percentage points, respectively
 Turnaround of low-return businesses	4	Turn around our US business	<ul style="list-style-type: none">– US return on tangible equity >6%– US RoTE: 2.7% (+1.8 percentage points)	<ul style="list-style-type: none">– US adjusted revenue of \$4.8bn up 1% vs 2017– Adjusted profit before tax of \$1.0bn up 32% vs 2017– Nearly 200,000 more active retail customers– Completed multi-year core banking system upgrade, paving the way for significantly enhanced client digital experience	
	5	Improve capital efficiency	<ul style="list-style-type: none">– Increase in asset productivity	<ul style="list-style-type: none">– Revenue / average RWA: 6.2% (+30bps)	<ul style="list-style-type: none">– Overall capital efficiency improvement driven by 4% revenue growth– Continue to redeploy RWAs to higher-return businesses



How transparent and accountable are these objectives and targets?

- Close existing waste dump at Vinca (polluting Danube River)
- Open new EU-compliant landfill
 - Achieve Serbia national goal of diversion of 65% of biodegradable waste from landfill by 2030 (compared to 2008 quantities)
- Generate clean energy from new landfill
 - Use landfill gas at new site to generate up to 29MW of electricity and 56MW of heat
 - Achieve greenhouse gas savings of 130,000 tonnes CO₂-equivalent annually (per annum)



How transparent and accountable are these objectives and targets?

- Close existing waste dump at Vinca (polluting Danube River)
- Build new EU-compliant landfill
 - Achieve Serbia national goal of diversion of 65% of biodegradable waste from landfill **by 2030 (compared to 2008 quantities)**
- Generate clean energy from new landfill
 - Use landfill gas at new site to generate up to 29MW of electricity and 56MW of heat
 - Achieve greenhouse gas savings of 130,000 tonnes CO₂-equivalent annually **(per annum)**

Which KPIs Should You Include in Reporting?

BEST PRACTICE is to use the same or similar KPIs in reporting which are used internally for the management dashboard or for individual performance measurement, such as to determine variable remuneration.

--IFC's Disclosure & Transparency Toolkit

Key performance indicators	How it links to:		yoy change
	Value creation	Executive remuneration ¹	
 Delivering innovative market-leading client experiences			
Digitally active clients (% of total clients)	Enabling more entrenched clients and more cost-efficient channels	GCC	▲
Digital sales (% of total sales)	Enabling more entrenched clients and more cost-efficient channels	GCC	▲
Managed Evolution completion (%)	Increase client satisfaction and market share by delivering innovative technology ecosystems	GCC	▲
 Growing our transactional banking faster than the market			

Retail main-banked clients (m)

Main-banked market share (%)

Retail cross-sell ratio (%)

Household deposit market share (%)

Commercial transactional-deposit market share (%)

CIB NIR-to-advances ratio (%)

NIR-to-expenses ratio (%)

	2019	2018	2017	Benchmark ²	Outlook/Target			Assurance
					2020	Medium term	Long term	
Commercial transactional-deposit market share (%)	24	20	18	N/A	Increase	Increase	> 70	[MO] [LA]
CIB NIR-to-advances ratio (%)	21	12	< 1	> 35	Increase	> 45	> 75	[MO] [LA]
NIR-to-expenses ratio (%)	70	60	52	N/A	80	Materially complete		[MO]
	2,95	2,98	2,78	N/A	Increase	5,0	Increase	[MO] [LA]
	11,2	13,1	12,7	17,4 peer average	> 15 (target)	Increase	Increase	[MO] [LA] [IN - Consulta]
	1,33	1,33	1,32	> 3,0	Increase	> 1,5	> 2,0	[MO]
	16,9	18,0	18,9	20,9 peer average	Increase	Increase	> 19	[IN - SARB BA900]
	14,0	14,5	13,4	24,7 peer average	Increase	> 16,9	> 18	[IN - SARB BA900]
	2,1	2,4	2,0	N/A	> 2,0	> 2,0	> 2,0	[MO]
	80,8	82,1	80,7	76,2 peer average	Increase	> 85	> 85	[FS]

more clarity and certainty of the impact on our business.

Key performance indicators	How it links to:		yoy change	2019	2018	2017	Benchmark ²	Outlook/Target			Assurance
Value creation	Executive remuneration ¹	2020						Medium term	Long term		
Delivering innovative market-leading client experiences											
Digitally active clients (% of total clients)	Enabling more entrenched clients and more cost-efficient channels	GCC	▲	24	20	18	N/A	Increase	Increase	> 70	[MO] [LA]
Digital sales (% of total sales)	Enabling more entrenched clients and more cost-efficient channels	GCC	▲	21	12	< 1	> 35	Increase		> 45	> 75 [MO] [LA]
Managed Evolution completion (%)	Increase client satisfaction and market share by delivering innovative technology ecosystems	GCC	▲	70	60	52	N/A	80	Materially complete		[MO]
Growing our transactional banking faster than the market											
Retail main-banked clients (m)	Driver of revenue growth	GCC	►	2,95	2,98	2,78	N/A	Increase	5,0	Increase	[MO] [LA]
Main-banked market share (%)	Driver of revenue growth	CPT	▼	11,2	13,1	12,7	17,4 peer average	> 15 (target)	Increase	Increase	[MO] [LA] [IN – Consulta]
Retail cross-sell ratio (%)	Number of products per client (holistic client value proposition)	GCC	►	1,33	1,33	1,32	> 3,0	Increase	> 1,5	> 2,0	[MO]
Household deposit market share (%)	Attractive source of funding in a Basel III world	CPT	▼	16,9	18,0	18,9	20,9 peer average	Increase	Increase	> 19	[IN – SARB BA900]
Commercial transactional-deposits market share (%)	Attractive source of funding in a Basel III world	CPT	▼	14,0	14,5	13,4	24,7 peer average	Increase	> 16,9	> 18	[IN – SARB BA900]
CIB NIR-to-advances ratio (%)	Leveraging our strong position in lending to grow NIR	GCC	▼	2,1	2,4	2,0	N/A	> 2,0	> 2,0	> 2,0	[MO]
NIR-to-expenses ratio (%)	Extent to which NIR covers expenses	GCC	▼	80,8	82,1	80,7	76,2 peer average	Increase	> 85	> 85	[FS]
Being operationally excellent in all we do											
Branch floor optimisation (m ²)	Cost savings through smaller, more efficient branches	GCC	▲	41 156	32 971	24 485	N/A	49 000	Increase	Increase	[MO]
Self-service cash deposits (% of total)	Shift to convenient self-service channels and downsizing physical footprint	GCC	▲	73	61	60	N/A	Increase	Increase	Increase	[MO]
Digitised services rollout	Shift from physical to cost-efficient digital channels	GCC	▲	114	70	N/A	N/A	180	Complete		[MO]
Core IT system optimisation	Reducing complexity and enabling digitisation of IT systems in a risk-mitigated and cost-efficient manner	GCC	▼	117	119	128	N/A	85	65–75		[MO]
Corporate real estate savings (m ²)	Space optimisation resulting in lower occupation and accommodation costs	GCC	▲	53 551	25 385	14 683	N/A	Increase	> 100 000	> 120 000	[MO]
Targeted Operating Model savings (Rm)	Improved efficiencies	CPT	▲	1 147	680	283	N/A	R12bn	TOM 2.0 savings (to be disclosed early 2021)		[MO]
Cost-to-income ratio	Key driver of ongoing sustainable profitability	CPT	▼	56,6	57,2	58,6	55,4	Improve	≤ 53	≤ 50	[MO] [FS]
Managing scarce resources to optimise economic outcomes											
ROE (%)	Returns shareholders receive on their capital	CPT	▼	15,0	16,8	15,3	N/A	Guidance withdrawn on 14 April 2020	> 17	> COE +4	[MO] [FS]
Economic profit	Profit generated after adjusting for the expected returns from investors (cost of capital)	STI	▼	1 412	2 868	1 695	N/A	Guidance withdrawn on 14 April 2020			[MO]
We are increasingly tilting financing of SDGs. See pages 50 and 51 for more details.		GCC	▲	Metrics are in development							
Providing our clients with access to the best financial services network in Africa											
Nedbank Africa Regions number of clients (000)	Client gains support revenue growth	GCC	▼	336	353	336	N/A	Increase over time			[MO] [LA]
Financing deals with ETI	Financing opportunities with Ecobank involvement	GCC	►	1	2	0	N/A	Increase over time			[MO]
Clients doing transactional banking with Ecobank	Servicing and protecting our client relationships	GCC	▲	118	110	85	N/A	Increase over time			[MO]

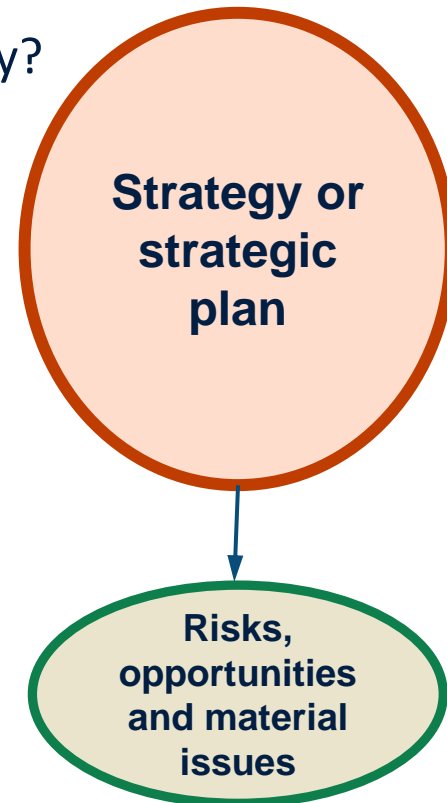
Module 3: Strategy

Unit 4

Embedding Sustainability Objectives into Business Strategy

Why and how to embed sustainability in the core business strategy?

- Easier for stakeholders to understand the plan.
- As a first step, ESG objectives may support the core strategy.
- Ensure that sustainability objectives are related to core business activities.



Some products and services advance sustainability goals while *also* driving profitability



Annual Report 2019

Strategy

- › This is Stora Enso
- › Stora Enso in 2019
- › CEO's overview
- › How we create value
- › Transformation
- › Divisions
- › Group Leadership Team

Substituting materials from finite resources is our key competitive advantage



Best climate benefit comes from combining forest-based products and sustainable forestry with a resource efficient value chain. > Read more about the calculation method.

As a company, Stora Enso contributes to a better climate. Trees in our sustainably managed forests absorb CO₂ from the atmosphere and when harvested act as a store. Carbon stays in the fibers when they are made into products, and even through recycling. Carbon storage can be increased by substituting materials from finite resources with renewable alternatives. This is a significant and growing opportunity for us. By substituting fossil-based materials, Stora Enso's products saved an estimated 20 million tonnes of CO₂ in 2019 which is comparable to the average annual CO₂ emissions of 5.1 million cars.

Our business is a net contributor to prevent global warming.

Fiber-based products have a lower carbon footprint

Substitute plastic trays

Trayforma paperboard trays for ready-meal packaging offer up to 64% lower carbon footprint than plastic trays.



If all plastic trays in Germany were replaced with Trayforma, the savings in CO₂ emissions would equal to heating all houses in Berlin in January.

Substitute plastic fish boxes

EcoFishBox by Stora Enso offers up to 30% lower carbon footprint than a traditional polystyrene fish box.



Switching to EcoFishBox in the Nordics would save fossil CO₂ emissions equal to the annual emissions of 76 000 cars.

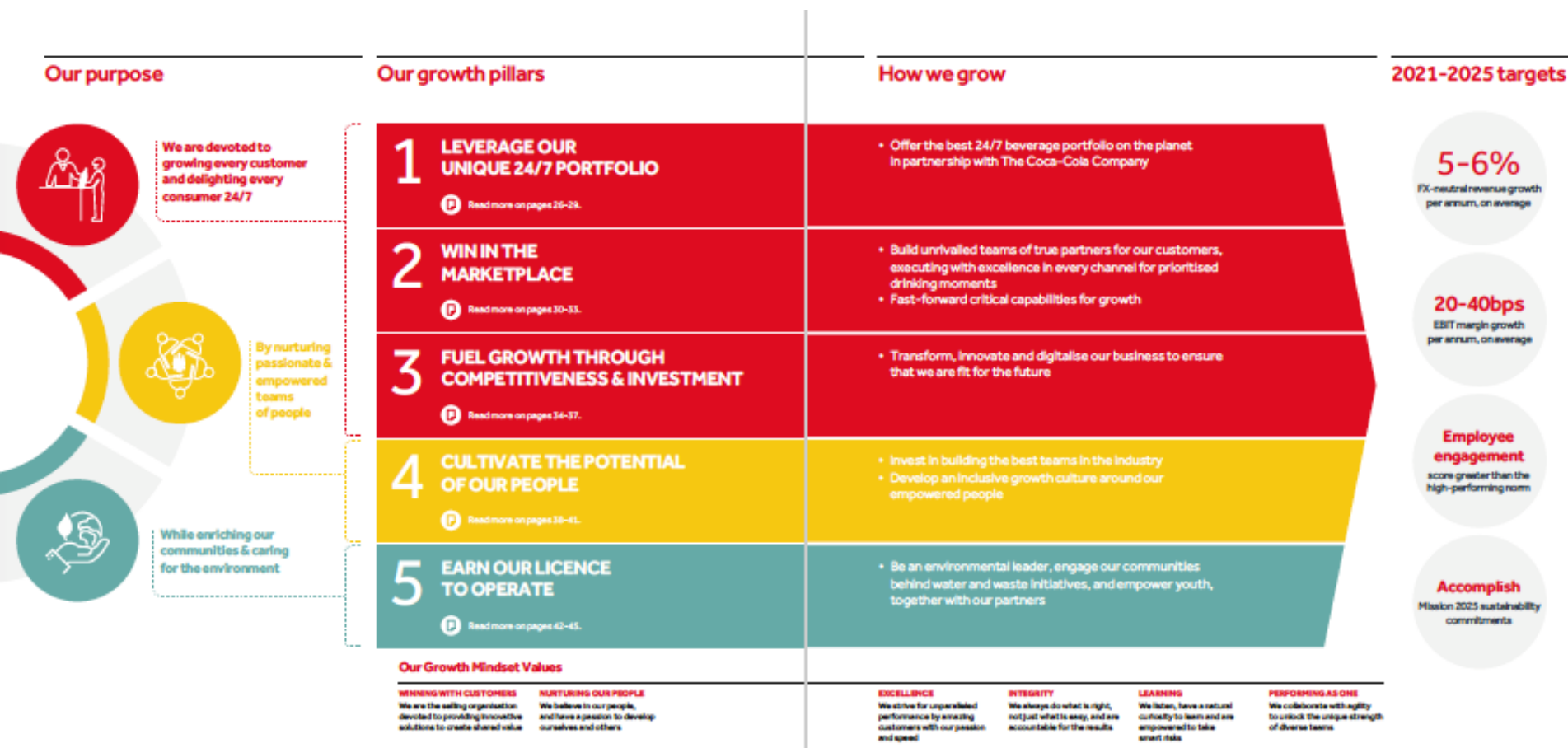
Substitute plastic PET bottles



In Europe, a fiber-based beverage carton has up to 45% lower carbon footprint than a PET plastic bottle.*

* According to studies made by Ifeu for SIG Combibloc

Achieving sustainability objectives can *enable* and support business growth



Module 3: Strategy

Unit 5

Strategy Implementation: Risks, Opportunities and Materiality

Why should reporting link risks, opportunities and materiality with strategy?

- Provide insights into management decision making
- Assess if the company is managing the right issues



Relevant material issues

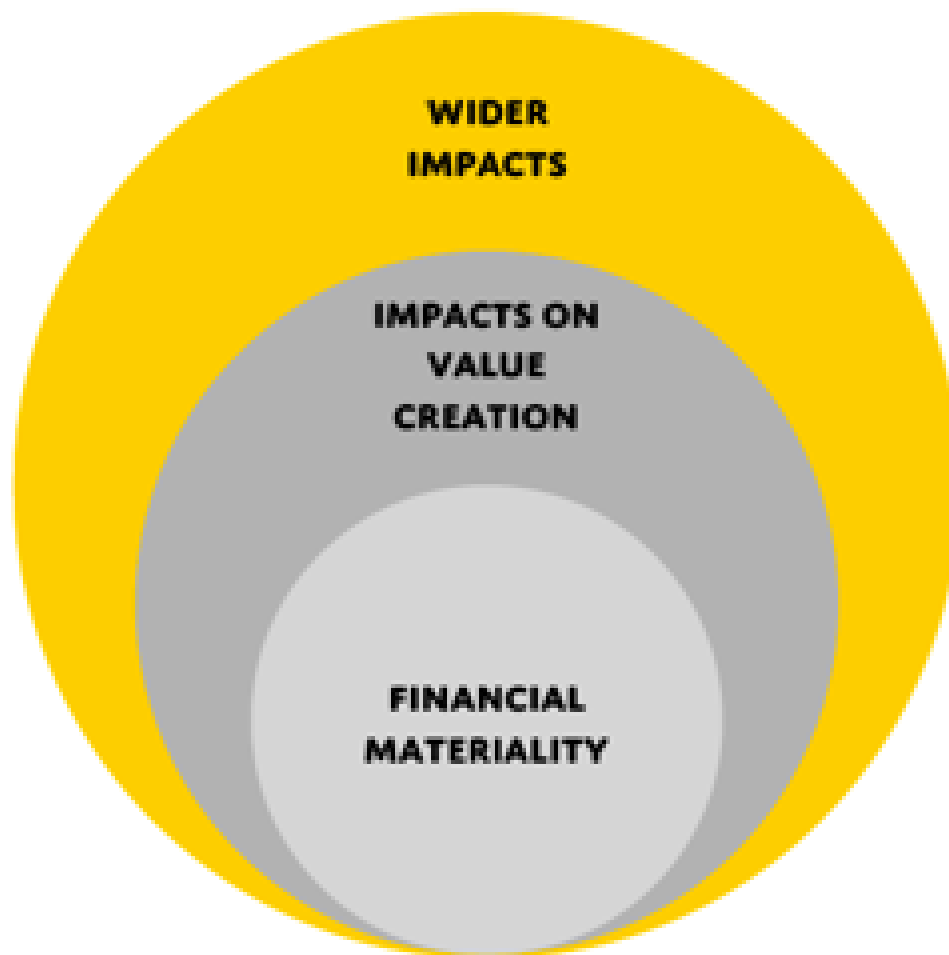


Image source: Accountancy Europe, <https://www.accountancyeurope.eu/wp-content/uploads/191220-Future-of-Corporate-Reporting.pdf>

Applying risk processes: Coca-Cola HBC, Switzerland

Principal risks

1. Sustainability: Plastics and packaging waste



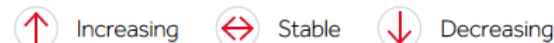
Key mitigations

- Packaging waste management and World Without Waste global programmes
- Partnering with local and international NGOs on packaging recovery
- Partnering with local communities, start-ups and academia to minimise environmental impacts

V Risk included in viability assessment











Link to growth pillars

Principal risks trend



Principal risks	Description	R	Key mitigations	Link to growth pillars
1. Sustainability: Plastics and packaging waste ↑ V 5	The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.	+	<ul style="list-style-type: none"> • Packaging waste management and World Without Waste global programmes • Partnering with local and international NGOs on packaging recovery • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Packaging, recycling and waste management • Sourcing
2. Sustainability: Climate and carbon ↑ 5	The risk of the 2015 Paris climate agreement, energy efficiency and a failure to reduce our environmental footprint, impacts to our operations and value chain arising from more stable effects of weather and CO2 monitoring of our approach to carbon use and compliance with TCFD.	+	<ul style="list-style-type: none"> • Energy management programmes and global climate change commitments • Partnering with local and international NGOs on common issues such as nature conservation • Partnering with local communities, start-ups and academia to minimise environmental impacts • Focus on sustainable procurement • Commitment to TCFD recommendations 	<ul style="list-style-type: none"> • Carbon and energy • Sourcing
3. Sustainability: Water ↑ 5	The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.	+	<ul style="list-style-type: none"> • Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas • Partnering with local and international NGOs on water stewardship strategies • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Water stewardship • Sourcing
4. Consumer health and wellbeing ↔ V 1	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, usage and the health impact of our product portfolio.	+	<ul style="list-style-type: none"> • Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness 	<ul style="list-style-type: none"> • Nutrition • Marketing • Product quality and integrity
5. Cyber incidents ↑ 5	A cyber attack in data centre failure resulting in business disruption or breach of corporate or personal data confidentiality.	+	<ul style="list-style-type: none"> • Implement a cyber security and privacy control framework and monitor compliance • Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards • Safeguard critical IT and operational assets • Detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber security • Monitor third-party vendors and immediate associated vulnerabilities 	<ul style="list-style-type: none"> • Economic impact
6. Foreign exchange and commodity costs ↔ V 5	Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices. Currency fluctuations, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment.	+	<ul style="list-style-type: none"> • Treasury policy requires the hedging of 20% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO • Treasury policy requires the hedging of rolling three-year commodity exposures, different policy limits apply for each hedgeable commodity • Derivatives financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations 	<ul style="list-style-type: none"> • Economic impact

Coca-Cola HBC: Applying risk processes

Principal risks	Description	Pi	Key mitigations	Link to material issues
1. Sustainability: Plastics and packaging waste   	The risk of rising stakeholder concerns relating to packaging waste and plastics pollution that will drive the agenda on production methods and waste recovery.	• • • •	<ul style="list-style-type: none"> • Packaging waste management and World Without Waste global programmes • Partnering with local and international NGOs on packaging recovery • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Packaging, recycling and waste management • Sourcing
2. Sustainability: Climate and carbon  	The risk of the continued escalation of the climate change agenda and a failure to reduce our environmental footprint. Impacts to our operations and value chain may arise from more volatile effects of weather and NGO monitoring of our approach to carbon use and compliance with TCFD.	• • • •	<ul style="list-style-type: none"> • Energy management programmes and transition to renewable and clean energy • Partnering with local and international NGOs on common issues such as nature conservation • Partnering with local communities, start-ups and academia to minimise environmental impacts • Focus on sustainable procurement • Commitment to TCFD recommendations 	<ul style="list-style-type: none"> • Carbon and energy • Sourcing
3. Sustainability: Water  	The risk of water availability, water stress to the communities in which we operate, and water quality caused by climate change.	• • • •	<ul style="list-style-type: none"> • Water reduction and waste water treatment programmes, as well as support for water stewardship initiatives in water-risk areas • Partnering with local and international NGOs on water stewardship strategies • Partnering with local communities, start-ups and academia to minimise environmental impacts 	<ul style="list-style-type: none"> • Water stewardship • Sourcing
4. Consumer health and wellbeing   	Failure to adapt to changing consumer health trends, public health policies addressing misconceptions about our formulations, sugar and the health impact of our product portfolio.	• • • •	<ul style="list-style-type: none"> • Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness 	<ul style="list-style-type: none"> • Nutrition • Marketing • Product quality and integrity
5. Cyber incidents  	A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality.	• • • •	<ul style="list-style-type: none"> • Implement a cyber-security and privacy control framework and monitor compliance • Maintain certification against the ISO 27001 standard and confirm our commitment to secure information assets and comply with international security standards • Safeguard critical IT and operational assets • Detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber-security • Monitor threat landscape and remediate associated vulnerabilities 	<ul style="list-style-type: none"> • Economic impact
6. Foreign exchange and commodity costs   	Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices. Currency devaluation, in combination with capital controls, restricts movement of funds and increases the risk of asset impairment.	• • • •	<ul style="list-style-type: none"> • Treasury policy requires the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases subject to approval of Group CFO • Treasury policy requires the hedging of rolling three-year commodity exposures; different policy limits apply for each hedge-able commodity • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations 	<ul style="list-style-type: none"> • Economic impact

DISCUSSION OR QUESTIONS