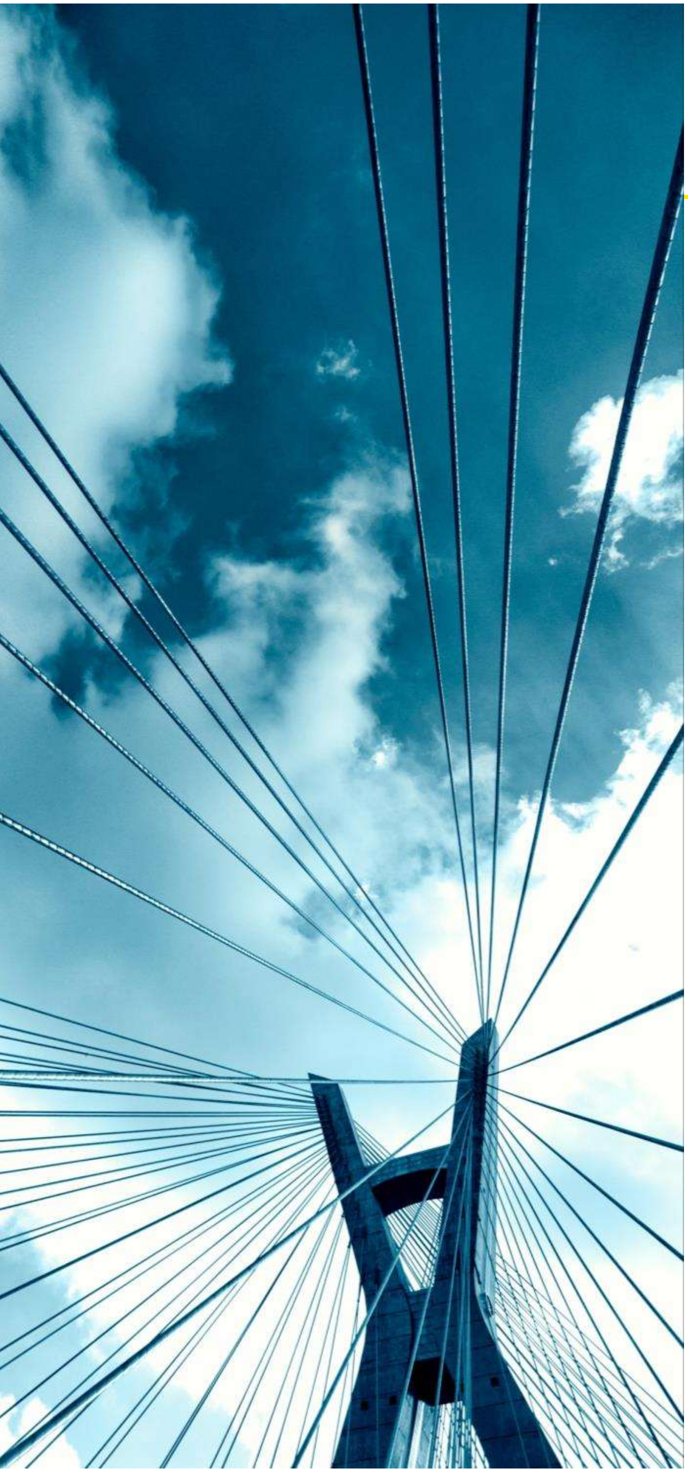


Welcome

We have started the live broadcast. You should hear music and see the holding slide. We will commence the session shortly.

If you can't hear the music, please log out of the event and log back in again.

Please make use of your best internet connection and do not navigate to other windows during the session.

Please make use of the Q&A function on your screen to post questions throughout the session. Our presenters are standing by to reply to questions.

For any queries, please email eyreportingupdates@za.ey.com

How can business bridge financial and sustainability reporting to drive value?

Excellence in Integrated Reporting Workshop 2024

The better the question. The better the answer. The better the world works.

EY
Building a better working world

Welcome and introduction

Mark Graham

Emeritus Associate Professor

Larissa Clark

Corporate Reporting Services leader

EY Africa

Clémence McNulty

Climate Change and Sustainability Services leader

EY Africa

Abigail Paulus

EY Corporate Reporting

Services Associate Partner

Mohsin Nana

Climate Change and Sustainability Services Associate Partner

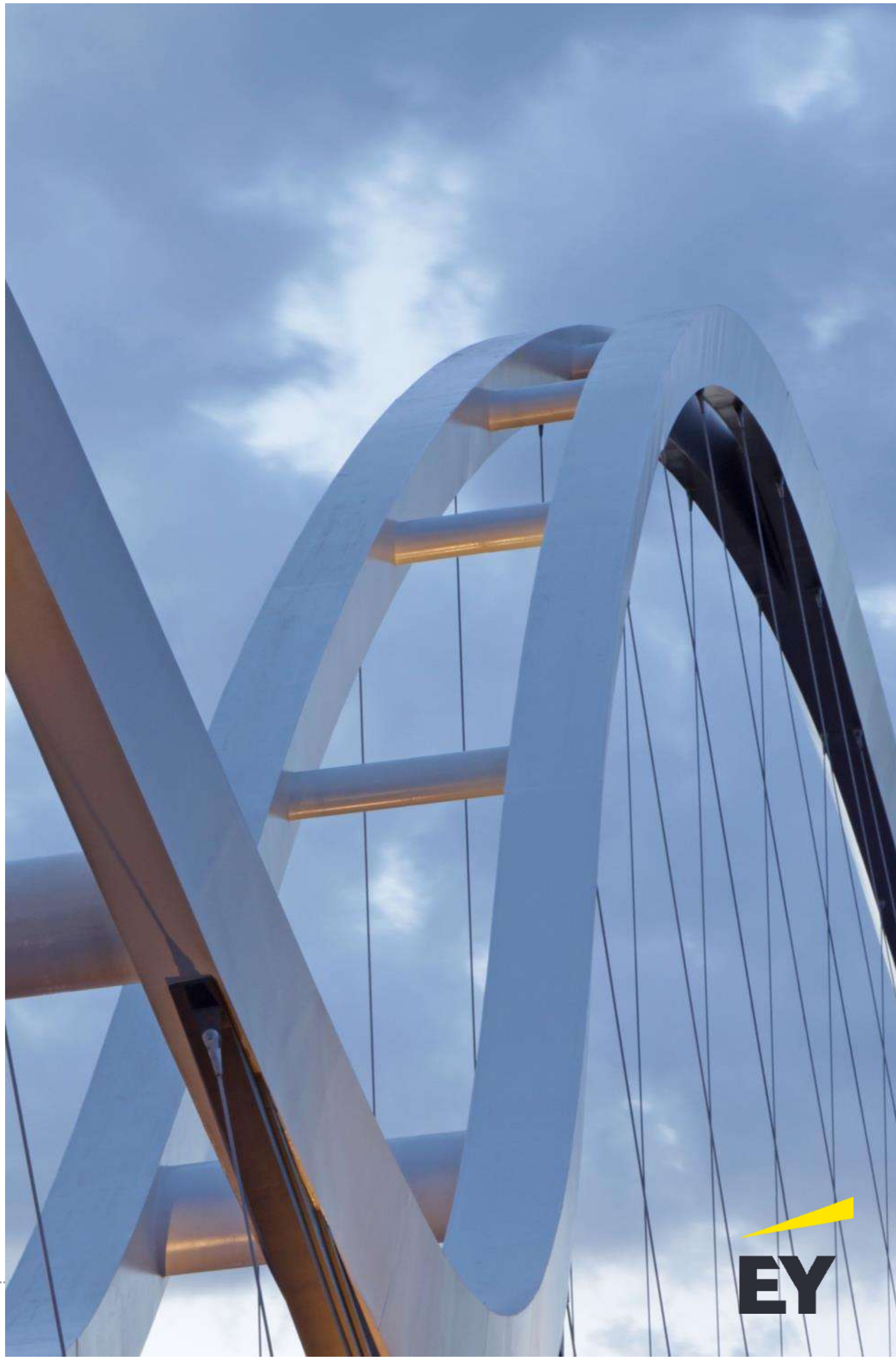
Overview of the workshop

- Excellence in Integrated Reporting survey 2024
- Examples of best practice
- Sustainability reporting landscape
- Sustainability - Reporting of the future

Excellence in Integrated Reporting survey **2024**

The survey

- **Purpose:** encourage & benchmark **excellence** in quality of integrated reporting
- **Top 100 JSE listed companies** based on market capitalisation as at 31 December 2023
- **Integrated report** or **annual report** for year-ended on or before 31 December 2023
- Top 100 companies surveyed make up **94% of the JSE 's market capitalisation**



The survey (continued)

- **Mark plan** based on **International Integrated Reporting Framework's:**
  - Fundamental concepts
  - 7 guiding principles
  - 8 content elements

- Reports ranked as:
  - Excellent
  - Good
  - Also considered (previously Average or Progress to be made)

- **Top 10** Excellent reports ranked

Excellent integrated reports

“Excellent” integrated reports have:

- a clear **strategic focus**
- an emphasis on **value creation**
- a high level of **connectivity** between the various content elements = **a coherent value creation narrative**

Rankings over the years

2024 Rankings

Top 10 Rankings

1. Nedbank Group Ltd
2. Redefine Properties Ltd
3. Absa Group Ltd
4. Vodacom Group Ltd
5. Kumba Iron Ore Ltd
6. Netcare Ltd
7. Truworths International Ltd
8. Anglo American Platinum Ltd
9. Woolworths Holdings Ltd
10. Harmony Gold Mining Company Ltd

2024 rankings (by category)

Excellent[1]
(which includes the Top 10 positions)

- Absa Group Ltd
- Anglo American Platinum Ltd
- Aspen Pharmacare Holdings Ltd
- DRDGOLD Ltd
- Exxaro Resources Ltd
- Harmony Gold Mining Company Ltd
- Impala Platinum Holdings Ltd
- Kumba Iron Ore Ltd
- Life Healthcare Group Holdings Ltd
- Momentum Metropolitan Holdings Ltd
- MTN Group Ltd
- MultiChoice Group Ltd
- Nedbank Group Ltd
- Netcare Ltd
- Oceana Group Ltd
- Pick n Pay Stores Ltd
- Redefine Properties Ltd
- Sappi Ltd
- Sasol Ltd
- Standard Bank Group Ltd
- Telkom SA SOC Ltd
- Truworths International Ltd
- Vodacom Group Ltd
- Woolworths Holdings Ltd

Good[1]

- ADvTECH Ltd
- AECI Ltd
- Afrimat Ltd
- Anglo American plc[3]
- Bid Corporation Ltd
- Coronation Fund Managers Ltd
- Discovery Ltd
- Gold Fields Ltd
- Growthpoint Properties Ltd
- Mondi plc[3]
- Mr Price Group Ltd
- Old Mutual Ltd
- Omnia Holdings Ltd
- Sanlam Ltd
- Shoprite Holdings Ltd
- Sibanye Stillwater Ltd
- The Foschini Group Ltd
- Tiger Brands Ltd

Also considered[1, 2]

- Adcock Ingram Holdings Ltd
- African Rainbow Minerals Ltd
- Alexander Forbes Group Holdings Ltd
- Alphamin Resources Corp[3]
- AngloGold Ashanti plc[3]
- Anheuser-Busch InBev SA/NV[3]
- AVI Ltd
- Barloworld Ltd
- BHP Group Ltd[3]
- British American Tobacco plc[3]
- Bytes Technology Group plc[3]
- Capitec Bank Holdings Ltd
- Castleview Property Fund Ltd
- Clicks Group Ltd
- Compagnie Financière Richemont SA[3]
- Datatec Ltd
- Dis-Chem Pharmacies Ltd
- Equites Property Fund Ltd
- FirstRand Ltd
- Fortress REIT Ltd
- Glencore plc[3]
- Globe Trade Centre SA[3]
- Hammerson plc[3]
- Hosken Consolidated Investments Ltd
- Hyprop Investments Ltd
- Investec Ltd
- Italtile Ltd
- Karooooo Ltd[3]
- Lighthouse Properties plc
- MAS plc
- Montauk Renewables Inc[3]
- Motus Holdings Ltd
- Naspers Ltd
- NEPI Rockcastle NV[3]
- Ninety One Group
- Northam Platinum Holdings Ltd
- OUTsurance Group Ltd
- Pepkor Holdings Ltd
- Premier Group Ltd
- Primary Health Properties plc[3]
- Prosus NV[3]
- PSG Konsult Ltd
- Quilter plc[3]
- Reinet Investments SCA[3]
- Remgro Ltd
- Resilient REIT Ltd
- Reunert Ltd
- Santam Ltd
- Shaftesbury Capital plc[3]
- Sirius Real Estate Ltd
- South32 Ltd[3]
- Sun International Ltd
- Super Group Ltd
- The Bidvest Group Ltd
- The SPAR Group Ltd
- Thungela Resources Ltd
- Tsogo Sun Gaming Ltd
- Vukile Property Fund Ltd

[1] Not ranked within categories
[2] Previously categorised as “Average” and “Progress to be made”
[3] These companies do not have their primary listing on the JSE and are not required to prepare an integrated report

EY

Key observations

- **Quality** of “Excellent” and “Good’ reports **continues to improve**
- **Increasing gap** between reports ranked
  - “Excellent” or “Good” and
  - “Also considered”
- **Increasing divergence** amongst more highly ranked reports in the way in which the value creation, preservation and erosion ‘story’ is being told.
- Improved disclosures about the **process used to identify material issues.**
- Increased **disclosure of ESG information** but some reports **not integrating** sustainability and financial issues.

EY

Key observations (continued)

Audience of the integrated reports

- The **Integrated Reporting Framework** clearly states that the primary purpose of the integrated report is **to explain to providers of financial capital** how an organisation creates value for itself.
- **38 of the integrated reports** clearly state that their integrated reports are aimed primarily at providers of capital.
- **32 of the integrated reports** state that their integrated reports are aimed at a variety of stakeholders.

Other reports issued by the 24 companies ranked as 'Excellent'

- **12** — **issue a sustainability report** in addition to their integrated report.
- **11** — **issue an ESG report** in addition to their integrated report.
- **11** — **issue a separate report** on climate related matters.
- **5** — issue **a separate remuneration report.**
- **6** — issue **a separate governance report.**

Key observations (continued)

Endorsement by directors

75 of the **100** companies in the survey include a specific acknowledgement that the report is endorsed by the directors.

66 of these endorsements were signed by some or all the directors.

Key observations (continued)

- **Average length** of the reports that are titled an integrated report **is 149 pages.**

- **Shortest** integrated report is **60 pages,** and **longest** integrated report is **346 pages**.

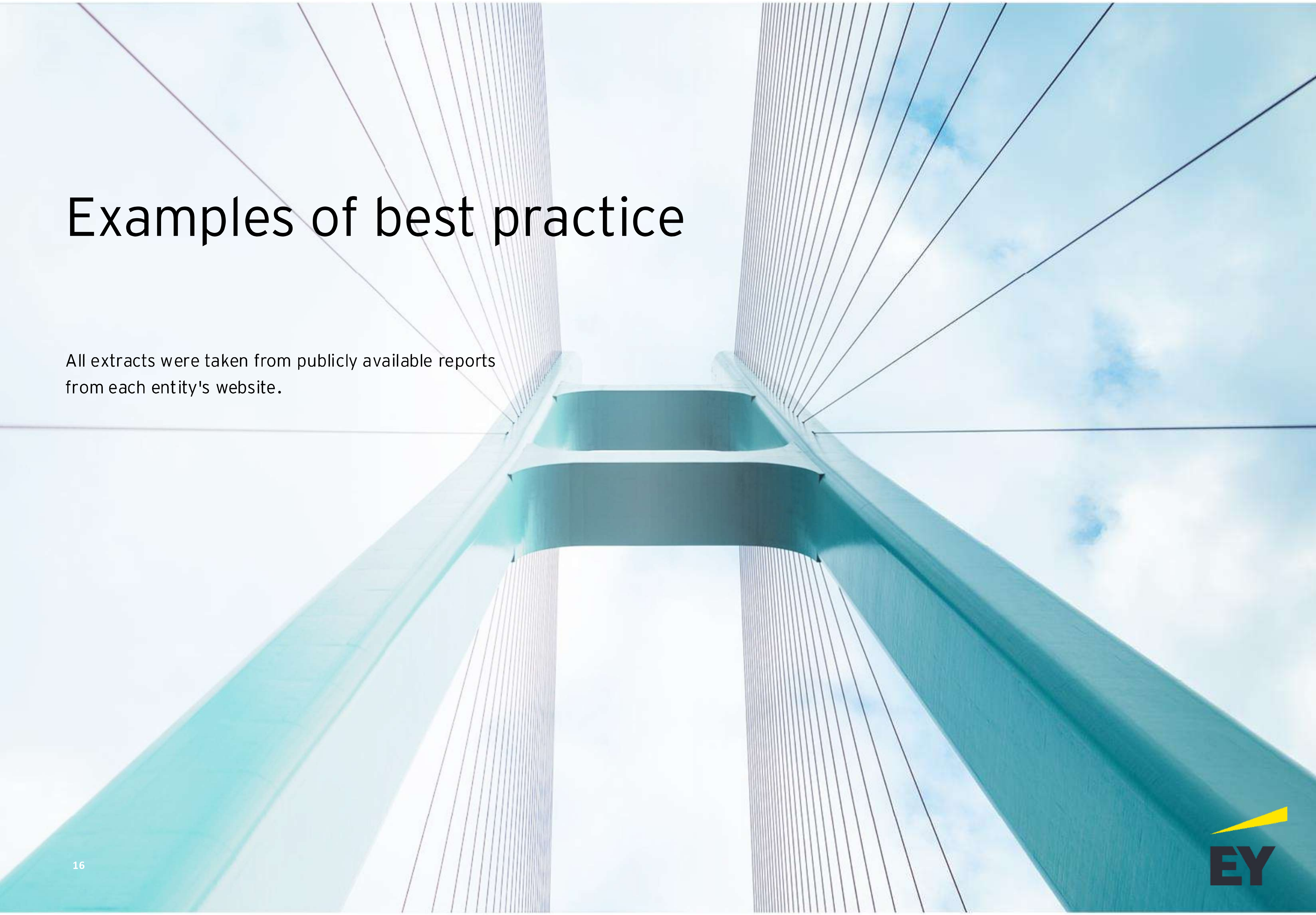
- Average length of the **financial statements** (full or summarised) within reports **that are titled an integrated report** is **40 pages**.

- **37 companies** include **extracts of their financial statements** within their financial review or discussion of financial capital.

Many **more observations** and **suggested areas for improvement** outlined in EY's Excellence in Integrated Reporting survey.

Examples of best practice

All extracts were taken from publicly available reports from each entity's website.



Reporting suite & materiality (Absa Ltd, 2023, page 3)

Reading this report

Absa Group Limited annual reporting suite 2023

This Integrated Report

A holistic account of value creation

Materiality: Financial

Reporting on the subset of sustainability matters that are material for enterprise value creation

Dynamic thinking*

Financial and risk disclosures

Reporting on matters that are recognised in the financial performance, including assumptions and cash flow projections

Annual Consolidated and Separate Financial Statements

Pillar 3 Risk Management Report

Financial Results Booklet

Notice of Annual General Meeting

Results Presentation

All the reports listed are available at *https://www.absa.africa/investor-relations/*. Comments or queries regarding these documents can be sent to *groupsec@absa.africa*.

Materiality: Financial

Environmental, social and governance (ESG) disclosures

Reporting on matters that reflect Absa's significant impacts on the economy, environment and people

Sustainability Report

Climate Report

Principles for Responsible Banking Report

Remuneration Report

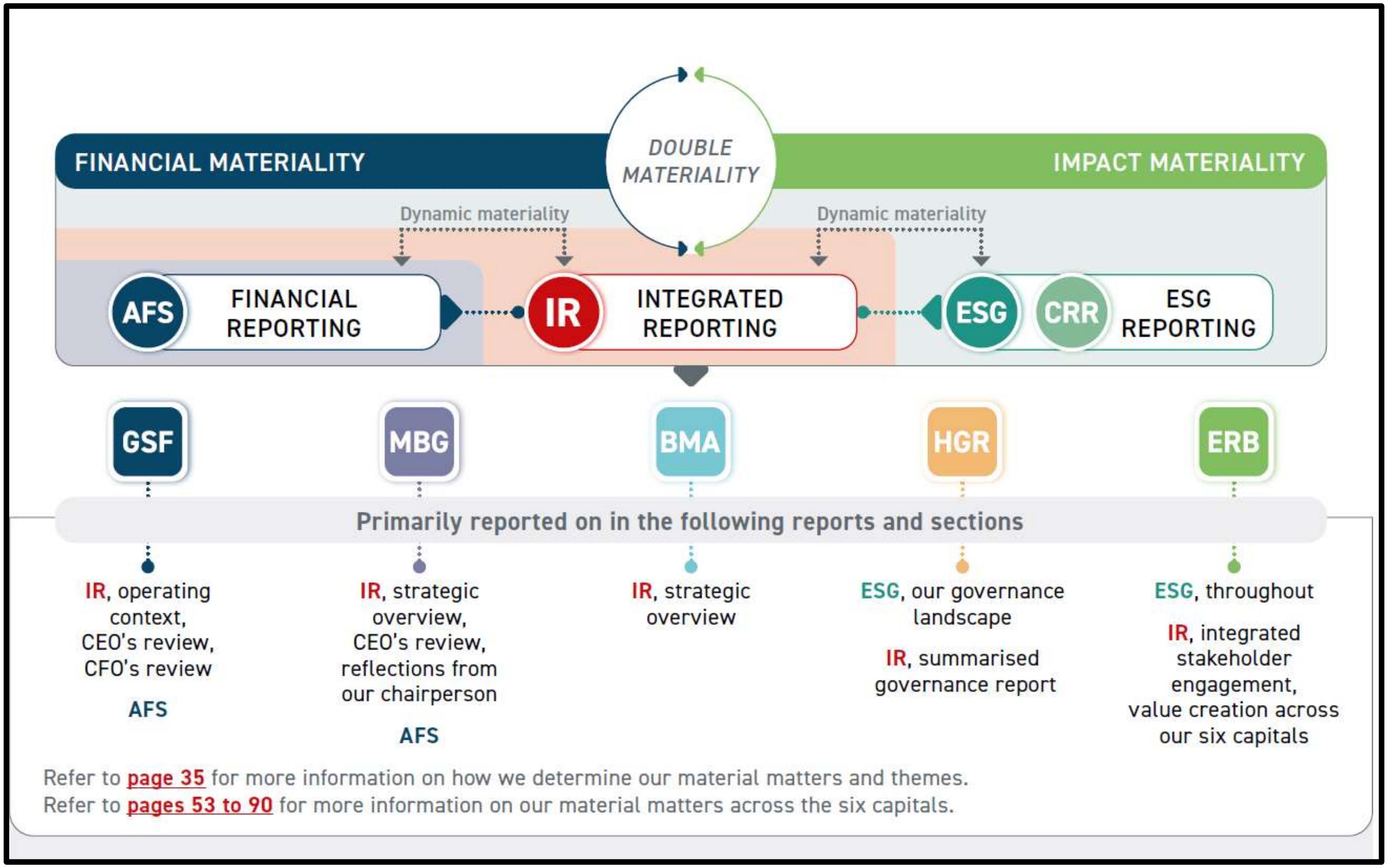
Tax Transparency Report

Broad-Based Black Economic Empowerment Report

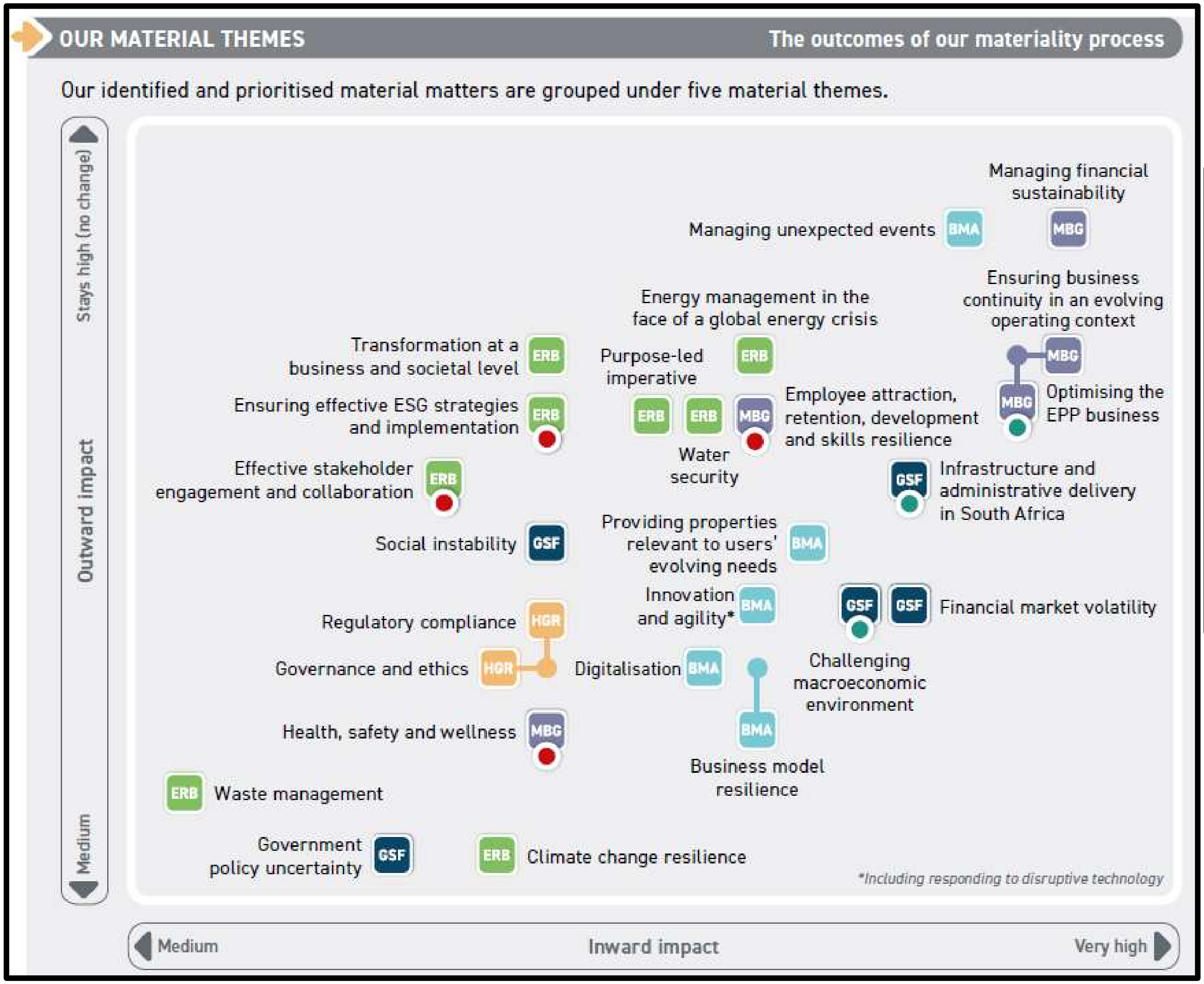
Materiality: Double (financial + impact)

* Absa may have positive and/or negative impacts on prosperity, people and the planet. However, only a subset of these impacts, in turn, impact our business modelling and thereby create or erode enterprise value and influence returns to providers of financial capital (financial materiality). We therefore re-direct stakeholders in need of detailed sustainability impact disclosures to our *Sustainability Report*.

Reporting suite & materiality (Redefine Ltd, 2023, page 6)



Materiality determination (Redefine Properties Ltd, 2023, page 35)



Sustainability reporting (Implats Ltd, pages 2 & 87)

DEVELOPMENTS IN SUSTAINABILITY REPORTING

Implats adheres to existing legislation and financial reporting frameworks. Further, the Group has noted the current developments in corporate sustainability reporting, particularly in relation to their financial impacts. Implats supports the work of the IFRS International Sustainability Standards Board (ISSB) toward achieving this goal and notes the inaugural sustainability disclosure standards, IFRS S1 *General Requirements for Disclosure of Sustainability related Financial Information* and topic-specific IFRS S2 *Climate-related Disclosures*, published in June 2023, for application in the general purpose financial reports of an organisation. While we evaluate the impact of these standards, additional disclosure has been provided on page 87.

Sustainability and enterprise value

There is growing demand from global capital markets, assisting the International Sustainability Standards Board (ISSB), for better information on how companies manage sustainability-related matters, to enable investors to factor these risks and opportunities into their assessment of enterprise value.

We aspire to lead in sustainable development performance and ESG disclosure, producing metals that create a cleaner and better future and sustaining livelihoods beyond mining. Through integrated thinking, and guided by our sustainability framework, we aim to limit our long-term environmental impact, build and sustain constructive relationships with our stakeholders and strengthen our governance practices to ensure we are an ethical, transparent and accountable corporate citizen. Our continuous capital allocation for environmental and social projects draws us closer to our ambition.

In response to investor demands for improved disclosure, Implats welcomes the publication of the ISSB IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the IFRS S2 *Climate-related Disclosures* standards, and supports the JSE Sustainability and Climate Disclosure Guidance initiatives and the ISSB's stated objectives.

IMPLATS' RESPONSE

Implats complies with the current major global reporting frameworks. We have included our climate-related considerations and impacts in the basis of preparation of our consolidated annual financial statements, in the estimates and judgements relating to property, plant and equipment and equity-accounted investments tests for impairment, as well as in the valuation of financial instruments.

The Group continuously seeks to align with future global sustainability disclosure framework requirements and has started implementing the new requirements towards full compliance. Implats welcomes the convergence of various global reporting frameworks and will publish its second annual supplementary report on climate-related risks and opportunities in line with the recommendations of the task force on climate-related financial disclosures (TCFD) as well as its inaugural Tax Transparency and Economic Contribution report for FY2023. In addition to the safety, health and environment risks reported to the HSE committee (refer to appendix B) for which the Implats response is discussed in detail in our ESG report, we have expanded on our social and employee-related risks reported to the STR committee. Implats' response to these risks is discussed in appendix B.

We have entrenched sustainability in our daily business practices and strategic decision making by establishing the Implats sustainability framework (refer to page 9), which forms the basis of the Group's ESG commitments and is underpinned by Implats' purpose, vision and values. Our forward-looking approach to innovation and technology (refer to business model on page 26) considers our sustainability aspirations towards zero harm, zero emissions and zero waste. We achieve these by improving workplace safety, investing in renewable energy and preventing, recycling and re-using waste generated at our operations.

The framework is supported by the Group's strategy, business processes, capital allocation, metrics and KPIs, which are linked to our remuneration structures and policies.

Through the principles of integrated thinking, our practices will culminate in continuously improved sustainability reporting across our suite of reports, to provide decision-useful information to our stakeholders.

Governance

The board is ultimately responsible for the Group's strategic direction. Oversight of the various ESG themes in the sustainability framework, including the related risks and opportunities, are delegated to the board committees (refer to the board deliberations on pages 74 to 77) and articulated in their terms of reference.

The HSE committee has oversight of the Group's health, safety and environmental strategy. The committee reviews all material health, safety and environmental incidents and performs periodic reviews of the Group's policies and practices, including any related developments in the regulatory landscape.

The STR committee oversees Implats' social strategy and monitors the Group's activities to ensure it maintains its social licence to operate. The committee has oversight of remuneration practices, which include ESG-related and stakeholder engagement KPIs for the CEO (refer to page 85).

Strategy

The sustainability framework highlights key ESG factors impacting the Group's sustainability.

The HSE and STR committees review the Group's business plans before they are approved by the board to ensure alignment with sustainability framework aspirations, monitor and manage risk, the impact of newly-set KPIs on resource allocation and the use of our capitals in planning for and executing projects which support sustainability. Refer to the COO's review on page 114 and our ESG report for the Group's planned and approved sustainability-related projects.

The sustainability framework is firmly embedded in the corporate strategy, providing guidance on investments, mergers and acquisitions, and growth projects.

Assurance – overview (Nedbank Group Ltd, 2023, page 3)

Coordinated assurance

Our Coordinated Assurance Model integrates and aligns risk, audit and compliance functions and assurance activities. This enables an effective internal control environment across the group with assurance focused on critical risk exposures supporting the integrity of information used in internal decision-making and reporting to external stakeholders.

Our 2023 Annual Financial Statements were assured by our joint external auditors, being Ernst & Young Inc (EY) and Deloitte & Touche (Deloitte). Limited assurance on selected sustainability information was provided by Deloitte, and Mosela Rating Agency provided limited assurance on our application of the Amended Financial Sector Code (FSC) and the group's BBBEE status. We have indicated the level of assurance provided on **pages 13**, **61 and 62**, **66**, **72 and 73**, **87**, **89**, **91 and 92**, and **105**, and included the independent assurance practitioners' Limited Assurance Report on selected key performance indicators on **page 102**.

Assurance - detail (Nedbank Group Ltd, 2023, page 72)

Strategic value unlocks – key performance indicators

	Value unlocks	Value drivers	Link to executive remuneration	yoy change	2023	2022	2021	2020	2019	Target 2023	Outlook 2024	Outlook Medium term	Outlook Long term	Assurance
	Digital leadership (DX)													
	Digitally active clients (% of total active clients)	Growth/ Productivity	GCC	▲	**41**	39	35	30	24	Increase	Increase	> 70	Increase	[MO] [LA1]
	Digitally active clients (million)	Growth	GCC	▲	**2,9**	2,6	2,3	2,1	1,8	Increase	Increase	Increase	Increase	
	Digital sales (% of total sales)	Growth	GCC	▲	**56**	51	33	28		Increase	Increase	Increase	> 7[illegible]	[MO] [LA1]
	Avo super app – registered clients (million)	Growth	GCC	▲	**2,5**	2,0	0,68	0,15		Increase	Increase	Increase	Increase	[MO]
ESG	Managed Evolution completion (%)	Growth/ Productivity	GCC	▲	**95**	91	85	78	70	Materially complete	Complete by end 2024			[MO]
	Unlock value from AI and GenAI while strengthening capabilities in data and analytics. Metrics under development as CPTs.													
ESG	Core IT system optimisation (# of systems)	Productivity	GCC	▼	**59**	69	78	90	117	Complete	Maintain	Complete	Complete	[MO]
	IT software development spend (Rbn) – new metric in 2023	Growth (new)	GCC	—	**1,3**	1,3	1,6	1,9	2,1	1,6	Around 1,6	Around 1,6		[FS]
ESG	Intangible software assets (Rbn)	Productivity	GCC	▼	**7,9**	8,3	8,9	9,0	8,3	Decline	Decline	Decline	Decline	[FS]
	Use of cloud computing (%)	Productivity	GCC	▲	**45**	24	ND	ND	ND	Increase	Increase	Almost double from 2023 levels	Increase	[FS]

Assurance indicators

LA External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.

MO Management and board oversight through rigorous internal reporting governed by the group's ERMF.

IN Information sourced from external sources, eg independent surveys.

OV Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.

FS Financial information extracted from the 2023 Nedbank Group Limited Audited Annual Financial Statements.

Directors' endorsement (Absa Group Ltd, 2023, page 4)

Board approval

Supported by the Disclosure Committee, the Board acknowledges our responsibility for the integrity of the Group's external reporting. This report provides material and relevant information to providers of financial capital to enable informed capital allocation decisions. This report is presented in accordance with the Integrated Reporting Framework (2021)[1]. It addresses all material matters influencing Absa's ability to create and preserve value or those that may lead to value erosion in the short, medium and long term. It is our opinion that this Integrated Report presents a fair and balanced view of our performance, strategy, governance, and outlook. The Disclosure Committee, on behalf of the Board, approved this report on 20 March 2024.

Alison Beck	Daisy Naidoo	Luisa Diogo	Rose Keanly
Alpheus Mangale	Fulvio Tonelli	Nonhlanhla Mjoli-Mncube	Sello Moloko (Chairman)
Arrie Rautenbach	Ihron Rensburg	Peter Mageza	Tasneem Abdool-Samad
Chris Snyman	John Cummins	René van Wyk	

Purpose (Harmony Ltd, 2023, page 2)

MINING WITH **PURPOSE**

Harmony is a company that mines with purpose – creating shared value for all stakeholders while leaving a lasting positive legacy in the countries where we operate. We demonstrate true sustainability by delivering on our sustainable development and Environmental, Social and Governance (ESG) commitments, which are woven into our strategy, ensuring that we consider and respond to our stakeholders' needs and interests.

Mining with purpose, at Harmony, means that we care for, protect and empower our employees; we are stewards of the environment; and mine with social conscience, taking our host communities with us and contributing to the economic development of our host countries. In delivering on our purpose, we mine ethically while building corporate trust thus making us stronger and more resilient.

Our pursuit of positive impact and shared value beyond compliance is affected by dynamic internal and external factors. We are always guided by our values and our purpose, enabling us to navigate our complex operating environment.

This golden thread integrates our purpose with our strategy and business model. Harmony mines with purpose through:

Purpose	In Harmony	Impact
Creating a profitable, sustainable company	In Harmony is a world-class specialist gold producer with a growing copper footprint. We have over 70 years' experience as an emerging market specialist, operating in South Africa, Papua New Guinea and Australia. Our existing portfolio and pipeline of projects present substantial opportunities for us to leverage. We are investing in organic and acquisitive growth to ensure we continuously grow, adding higher-quality ounces and improving our margins while lowering our overall risk profile. Refer to **Our business** in this **report** for details.	Through mining with purpose, we contribute to the economic and social development of the countries in which we operate. This ensures that we run profitable, sustainable businesses, delivering returns to shareholders and leaving a lasting positive impact for society and our ecosystems.
Creating and preserving value for all stakeholders	We create and preserve shared value through delivering on our strategic objectives and managing the resources we use and impact through our business activities. Harmony's stakeholder-centric approach means we balance stakeholder needs with those of the business. Meaningful and inclusive stakeholder engagement through partnerships and collaboration is how we operate and ensure we deliver on our strategy. Refer to **How we create value** in this **report** for details.	We have embedded sustainability in our business strategy and by delivering on our four strategic pillars, we will continue creating shared value for years to come. Creating and preserving value for all our stakeholders is demonstrated through the infinite opportunities we create from a finite resource.
Delivering on our sustainable development and ESG commitments	Mining with purpose underscores the inextricable link between profitability and sustainability. Sustainable development consideration is ingrained in our business strategy and decision-making processes. Careful consideration is applied to our capital allocation process, ensuring we balance the various trade-offs between the six capitals. Refer to **ESG in practice** for more information in the **ESG report**. Harmony takes an integrated approach to sustainable development and ESG, ensuring we conduct responsible, ethical and transparent mining practices. We aim to make a net positive impact on the environment, communities and broader society. To achieve this, we have clear ESG goals and measure our performance against these goals on a continuous basis. Our ESG goals include our commitment to: **Environment:** Ecologically responsible mining and environmental stewardship, contributing to a low-carbon future and leaving a lasting positive legacy. **Social:** Our duty of care, which begins with our employees who are at the heart of our business, and extends to our communities and broader society. **Governance:** Building corporate trust, demonstrating transparency and being accountable at all times.	Our **sustainable development framework** ensures that we not only mine with purpose, but that we keep our ESG commitments top of mind. The framework keeps us accountable and guides our approach to contributing to meeting the **United Nations Sustainable Development Goals (UN SDGs).** We meaningfully impact: Directly Indirectly Collaboration

Value creation (Nedbank Ltd, 2023, page 2)

Delivering value by fulfilling our purpose

Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by allocating capital to where it is needed.

Our success depends on the degree to which we deliver value to society, and it is therefore important to understand our role in society and how society can be different and better because Nedbank is a part of it. A deep understanding of our purpose directs our strategy and decision-making, resulting in an optimal balance between long-term value creation and short-term results.

Nedbank Group

A strong and profitable business enables continued investment in our employees and operations, which in turn creates value for our clients, shareholders, and society at large.

Employees

Our employees are our greatest asset and key to making Nedbank a great place to bank and work. Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our clients. Employees, as part of society, contribute materially to the communities where they live and work.

Value is created and preserved through:

- employment opportunities in the countries in which we operate;
- rewarding employees for the value they add;
- providing flexible working practices;
- encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and
- contributing to the transformation towards a more inclusive society through diversity, equity, and inclusion.

Clients

Our clients are our largest source of deposits, which enables us to fund lending activities. Gaining more clients and deepening existing relationships result in greater revenue growth, while responsible banking practices and world-class risk management mitigate value erosion.

Value is created and preserved through:

- safeguarding deposits, investments, and wealth while growing returns;
- providing credit in a responsible manner that enables wealth creation, sustainable development and job creation aligned with the SDGs and the drive to transition to a net-zero economy by 2050;
- facilitating transactions that are the backbone of economic value exchange;
- enabling financial inclusion by offering unbanked clients access to affordable products;
- providing financial education and advice; and
- developing innovative solutions that meet our clients' specific needs.

Shareholders

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

Value is created and preserved through:

- increasing NAV, returns, dividends and the share price;
- maintaining a strong balance sheet to support growth and protect against downside risk;
- investing in and growing our client franchises and our people sustainably;
- following good ESG practices that ensure a sustainable business for the long term; and
- operating within our risk appetite.

Government

The tax we pay and investments in government and public sector bonds are imperative for the economic and social development of the countries in which we operate.

Value is created and preserved through:

- contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes;
- investing in government and public sector bonds as required by prudential regulation, thereby partially supporting the funding needs of government; and
- participating in public-private partnerships to leverage the strength of corporate SA to address SA's Just Transition, including investment needed in energy and infrastructure.

Regulators

Regulation reduces systemic risk and promotes the healthy functioning of an economy in which all stakeholders prosper. Good governance and compliance support client and investor confidence in Nedbank. We have a responsibility to comply fully with the regulations of the countries in which we operate.

Value is created and preserved through:

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

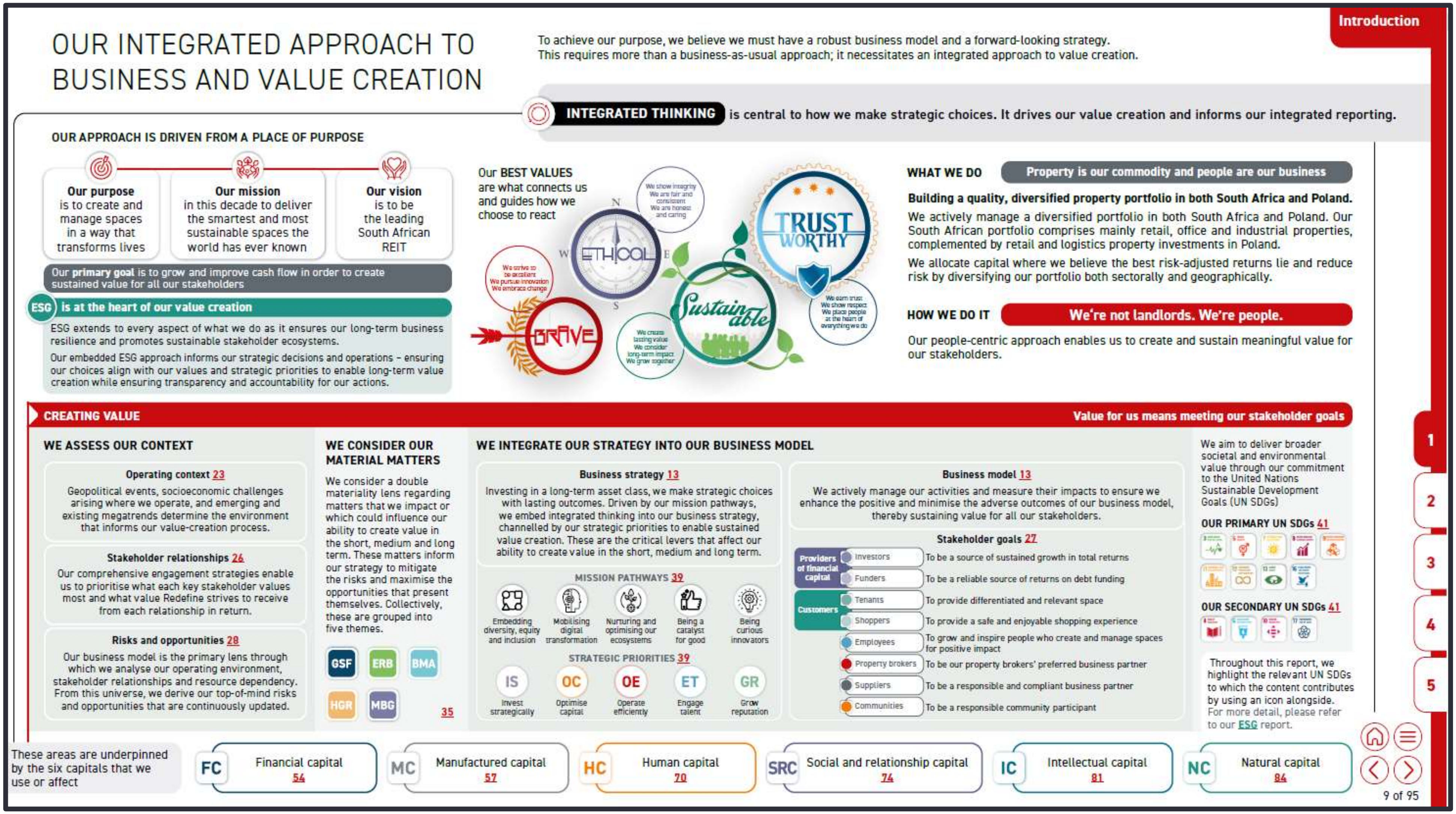
Society

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

Value is created and preserved through:

- transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and corporate social investment activities.

Value creation - roadmap (Redefine Properties Ltd, 2023, page 9)



Introduction

OUR INTEGRATED APPROACH TO BUSINESS AND VALUE CREATION

To achieve our purpose, we believe we must have a robust business model and a forward-looking strategy. This requires more than a business-as-usual approach; it necessitates an integrated approach to value creation.

INTEGRATED THINKING is central to how we make strategic choices. It drives our value creation and informs our integrated reporting.

OUR APPROACH IS DRIVEN FROM A PLACE OF PURPOSE

Our purpose is to create and manage spaces in a way that transforms lives

Our mission in this decade to deliver the smartest and most sustainable spaces the world has ever known

Our vision is to be the leading South African REIT

Our **primary goal** is to grow and improve cash flow in order to create sustained value for all our stakeholders

ESG is at the heart of our value creation

ESG extends to every aspect of what we do as it ensures our long-term business resilience and promotes sustainable stakeholder ecosystems.

Our embedded ESG approach informs our strategic decisions and operations – ensuring our choices align with our values and strategic priorities to enable long-term value creation while ensuring transparency and accountability for our actions.

Our BEST VALUES are what connects us and guides how we choose to react

WHAT WE DO Property is our commodity and people are our business

Building a quality, diversified property portfolio in both South Africa and Poland.

We actively manage a diversified portfolio in both South Africa and Poland. Our South African portfolio comprises mainly retail, office and industrial properties, complemented by retail and logistics property investments in Poland.

We allocate capital where we believe the best risk-adjusted returns lie and reduce risk by diversifying our portfolio both sectorally and geographically.

HOW WE DO IT We're not landlords. We're people.

Our people-centric approach enables us to create and sustain meaningful value for our stakeholders.

CREATING VALUE — Value for us means meeting our stakeholder goals

WE ASSESS OUR CONTEXT

Operating context 23

Geopolitical events, socioeconomic challenges arising where we operate, and emerging megatrends determine the environment that informs our value-creation process.

Stakeholder relationships 26

Our comprehensive engagement strategies enable us to prioritise what each key stakeholder values most and what value Redefine strives to receive from each relationship in return.

Risks and opportunities 28

Our business model is the primary lens through which we analyse our operating environment, stakeholder relationships and resource dependency. From this universe, we derive our top-of-mind risks and opportunities that are continuously updated.

WE CONSIDER OUR MATERIAL MATTERS

We consider a double materiality lens regarding matters that we impact or which could influence our ability to create value in the short, medium and long term. These matters inform our strategy to mitigate the risks and maximise the opportunities that present themselves. Collectively, these are grouped into five themes.

GSF ERB BMA HGR MBG 35

WE INTEGRATE OUR STRATEGY INTO OUR BUSINESS MODEL

Business strategy 13

Investing in a long-term asset class, we make strategic choices with lasting outcomes. Driven by our mission pathways, we embed integrated thinking into our business strategy, channelled by our strategic priorities to enable sustained value creation. These are the critical levers that affect our ability to create value in the short, medium and long term.

MISSION PATHWAYS 39

Embedding diversity, equity and inclusion · Mobilising digital transformation · Nurturing and optimising our ecosystems · Being a catalyst for good · Being curious innovators

STRATEGIC PRIORITIES 39

IS Invest strategically · OC Optimise capital · OE Operate efficiently · ET Engage talent · GR Grow reputation

Business model 13

We actively manage our activities and measure their impacts to ensure we enhance the positive and minimise the adverse outcomes of our business model, thereby sustaining value for all our stakeholders.

Stakeholder goals 27

	Stakeholder	Goal
Providers of financial capital	Investors	To be a source of sustained growth in total returns
	Funders	To be a reliable source of returns on debt funding
Customers	Tenants	To provide differentiated and relevant space
	Shoppers	To provide a safe and enjoyable shopping experience
	Employees	To grow and inspire people who create and manage spaces for positive impact
	Property brokers	To be our property brokers' preferred business partner
	Suppliers	To be a responsible and compliant business partner
	Communities	To be a responsible community participant

We aim to deliver broader societal and environmental value through our commitment to the United Nations Sustainable Development Goals (UN SDGs)

OUR PRIMARY UN SDGs 41

OUR SECONDARY UN SDGs 41

Throughout this report, we highlight the relevant UN SDGs to which the content contributes by using an icon alongside. For more detail, please refer to our ESG report.

These areas are underpinned by the six capitals that we use or affect

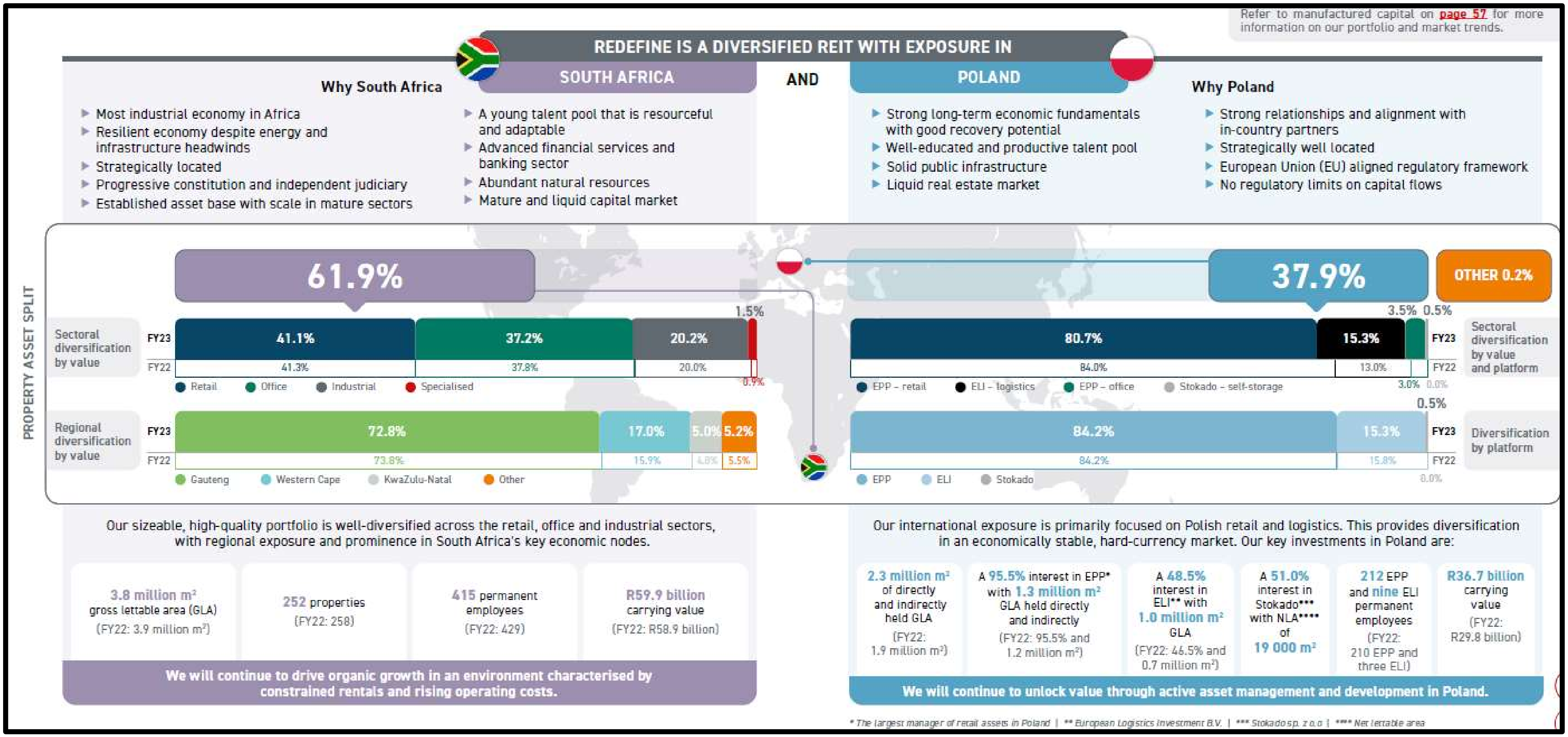
FC Financial capital 54 · MC Manufactured capital 57 · HC Human capital 70 · SRC Social and relationship capital 74 · IC Intellectual capital 81 · NC Natural capital 84

1 2 3 4 5

9 of 95

EY

Overview of business (Redefine Properties Ltd, 2023, page 12)



Refer to manufactured capital on page 57 for more information on our portfolio and market trends.

REDEFINE IS A DIVERSIFIED REIT WITH EXPOSURE IN

SOUTH AFRICA AND POLAND

Why South Africa

- Most industrial economy in Africa
- Resilient economy despite energy and infrastructure headwinds
- Strategically located
- Progressive constitution and independent judiciary
- Established asset base with scale in mature sectors
- A young talent pool that is resourceful and adaptable
- Advanced financial services and banking sector
- Abundant natural resources
- Mature and liquid capital market

Why Poland

- Strong long-term economic fundamentals with good recovery potential
- Well-educated and productive talent pool
- Solid public infrastructure
- Liquid real estate market
- Strong relationships and alignment with in-country partners
- Strategically well located
- European Union (EU) aligned regulatory framework
- No regulatory limits on capital flows

Our sizeable, high-quality portfolio is well-diversified across the retail, office and industrial sectors, with regional exposure and prominence in South Africa's key economic nodes.

3.8 million m² gross lettable area (GLA) (FY22: 3.9 million m²)	252 properties (FY22: 258)	415 permanent employees (FY22: 429)	R59.9 billion carrying value (FY22: R58.9 billion)

We will continue to drive organic growth in an environment characterised by constrained rentals and rising operating costs.

Our international exposure is primarily focused on Polish retail and logistics. This provides diversification in an economically stable, hard-currency market. Our key investments in Poland are:

2.3 million m² of directly and indirectly held GLA (FY22: 1.9 million m²)	A 95.5% interest in EPP* with 1.3 million m² GLA held directly and indirectly (FY22: 95.5% and 1.2 million m²)	A 48.5% interest in ELI** with 1.0 million m² GLA (FY22: 46.5% and 0.7 million m²)	A 51.0% interest in Stokado*** with NLA**** of 19 000 m²	212 EPP and nine ELI permanent employees (FY22: 210 EPP and three ELI)	R36.7 billion carrying value (FY22: R29.8 billion)

We will continue to unlock value through active asset management and development in Poland.

* The largest manager of retail assets in Poland | ** European Logistics Investment B.V. | *** Stokado sp. z o.o | **** Net lettable area

External environment (Absa Group, 2023, page 12, 13 & 14)

Our external environment in 2023

To maintain relevance and achieve success in the medium term, we respond to prevailing trends by continuously monitoring the horizon for strategic opportunities to execute our strategy and create value over time.

Geopolitical escalations and economic pessimism

Russia's conflict with Ukraine continued throughout the year, and geopolitical uncertainty was further heightened as the Middle-East conflict erupted while tension between China and Taiwan created a precarious flashpoint, with significant implications for international trade.

In the US, concerns over banking industry health briefly came to the fore with the failure of three smaller banks, while in Europe the failure of Credit Suisse resulted in the consolidation of the failed bank into UBS. There was no common theme between the various banking failures, muting concerns over early signs of a global banking crisis but adding to a downturn in economic optimism. Fuelling the downturn on a global scale was the sustained higher interest rates as a result of the prolonged period of elevated inflation levels. Advanced economies raised rates by more, and more quickly, than seen in decades in response to sharply higher inflation pressures.

Although fears that the tighter monetary conditions would result in a sharp slowdown, or even recession, in advanced economies, economic growth, labour markets and household spending generally held up well. Tighter financing conditions placed pressure on many emerging and developing markets, particularly those with substantial financing needs as the cost and availability of finance became less favourable.

A staggering 24 out of 28 countries recorded all-time lows in the number of people who believed their families would be better off in the next five years. This growing pessimism reflects the complex and uncertain international landscape during the year.[1]

Against this backdrop, sub-Saharan Africa's economy is estimated by the International Monetary Fund (IMF) to have grown by 3.3% in 2023, just slightly slower than a year earlier. Several key economies have engaged with the IMF to implement crucial reforms, including fiscal consolidation and improved governance. The ongoing reforms, though challenging and growth-inhibiting in the short term, hold promise for long-term growth enhancements. Furthermore, energy sector advancements in various countries across the region have the potential to contribute positively.

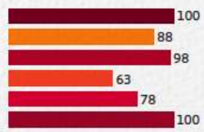
We outline the dynamics of our five largest markets considering their macroeconomic indicators and country development in terms of market accessibility, openness and transparency as assessed on our Absa Financial Market Index. The Index measures over 40 indicators across six pillars.

Key

- Pillar 1 – Market depth
- Pillar 2 – Access to foreign exchange
- Pillar 3 – Market transparency, tax and regulatory environment
- Pillar 4 – Capital of local investors
- Pillar 5 – Macroeconomic environment and transparency
- Pillar 6 – Legal standards and enforceability

South Africa

(88 overall score out of 100)



2023 macroeconomic forecasts[2]

Real GDP: 0.5% **CPI[3]: 5.9%** **Average repo rate: 8.25%**

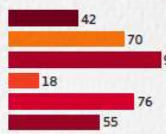
South Africa's economy was buffeted by a series of headwinds this year, including deteriorated logistics infrastructure performance, weakening terms of trade, sharply higher interest rates and, most significantly, severe electricity supply constraints.

The country's consumers faced increasing strain as the recovery in formal sector employment stalled, and wage growth lagged behind inflation. Rising debt-servicing costs further eroded household incomes, leading to consumer debt distress and subdued spending.

Absa forecasts real household consumption growth of 0.6% in 2023 (versus 2.5% in 2022). The Monetary Policy Committee implemented a series of additional interest rate hikes during 2023, reflecting a more vigilant stance in monetary policy. These decisions cumulatively added 125 basis points to the repo rate over 2023 and 475 basis points since November 2021. The rand ended the year at 18.36/USD, primarily due to moderating global market volatility and reduced bouts of load-shedding.

Kenya

(59 overall score out of 100)



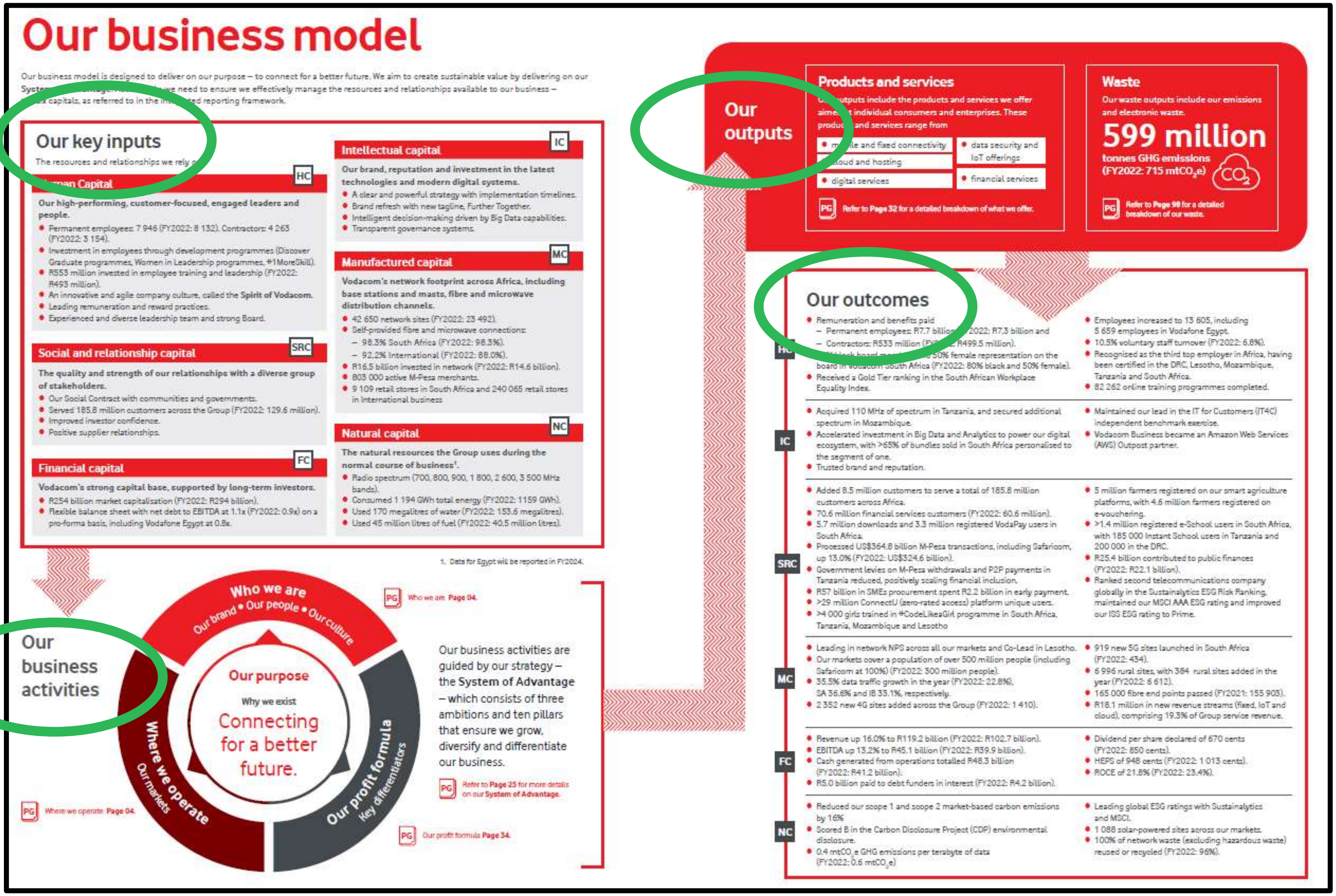
2023 macroeconomic forecasts[2]

Real GDP: 5.2% **CPI: 7.7%** **Average repo rate: 12.5%**

Kenya experienced positive economic growth despite elevated inflation due to high fuel prices, currency depreciation, food price pressures, and lingering debt sustainability risks. In addition, the government raised income and consumption taxes, which weighed on demand. The taxes are part of fiscal reforms required to improve revenue collection and sovereign risk but have negatively impacted customer affordability. Positively, the output in agriculture, mining, real estate, education, finance and insurance grew at a faster pace than originally expected. However, Kenya faced increased liquidity challenges as it struggled to access funding from financial markets.

[1] 2023 Edelman Trust Barometer Global Report.
[2] *Absa Economic Research Q1 2024.*
[3] Consumer Price Index.

Business model (Vodacom Ltd, 2023, page 49)



Stakeholder relationships (MTN Group Ltd, 2023, page 42)

Stakeholders with whom we partner to create value continued

Investment community

Why we engage

Provides debt and equity funding to secure sustainable and attractive total shareholder returns.

Assessment used

RIS

Affected SDGs

What matters most to them	How we are doing	Summary of issues	Our response	How we engage
Business performance and financial results	73%	The financial resilience of the Group and our ability to navigate volatility in our operating environments across our markets is a key area of interest for the investment community. Our ability to execute on *Ambition 2025* targets – with a particular focus on the fintech and fibre businesses – is a key catalyst for our investors. Of concern, with regard to performance, is the perceived risk in some African markets, but investors acknowledge that despite these instabilities we remain resilient.	Consistent and transparent communication on financial performance, initiatives are in place to mitigate against the prevailing global macroeconomic uncertainty and timeously updating the investment community on corporate actions. These actions resulted in MTN receiving a Merit award in the Top 40 category at the 2023 CGISA/JSE Integrated Reporting Awards and maintaining an 'Excellent' rating at the EY Excellence in Integrated Reporting 2023 awards for the second year in a row. Lastly, The 2022 Integrated Report was also recognised by the International Finance Corporation (IFC) as a leading example of good international practices in the field of integrated reporting. MTN was ranked in the top five in the 2023 Intellidex Investor Relations Survey. Capital market days in 2023, hosted by the MTN Group and MTN Nigeria, where we unpacked the progress made on our strategy, detailed our prospects and our plans for the MTN of tomorrow. Our annual governance roadshow gave investors the opportunity to engage with the Group Chairman, lead independent director and social, ethics and sustainability committee Chairman on remuneration, governance, ESG, strategy and risk. Improved and deepened stakeholder intelligence is being undertaken so as to better handle the perceived risks and instabilities in some African markets. Accelerated engagements are planned for our investor community to better align expectations and realities.	Meetings, webcasts, roadshows, conferences. Interim and annual results presentations, quarterly trading updates and capital market days. Annual governance roadshow. SENS announcements, our investor relations mailbox and investor website page. Perception audits and dipstick surveys. Integrated annual report.
Calibre of leadership team	82%			
Compliance with legislation and regulations	84%			

Survey Results

Reputation (how well we meet expectations)	Reputation health	Trust
76%	80%	74%

EY Excellence in Integrated Reporting 2023

Intellidex Top Investor Relations

CGISA Integrated Reporting Awards 2023

Risks and opportunities (Harmony Ltd, 2023, page 60)

Top strategic risks

a. Safety and health

Safety is our top value and we believe that a safe mine is a profitable mine. Safety risks are inherent in deep-level mining and could result in loss of life and other related incidents. Our safety performance directly impacts our ability to deliver safe, profitable ounces and attract capital. Our aim is zero harm.

Cause

- Inherent high-risk mining environment resulting in incidents
- Fall of ground from hanging wall causing injury or loss of life
- Person coming into uncontrolled contact with machinery, attachments, rigging installations causing injury or loss of life.

Potential impacts

Continued loss-of-life incidents may have a catastrophic implication for Harmony. Safety breaches could stop production, affect our stakeholder relationships and reputation, lead to litigation and decrease Harmony's overall value.

Poor safety results in:

- Investors exiting Harmony
- Loss of production
- Difficulty in attracting new capital
- Increase insurance premiums and/or a limit in the number of underwriters prepared to take on Harmony's risk exposure
- Loss of licence to operate
- Reputational damage.

Risk treatment actions

Incorporating safety into everything we do:

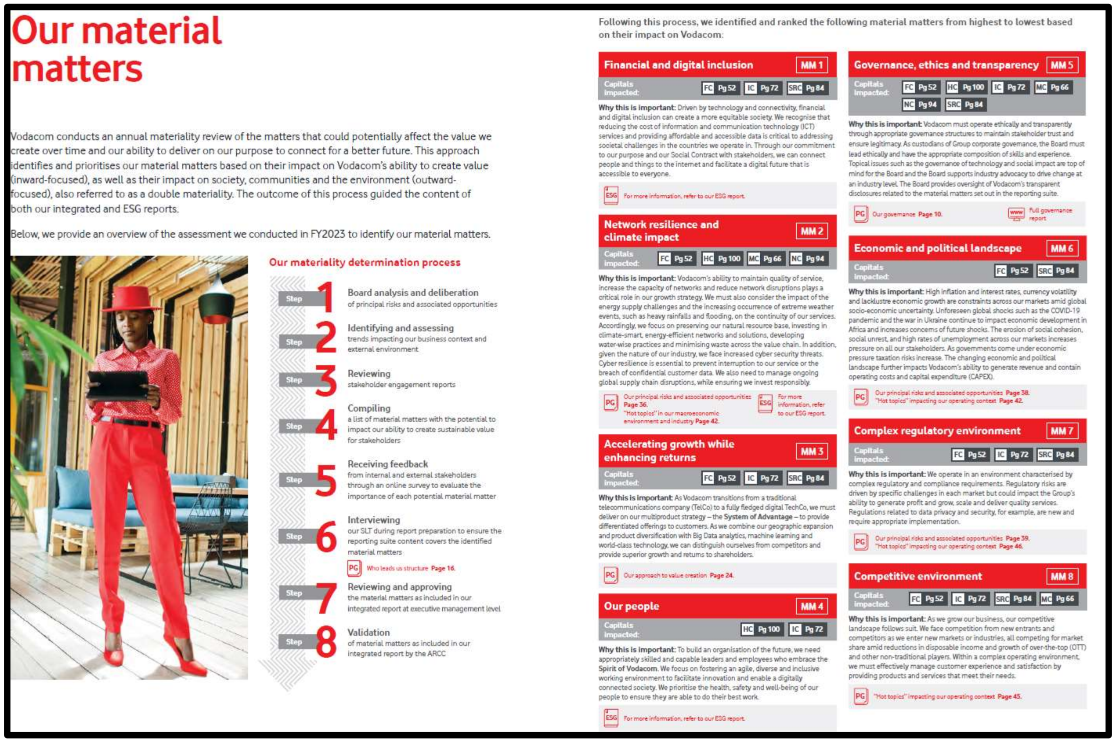
- We follow a systemic and humanistic transformation programme called Thibakotsi to drive the safety culture within the group, through which we monitor LTIFR, S300 and absenteeism
- Regular reviews and specific updates (when an event occurs) on compliance protocols
- Mining Occupational Safety and Health adoption and leading practices within the group
- Rock engineering support strategy, seismic management and approved standards and monitoring procedures are in place
- Our business continuity management covers safety emergency management and incidents
- Prompt, automated risk and hazard identification and golden control monitoring through upgraded software
- Improvement to processes through visible felt leadership sessions
- Harmony's executive management regularly reviews safety risks.

Strategic safety priorities

- Passionate and active leadership
- Safety strategy now embedded in Harmony at all operations, focusing on the humanistic component
- Industry-leading safety practices
- Effective risk and critical control management
- Effective safety management systems
- Ongoing organisational learning
- Proactive culture and engaged workforce
- Modernised safety systems
- Enhanced second-level safety audits by multidisciplinary team
- Loss of life risk management programme
- Dedicated operational safety days when production is suspended and all employees participate in safety-focused discussions.

Oversight	Responsibility	Movement in risk exposure	Overall risk exposure	Risk response strategy	Strategic pillars	Capitals impacted
• Technical committee • Board	• CEO • Group COO	• Increased	• Above risk appetite	• Treat		

Material matters (Vodacom Ltd, 2023, page 7)


Our material matters

Vodacom conducts an annual materiality review of the matters that could potentially affect the value we create over time and our ability to deliver on our purpose to connect for a better future. This approach identifies and prioritises our material matters based on their impact on Vodacom's ability to create value (inward-focused), as well as their impact on society, communities and the environment (outward-focused), also referred to as a double materiality. The outcome of this process guided the content of both our integrated and ESG reports.

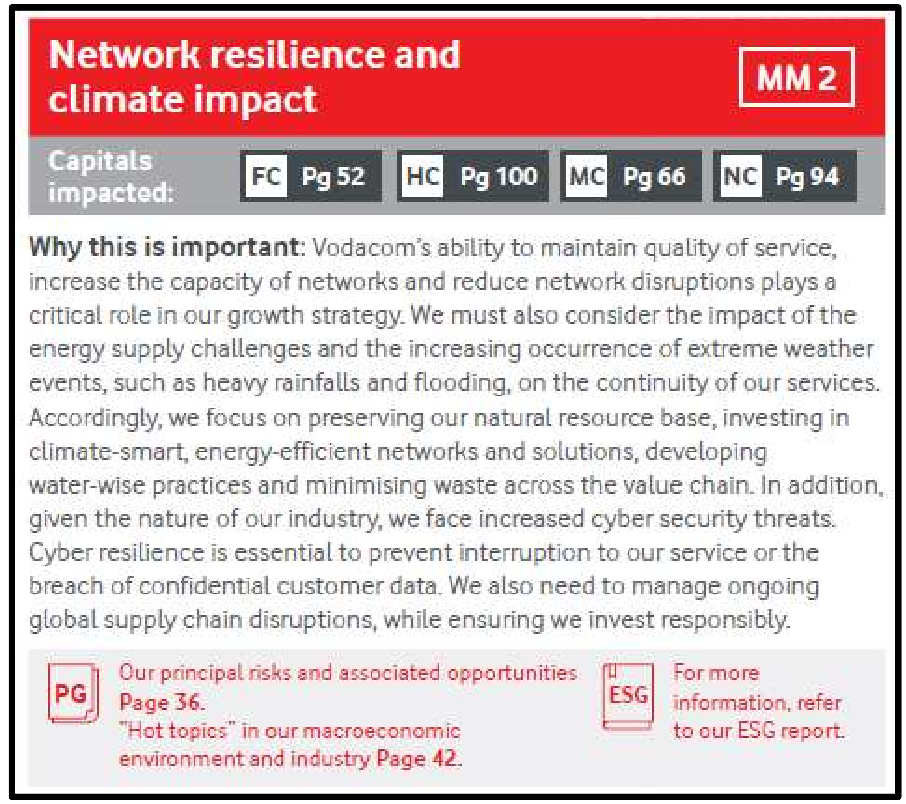
Below, we provide an overview of the assessment we conducted in FY2023 to identify our material matters.

Our materiality determination process

- Step 1 — Board analysis and deliberation of principal risks and associated opportunities
- Step 2 — Identifying and assessing trends impacting our business context and external environment
- Step 3 — Reviewing stakeholder engagement reports
- Step 4 — Compiling a list of material matters with the potential to impact our ability to create sustainable value for stakeholders
- Step 5 — Receiving feedback from internal and external stakeholders through an online survey to evaluate the importance of each potential material matter
- Step 6 — Interviewing our SLT during report preparation to ensure the reporting suite content covers the identified material matters
- Step 7 — Reviewing and approving the material matters as included in our integrated report at executive management level
- Step 8 — Validation of material matters as included in our integrated report by the ARCC

Following this process, we identified and ranked the following material matters from highest to lowest based on their impact on Vodacom:

- Financial and digital inclusion — MM 1
- Network resilience and climate impact — MM 2
- Accelerating growth while enhancing returns — MM 3
- Our people — MM 4
- Governance, ethics and transparency — MM 5
- Economic and political landscape — MM 6
- Complex regulatory environment — MM 7
- Competitive environment — MM 8


Network resilience and climate impact — MM 2

Capitals impacted:	FC Pg 52	HC Pg 100	MC Pg 66	NC Pg 94

Why this is important: Vodacom's ability to maintain quality of service, increase the capacity of networks and reduce network disruptions plays a critical role in our growth strategy. We must also consider the impact of the energy supply challenges and the increasing occurrence of extreme weather events, such as heavy rainfalls and flooding, on the continuity of our services. Accordingly, we focus on preserving our natural resource base, investing in climate-smart, energy-efficient networks and solutions, developing water-wise practices and minimising waste across the value chain. In addition, given the nature of our industry, we face increased cyber security threats. Cyber resilience is essential to prevent interruption to our service or the breach of confidential customer data. We also need to manage ongoing global supply chain disruptions, while ensuring we invest responsibly.

PG Our principal risks and associated opportunities Page 36.
"Hot topics" in our macroeconomic environment and industry Page 42.

ESG For more information, refer to our ESG report.

Hot topics (Vodacom Ltd, 2023, page 47)

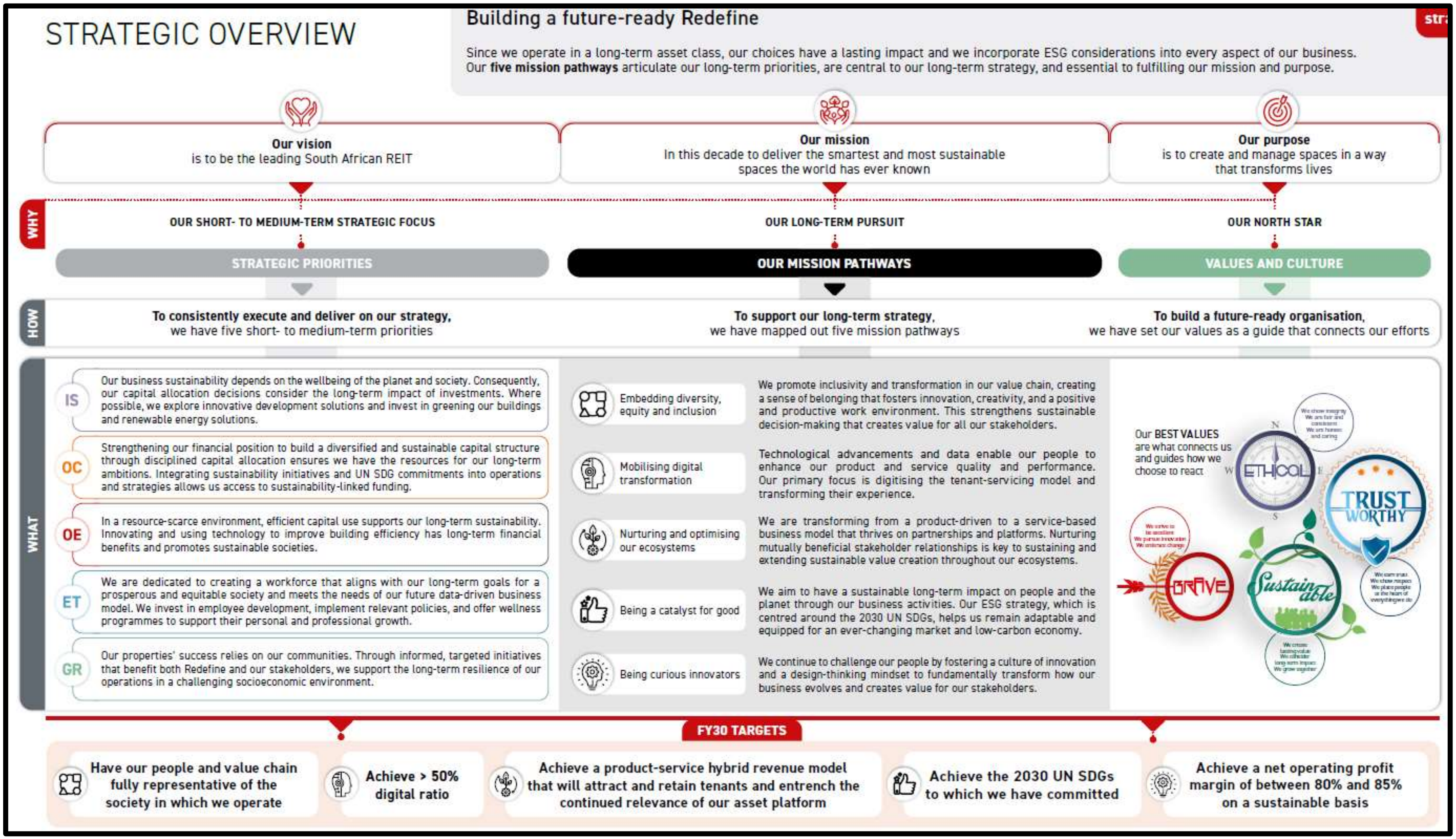
Summary of changes in trajectory

The table below provides our stakeholders with a summary of changes in the trajectory of "Hot topics" included in FY2022, compared to FY2023.

	FY2022	Change	FY2023 Hot topics and additional information	PG
Macroenvironmental	Challenging macroeconomic conditions	Increased complexity	**Volatile and complex macroeconomic conditions.**	42
		New	**A global energy crisis.**	43
			Related report section: Driving energy efficiencies.	97
		New	**Calls for a global response to the climate crisis.**	43
	Accelerated adoption of digital technologies	Stable	**Accelerated adoption of digital technologies.**	44
	Vendor risk and related sanctions	Increased complexity	**Persistent supply chain disruptions.**	44
	The affordability of our products and services[1]	Increased complexity	**Increased economic pressure on consumers.**	44
Industry context	Network quality and coverage	Increased complexity	**Network resilience headwinds in South Africa.**	45
	Competitive landscape	Stable	**Competitive landscape.**	45
	Complex regulatory landscape	Stable	**Complex tax environment.**	46
			Related report section: Our principal risks and associated opportunities – adverse regulatory and compliance pressures.	39
	Trust and transparency around data consumption	Impact mitigated/no longer considered a "hot topic"	We believe the **Consumer privacy, data protection and cyber security** "hot topic" sufficiently addresses trust and transparency around data consumption.	46
	Consumer privacy, data protection and cyber security	Stable	**Consumer privacy, data protection and cyber security.**	46
			Related report section: Our principal risks and associated opportunities – cyber threats.	37
	B-BBEE results for Vodacom South Africa	Impact mitigated/no longer considered a "hot topic"	We are a Level 1 B-BBEE Contributor as evidenced by our "Vodacom South Africa BEE Certificate". We no longer consider achieving this result as a "hot topic". Maintaining this status now forms part our the regulatory landscape.	104

New · Impact mitigated/no longer considered a "hot topic" · Stable · Increased complexity

Strategy - overview (Redefine Ltd, 2023, page 39)



STRATEGIC OVERVIEW

Building a future-ready Redefine

Since we operate in a long-term asset class, our choices have a lasting impact and we incorporate ESG considerations into every aspect of our business. Our **five mission pathways** articulate our long-term priorities, are central to our long-term strategy, and essential to fulfilling our mission and purpose.

Our vision
is to be the leading South African REIT

Our mission
In this decade to deliver the smartest and most sustainable spaces the world has ever known

Our purpose
is to create and manage spaces in a way that transforms lives

WHY

OUR SHORT- TO MEDIUM-TERM STRATEGIC FOCUS	OUR LONG-TERM PURSUIT	OUR NORTH STAR
STRATEGIC PRIORITIES	OUR MISSION PATHWAYS	VALUES AND CULTURE

HOW

To consistently execute and deliver on our strategy, we have five short- to medium-term priorities	**To support our long-term strategy,** we have mapped out five mission pathways	**To build a future-ready organisation,** we have set our values as a guide that connects our efforts

WHAT

IS Our business sustainability depends on the wellbeing of the planet and society. Consequently, our capital allocation decisions consider the long-term impact of investments. Where possible, we explore innovative development solutions and invest in greening our buildings and renewable energy solutions.

OC Strengthening our financial position to build a diversified and sustainable capital structure through disciplined capital allocation ensures we have the resources for our long-term ambitions. Integrating sustainability initiatives and UN SDG commitments into operations and strategies allows us access to sustainability-linked funding.

OE In a resource-scarce environment, efficient capital use supports our long-term sustainability. Innovating and using technology to improve building efficiency has long-term financial benefits and promotes sustainable societies.

ET We are dedicated to creating a workforce that aligns with our long-term goals for a prosperous and equitable society and meets the needs of our future data-driven business model. We invest in employee development, implement relevant policies, and offer wellness programmes to support their personal and professional growth.

GR Our properties' success relies on our communities. Through informed, targeted initiatives that benefit both Redefine and our stakeholders, we support the long-term resilience of our operations in a challenging socioeconomic environment.

Embedding diversity, equity and inclusion — We promote inclusivity and transformation in our value chain, creating a sense of belonging that fosters innovation, creativity, and a positive and productive work environment. This strengthens sustainable decision-making that creates value for all our stakeholders.

Mobilising digital transformation — Technological advancements and data enable our people to enhance our product and service quality and performance. Our primary focus is digitising the tenant-servicing model and transforming their experience.

Nurturing and optimising our ecosystems — We are transforming from a product-driven to a service-based business model that thrives on partnerships and platforms. Nurturing mutually beneficial stakeholder relationships is key to sustaining and extending sustainable value creation throughout our ecosystems.

Being a catalyst for good — We aim to have a sustainable long-term impact on people and the planet through our business activities. Our ESG strategy, which is centred around the 2030 UN SDGs, helps us remain adaptable and equipped for an ever-changing market and low-carbon economy.

Being curious innovators — We continue to challenge our people by fostering a culture of innovation and a design-thinking mindset to fundamentally transform how our business evolves and creates value for our stakeholders.

Our **BEST VALUES** are what connects us and guides how we choose to react

FY30 TARGETS

- Have our people and value chain fully representative of the society in which we operate
- Achieve > 50% digital ratio
- Achieve a product-service hybrid revenue model that will attract and retain tenants and entrench the continued relevance of our asset platform
- Achieve the 2030 UN SDGs to which we have committed
- Achieve a net operating profit margin of between 80% and 85% on a sustainable basis

Strategy - detail (Vodacom Ltd, 2023, page 25)

Our approach to value creation

We are uniquely positioned to reach and empower millions of African consumers with our connectivity, and digital and financial solutions to connect for a better future. Our footprint across Africa provides us with the opportunity to play a significant role in the continent's socio-economic development, particularly regarding inequality, unemployment and poverty.

Our strategic ambitions

Our System of Advantage – strategic ambitions

Our powerful, multiproduct strategy – the **System of Advantage** – differentiates our Group in our selected markets and delivers superior returns to our stakeholders.

1 Ambition

Africa's leading communications company

Our legacy of leadership in mobile has positioned us well to further scale and diversify our market offerings into fixed, financial and digital lifestyle propositions through our **System of Advantage**. As we transition from a traditional TelCo into a leading African TechCo, we focus on building the best infrastructure for both mobile and fixed networks, ensuring affordable smartphone penetration and access to data, and leveraging behavioural insights to provide excellent consumer and enterprise propositions. Ultimately, this will support our ambition to reduce the digital divide in the countries where we operate.

1 Footprint strengthened

Supporting our purpose

Our recent expansion into Ethiopia and Egypt has extended our market leadership position to cover more than 500 million people across the African continent. Our enhanced footprint provides us with a unique platform to scale our strategy while we also selectively partner with global tech to connect people for a better future.

Related material matters

MM 1 MM 3 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC HC SRC MC

Looking ahead

Short-term priorities

- Integration of Vodafone Egypt.
- Extensive site expansion in Ethiopia.
- Launch mobile money in Ethiopia.

Medium-term priorities

Ambitions for Ethiopia:

- US$1.5 billion to US$2.0 billion investment in capex over the next five years.
- Network rollout of 10 000 to 12 000 sites in the next 10 years.
- Safaricom Ethiopia to reach EBITDA break-even in four years.
- EBITDA margin of 40% in 10 years.

Enablers

- Aggressive network expansion.
- SIM card penetration.
- Mobile Money product launch.

2 Secure leadership in mobile and fixed

Supporting our purpose

As we invest to deepen the quality and penetration of mobile and fixed connectivity services across our footprint, we unlock the potential of a digital society and inclusion for all. This investment is complemented by data-led personalised pricing options and innovative smartphone financing solutions that support affordability. In this way, and by accelerating fibre reach in South Africa with our pending joint venture in MAZIV, we will foster economic development and help bridge South Africa's digital divide.

Related material matters

MM 1 MM 2 MM 3 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC IC SRC

Looking ahead

Short-term priorities

- Secure 4G rural coverage financing partnerships, leveraging our existing relationships with global tech and developmental finance institutions.
- Accelerate our "future of home" initiative through fibre Independent Service Provider (ISP) propositions and beyond connectivity offerings such as security, consumer IoT and home support.
- Accelerate data network leadership in all markets, including 4G coverage, affordability and device penetration.
- Explore funding options for fibre across our International markets.
- Enhance our home and business fibre reach through our proposed joint venture in MAZIV.

Medium-term priorities

- Mid-single-digit Group service revenue.
- Democratise data and design compelling customer propositions.
- Make significant progress on our International Telecommunication Union Partner2Connect pledge to increase 4G population coverage by 70 million people by 2027.

Strategy - capital allocation (Anglo American plc, 2023, page 76)

Capital allocation

Underpinning our strategy, we have a value-focused approach to capital allocation, with clear prioritisation: first to sustaining our operations and maintaining asset integrity (including Reserve Life); secondly to the base dividend to our shareholders, determined on a 40% underlying earnings-based payout ratio.

A strong focus on capital discipline
All remaining capital is then allocated to discretionary capital options in line with strategic priorities, which include organic and inorganic growth options, as well as additional shareholder returns. In all cases, discretionary projects are robustly assessed against financial and non-financial metrics, including their delivery of net-positive benefit to our shareholders and the communities in which we operate, and their ability to improve and upgrade our portfolio in line with the transition to a low carbon economy and global consumer demand trends.

Capital allocation is prioritised to ensure we maintain balance sheet flexibility, with our near term objective to ensure the Group's net debt does not exceed 1.5 x underlying EBITDA, using bottom of the cycle pricing, without there being a clear plan to recover. Further detail on balance sheet discipline and our credit can be found on page 93.

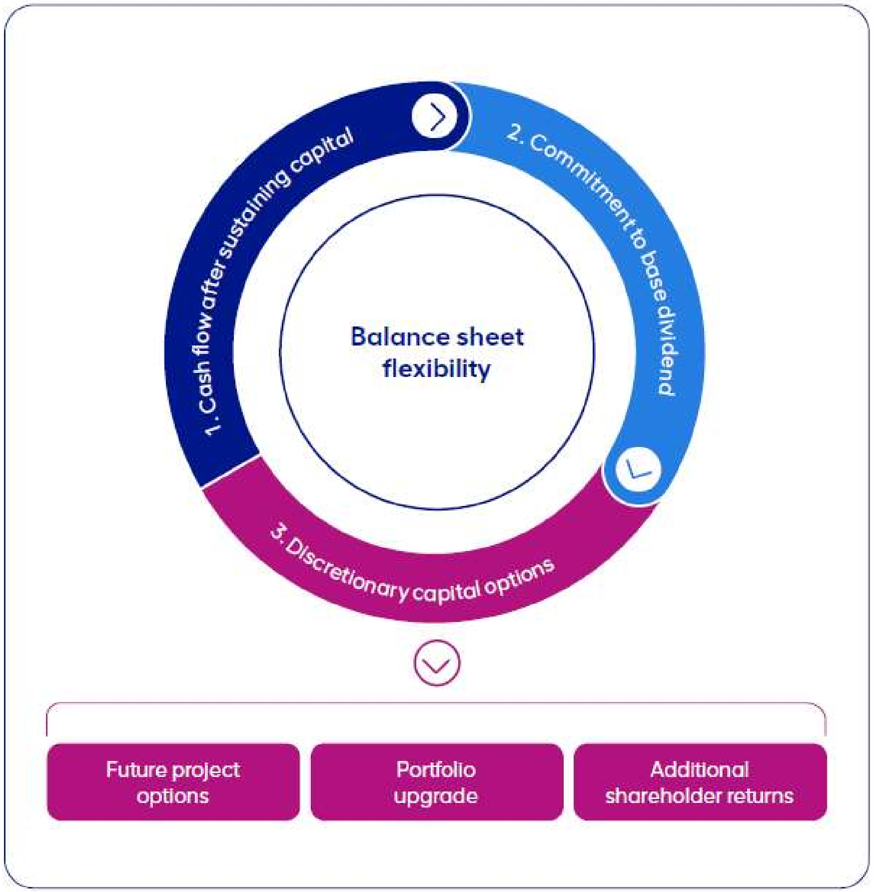
Capital is allocated in support of the execution of our strategy. Our Sustainable Mining Plan outlines ambitious targets that our projects must support to ensure a healthy environment, thriving communities and Anglo American's position as a trusted corporate leader.

► For more on our Sustainable Mining Plan
See page 46

Surplus capital is returned to shareholders in the form of either special dividends or through a share buyback programme.

During 2023, we have taken deliberate action to right size our capital expenditure, as part of our broader cost and capital discipline efforts to improve cash generation. Significant capital savings of c.$1.6 billion were identified across 2024–2026, while still prioritising the integrity of our operations and investments in high quality organic growth optionality in the portfolio.

Sustaining capital
We continue to focus on capital discipline and sustaining capital efficiency, while maintaining the operational integrity of all our assets. Sustaining capital comprises stay-in-business, capitalised development and stripping, and life-extension expenditure, less the proceeds from disposals of property, plant and equipment.



The Capitals (Redefine Properties Ltd, 2023, pages 3 & 81)

INTELLECTUAL CAPITAL

In a world increasingly marked by technological disruptions, climate change and social instability, embracing integrated thinking is more crucial than ever. Harnessing the power of technology equips us to respond adeptly to the ever-shifting challenges of the present while robust governance anchors our long-term strategy.

What intellectual capital means to Redefine

Intellectual capital is what distinguishes our business and drives its sustainable growth. It encompasses the broad knowledge and capabilities intrinsic to our organisation and is distinct from human capital in that it can be reproduced and shared. It also includes our long-term journey to digitalise our internal processes, operating architecture, and overall service offerings.

How intellectual capital supports our value-creation goals

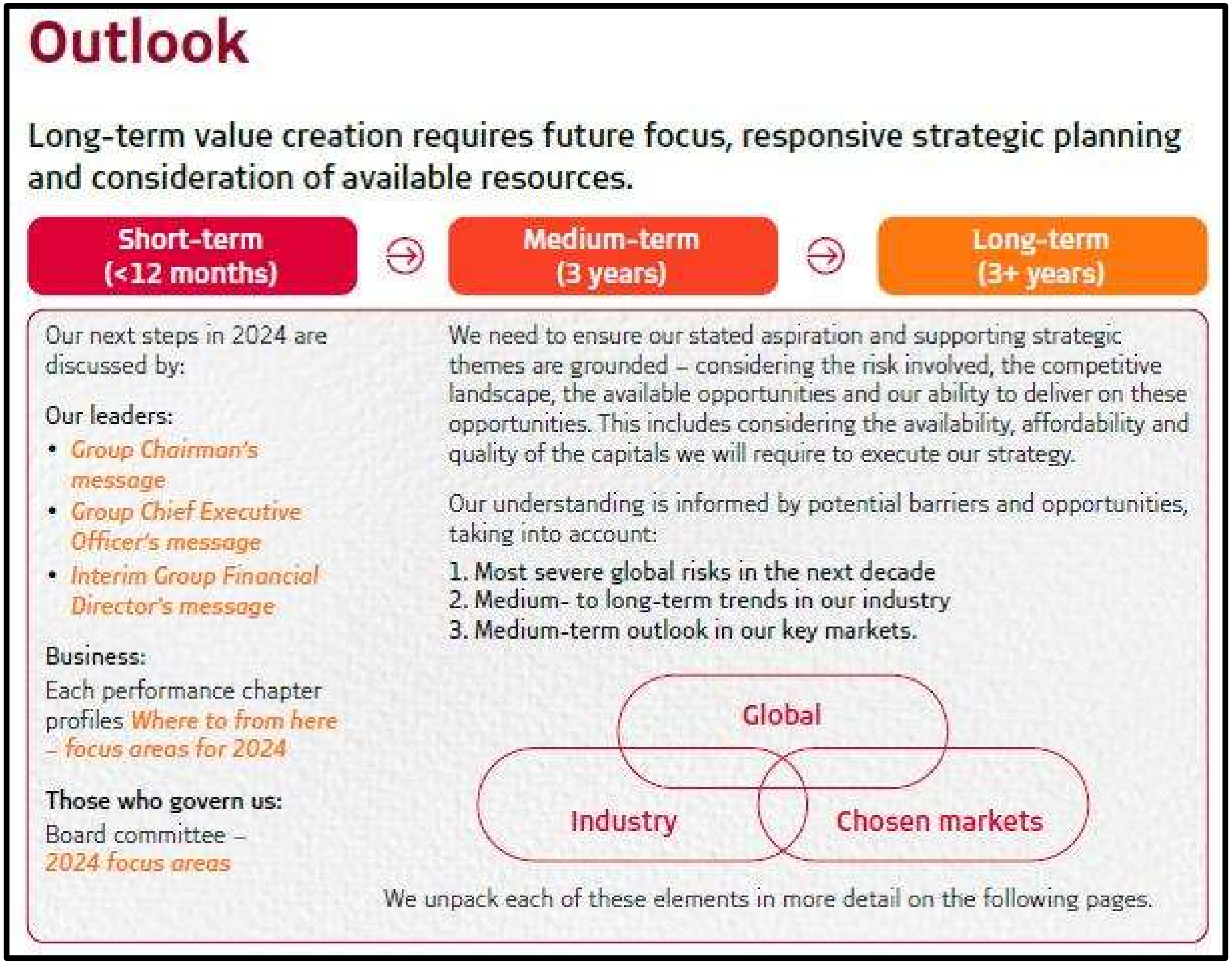
We understand that economic value is not solely based on our tangible assets that generate income. It also depends on how efficiently we use these assets to create maximum value while adhering to our core purpose and meeting the expectations of our stakeholders. We must rely on our intellectual capital to turn our properties into a service. This transformation aims to enhance the experience for our tenants and improve their interactions with us.

Materiality

We identified material matters that impact our intellectual capital and grouped them under relevant themes.

Material themes	Material matters	Managing these matters	Page
BMA Business model adaptability to the rapidly evolving context	▸ Digitalisation (including cyber resilience) ▸ Innovation and agility (including responding to disruptive technology) ▸ Providing properties relevant to users' evolving needs	Future-proofing our business and asset platform	82
HGR Heightened demands of governance and regulatory compliance	▸ Governance and ethics ▸ Regulatory compliance	Striving for best practice governance	82
ERB The evolving role of business in creating a prosperous and sustainable society	▸ Ensuring effective ESG strategies and implementation ▸ Effective stakeholder engagement and collaboration	Embedding ESG throughout the business	82
MBG Managing for long-term business growth	▸ Ensuring business continuity in an evolving operating context ▸ Optimising the EPP business	Embedding ESG throughout the business	82
		Future-proofing our asset platform and business	82

Outlook (Absa Ltd, 2023, page 70 - 73)



Outlook

Long-term value creation requires future focus, responsive strategic planning and consideration of available resources.

Short-term (<12 months) → **Medium-term (3 years)** → **Long-term (3+ years)**

Our next steps in 2024 are discussed by:

Our leaders:

- *Group Chairman's message*
- *Group Chief Executive Officer's message*
- *Interim Group Financial Director's message*

Business:

Each performance chapter profiles *Where to from here – focus areas for 2024*

Those who govern us:

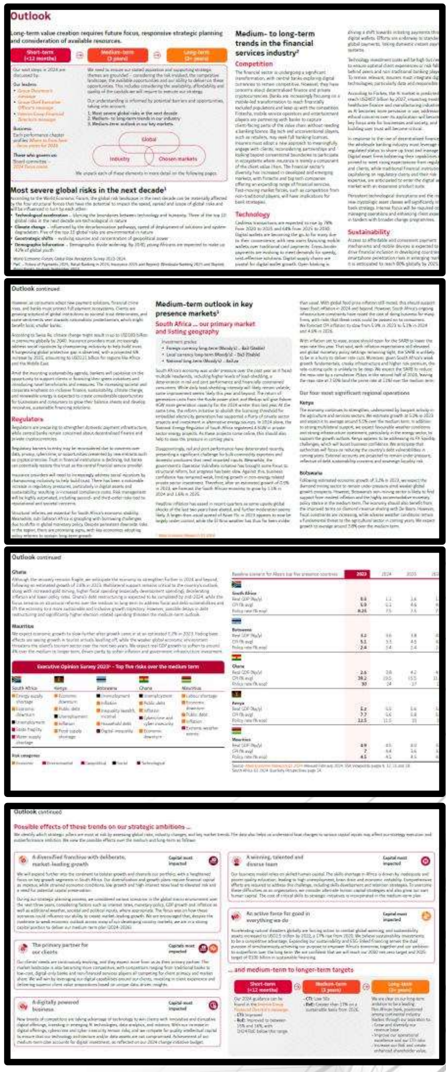
Board committee – *2024 focus areas*

We need to ensure our stated aspiration and supporting strategic themes are grounded – considering the risk involved, the competitive landscape, the available opportunities and our ability to deliver on these opportunities. This includes considering the availability, affordability and quality of the capitals we will require to execute our strategy.

Our understanding is informed by potential barriers and opportunities, taking into account:

1. Most severe global risks in the next decade
2. Medium- to long-term trends in our industry
3. Medium-term outlook in our key markets.

We unpack each of these elements in more detail on the following pages.



KPIs - detail (Nedbank Group Ltd, 2023, page 72)

Strategic value unlocks – key performance indicators

Value unlocks	Value drivers	Link to executive remuneration	yoy change	2023	2022	2021	2020	2019	Target 2023	Outlook 2024	Outlook Medium term	Outlook Long term	Assurance
Digital leadership (DX)													
Digitally active clients (% of total active clients)	Growth/ Productivity	GCC	▲	**41**	39	35	30	24	Increase	Increase	> 70	Increase	[MO] [LA1]
Digitally active clients (million)	Growth	GCC	▲	**2,9**	2,6	2,3	2,1	1,8	Increase	Increase	Increase	Increase	
Digital sales (% of total sales)	Growth	GCC	▲	**56**	51	33	28		Increase	Increase	Increase	> 75	[MO] [LA1]
Avo super app – registered clients (million)	Growth	GCC	▲	**2,5**	2,0	0,68	0,15		Increase	Increase	Increase	Increase	[MO]
ESG Managed Evolution completion (%)	Growth/ Productivity	GCC	▲	**95**	91	85	78	70	Materially complete	Complete by end 2024			[MO]
Unlock value from AI and GenAI while strengthening capabilities in data and analytics. Metrics under development as CPTs.													
ESG Core IT system optimisation (# of systems)	Productivity	GCC	▼	**59**	69	78	90	117	Complete	Maintain	Complete	Complete	[MO]
IT software development spend (Rbn) – new metric in 2023	Growth (new)	GCC	—	**1,3**	1,3	1,6	1,9	2,1	1,6	Around 1,6	Around 1,6		[FS]
ESG Intangible software assets (Rbn)	Productivity	GCC	▼	**7,9**	8,3	8,9	9,0	8,3	Decline	Decline	Decline	Decline	[FS]
Use of cloud computing (%)	Productivity	GCC	▲	**45**	24	ND	ND	ND	Increase	Increase	Almost double from 2023 levels	Increase	[FS]
Market-leading client experiences (CX)													
ESG Brand value ranking in SA	Growth	GCC	▼	**8**	9	8	8	10	Improve	Improve ranking	Improve ranking	Improve ranking	[IN – Brand finance]
ESG Consumer NPS ranking	Growth	CPT	▶	**1**	1	2	2	3	#1 SA bank	#1 SA bank	#1 SA bank	#1 SA bank	[IN - Kantar; 2021–2019: Consulta]
Number of NAR subsidiary #1 NPS rankings – new metric in 2023	Growth (new)	GCC		**2**	ND	ND	ND	ND	ND	Maintain/ Increase	Increase	Increase	[FS]
Nedbank Money app average rating (out of 5)	Growth	GCC	▲	**4,3**	4,1	4,4	4,4	4,4	Maintain top rating	Maintain top rating	Maintain top rating	Maintain top rating	[IN – iOS and Android app stores]
Nedbank Private Wealth app average rating (out of 5)	Growth	GCC	—	**4,6**	4,7	4,6	4,5	4,6					[IN – iOS and Android app stores]
ESG System availability (%)	Productivity	GCC	▲	**99,5**	99,3	99,3	99,6	99,1	> 99,1	> 99,1	> 99,1	> 99,1	[LA1]

EY

Financial statements (Nedbank Group Ltd, 2023, page 73)

Statement of comprehensive income

Rm	Change %	2023	2022 (Restated)[1]
Net interest income	14	**41 470**	36 277
Non-interest income and revenue[1]	6	**27 709**	26 171
Share of gains of associate companies	64	**1 443**	879
Total income[1]	12	**70 622**	63 327
Impairments charge on financial instruments	30	**(9 605)**	(7 381)
Net income[1]	9	**61 017**	55 946
Total operating expenses[1]	8	**(38 059)**	(35 329)
Indirect taxation[1]	2	**(1 129)**	(1 102)
Headline profit before direct taxation[1]	12	**21 829**	19 515
Direct taxation[1]	4	**(4 484)**	(4 311)
Non-controlling interest	48	**(1 695)**	(1 143)
Headline earnings[1]	11	**15 650**	14 061
Diluted headline earnings per share (cents)	14	**3 199**	2 809
Dividend declared per share (cents)	15	**1 893**	1 649
Dividend cover (times)		**1,75**	1,75

[1] *Restated for IFRS 17 and reclassification of card-related selling costs.*

Net interest income

Key drivers: NII increased by 14%, supported by 7% growth in AIEBA and an increase in the group's NIM to an all-time high. The increase in AIEBA was driven by 8% growth in average CIB banking loans and advances and 7% growth in average RBB banking loans and advances, negative deposit spreads on savings and investment products, and negative asset pricing due to increased competition for good quality assets. NIM increased by 28 bps to 4,21%, driven primarily by a positive endowment impact due to higher interest rates, partially offset by a negative asset mix impact due to slower growth in high-yielding assets and negative liability and asset pricing largely due to increased levels of competition.

2024 outlook (at 7 March 2024)

NII growth above mid-single digits

NIM is expected to reduce slightly, while growth in average banking loans and advances is likely to be stronger in H2 2024 as lower interest rates and inflation start benefiting retail credit growth and wholesale clients start drawing down on existing facilities (including renewable energy deals).

Non-interest revenue

Key drivers: NIR increased by 6%, underpinned by solid growth in commission and fees, the benefits of fair-value gains, and foreign currency gains in Zimbabwe on US dollar capital. Trading revenue growth remained muted, while overall NIR growth was impacted by lower insurance income and equity investment income off a high base.

NIR growth above mid-single digits

Growth supported by higher levels of cross-sell, main-banked client gains, new revenue streams in RBB, ongoing deal flow in CIB, and insurance improving off a low 2023 base. Trading and equity investment income are expected to improve but remains exposed to macro risks. Fair-value gains and foreign exchange gains in Zimbabwe create high base effects.

Associate income

Key drivers: Associate income increased by 64%, driven by a strong recovery in associate income relating to the group's 21% shareholding in ETI and the reversal of the R175m estimate that Nedbank provided for in terms of its share of the impact of the Ghanaian sovereign domestic debt restructure programme on associate income in its 2022 results.

Associate income is likely to continue showing good underlying growth from ETI, although the base effect of the Ghanaian sovereign bond provision release in 2023 will create headwinds to growth in 2024.

Impairments charge on loans and advances

Key drivers: Impairments increased by 30%, largely as a result of the impact of a more difficult macroeconomic environment on consumers. The group's CLR of 109 bps (2022: 89 bps) remained above its TTC target range of 60 bps to 100 bps. The yoy increase in the CLR reflects the impacts of higher-than-expected interest rates, higher levels of inflation (mainly in food and energy), and higher levels of load-shedding, all of which had an adverse impact on our clients, particularly in the consumer segment in RBB.

CLR declines and returns to within the top half of the TTC target range

While upside risks remain given macroeconomic challenges, progress in consumer collections in RBB remains steady and risks around several stage 3 loans in CIB have been resolved in 2023.

Total operating expenses

Key drivers: The increase of 8% in expenses reflects the impacts of higher salary-related costs, higher fees linked to revenue growth, and ongoing investment in technology and digital solutions.

Expenses growth around mid-to-upper single digits

The guidance reflects a continued focus on managing costs well in a more difficult environment, while absorbing new regulatory costs such as deposit insurance.

Dividends

Key drivers: A strong capital and liquidity position at 31 December 2023 supported the declaration of a final dividend that increased by 18%, bringing the increase in dividends per share for the year to 15%, both at a payout ratio of 57%.

Dividend payments, subject to board approval, at the top end of our payout ratio of 57% (ie bottom end of the group's target range of 1,75 times to 2,25 times).

Financial explanations (Exxaro Resources Ltd, 2023, page 84)

Group EBITDA

Group EBITDA decreased by 29% to R13 399 million (2022: R19 001 million). The main drivers for the decrease are provided in the graph below.

Group EBITDA (Rm)

USD realised price
▼ **53%**
API4 USD index price realisation
93% vs. 97%
4%
Domestic price benefit realised
▲ **R2.2bn**

Export volumes
▼ **2%**
due to logistics constraints
Domestic volumes
▼ **4%**
from lower Eskom offtake offset by higher local demand

Labour ▲ **6.8%**
Electricity ▲ **16.5%**
Diesel ▼ **(4.1%)**
PPI ▲ **6.8%**

Mafube buy-ins at lower prices
▼ **R2.5bn**

Operational cost
▲ **R1.2bn**
Royalties
▼ **R795m**
Employee cost
▼ **R172m**
Rehabilitation
▼ **R101m**

Weaker average spot exchange rate
R16.4 vs R18.4
▲ **12%**

Fair value adjustments
▲ **R820m**
Insurance
▲ **R673m**

Governance – key focus areas (Nedbank Group Ltd, 2023, page 22)

Key board focus areas in 2023

In line with the board priorities that we identified and communicated in our 2022 Integrated Report, as well as external developments in the operating environment, the following areas received heightened focus in 2023:

1. Board and executive succession
2. Delivery of the group's strategy and targets
3. Managing the group through a difficult environment
4. ESG, climate change, and ensuring a Just Transition
5. Reputational matters

1 Board and executive succession

Succession planning is an extremely important responsibility of the board as a whole, assisted by the Group Directors' Affairs Committee (DAC). The DAC ensures that, where directors are reaching tenure and retirement age, board continuity is maintained through active succession planning that considers any changes to the skills needed on the board in terms of the group's strategy. The DAC also monitors the split between executive, non-executive and independent directors as well as the diversity, skills, experience and tenure of boardmembers as shown on pages 26 and 27.

In this context, 2023 was a milestone year in which the group announced the appointments of a new Chairperson (Daniel Mminele) and Chief Executive (CE)-designate (Jason Quinn), as well as changes to the board and Group Exco.

Chairperson succession – On 1 May 2023 Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate post the retirement of Mpho Makwana at the close of the group's 56th AGM on 2 June 2023. At the AGM, Daniel received 99,9% votes in favour of his appointment to the board, illustrating strong shareholder support.

CE succession – After the successful completion of the chairperson succession process, the board, supported by a global search firm with a strong domestic presence, commenced a process to choose a successor to Mike Brown who has joined the Nedbank Group 30 years ago, has been the CE since 2010 and an executive director since 2004. Following a rigorous process, considering both internal and external candidates that were both racially and gender diverse, Jason Quinn was announced as CE-designate on 22 November 2023 after emerging as the most suitable candidate. Jason will assume the role of CE on Mike's planned retirement from the boards at the close of the group's AGM on 31 May 2024. Mike will remain at Nedbank for another 3 months as a senior adviser to ensure a seamless handover to Jason.

Board changes – In addition to Mpho Makwana, Dr Mantsika Matooane retired from the board following the completion of her 9-year term, while Prof Tshilidzi Marwala stepped down to take up the role as the next Rector of the United Nations University in Tokyo, and Mteto Nyati stepped down to take up the role of Chairperson at Eskom. The board extended the tenure of Brian Dames for an additional year given the need for continuity on the Group Climate Resilience Committee. Terence Nombembe (independent non-executive director) was appointed to the board, adding valuable experience and expertise in the areas of regulation, financial services, accounting, economics, social matters, and politics. The focus on board succession continues in 2024 in light of scheduled retirements over the next 3 years.

Executive leadership changes – The DAC reviews the succession plans for Nedbank Group Executive Committee members. During the year, and in terms of those executive succession plans, Dave Crewe-Brown was appointed as the group's Chief Risk Officer, and Ray Naicker was appointed as the group's Chief Information Officer, after their predecessors, Trevor Adams and Fred Swanapoel reached the group's retirement age of 60.

2 Delivery of the group's strategy and targets

Strategic discussions at the board and relevant board subcommittee meetings remained a key agenda item. The board debated and provided input into the group's strategy and deliberated on material matters throughout the year before approving the group's 3-year business plan in November 2023.

The group's strategy, which incorporates the strategic value drivers of growth, productivity and risk and capital management, drives value creation as we seek to deliver on our short-, medium- and long-term targets as shown on **page 55**. Value creation is enabled by 5 strategic unlocks: digital leadership; market-leading client experiences; focusing on areas that create value; driving efficient execution; and creating positive impacts – all underpinned by the group's world-class technology platform and its people and culture.

Read more about our strategy on pages 55 to 67.

In 2023 the board and management discussed strategies to further optimise and profitably grow the franchise. These included:

- leveraging and commercialising the group's IT foundations and investments to amplify the **digital experience (DX)** through leading digital innovations;
- accelerating profitable growth and the delivery of the group's purpose through enhanced **client experience (CX)**; and
- intensifying the group's differentiated **employee experience (EX)** to ensure we attract and retain the best talent.

In an environment that has become more challenging, as evident in the material matters discussed on **pages 41 to 50**, the board reviewed the progress made towards the group's medium- and long-term financial targets. While all targets remain in place and suitably ambitious and stretching, the macroeconomic environment has become more challenging since these targets have been set at the start of 2022. It is likely that the group's medium-term (2025) cost-to-income ratio target of < 52% will be achieved only a year later in 2026.

As part of business planning for 2024 to 2026, the board signed off the group's material matters and financial and non-financial targets, and made decisions to secure strategic resources for the future, involving the group's various capitals. This included capital, liquidity and funding plans, as well as IT [Group Information Technology Committee (GITCO)-approved], marketing, compliance, risk appetite [Group Risk and Capital Management Committee (GRCMC)-approved], and human capital plans. Key considerations included resource allocation to technology initiatives and ongoing digital innovations, building our capabilities in data and AI, and optimising various capitals under our target operating model initiative, such as the group's real estate (branches and own offices – manufactured capital) and employees (human capital).

Governance – expertise (Nedbank Group Ltd, 2023, page 22)

Skills, expertise and experience – a diversified board that adds value

ESG

The boards of banks and financial services companies require a broad range of skills to govern and act in the best interest of all stakeholders. The appropriate mix of skills, expertise, and experience ensures that the board, as a collective, is well equipped to guide and drive strategy and thereby create and protect value.

The board, through the DAC, determines the required composition of skills in response to shifts in the group's long-term strategy and a rapidly changing environment. The appointments of Phumzile Langeni, Daniel Mminele and Terence Nombembe over the past 3 years strengthened the board's skillset in the following areas: risk management; banking and other financial services; accounting and auditing; mining, resources and infrastructure; large corporates; macroeconomic and public policy; human resources, marketing and strategy; and environment and climate change.

The board's succession process over the next few years looks to increase skills and expertise in key areas such as risk management; banking and other financial services; environment and climate; innovation and digital; and IT and cyberresilience. It also looks to replace boardmembers who have resigned (Prof Tshilidzi Marwala and Mteto Nyati) and retired (Mpho Makwana and Dr Mantsika Matooane).

Board skills and expertise
(Number of boardmembers with experience)

^ *Banking and finance.*
* *Key ESG experience.*
** *Key risk management experience.*
* *Cyberrisk and technology.*

The board's succession process over the next few years looks to increase skills and expertise in key areas such as risk management; banking and other financial services; environment and climate; innovation and digital; and IT and cyberresilience. It also looks to replace boardmembers who have resigned (Prof Tshilidzi Marwala and Mteto Nyati) and retired (Mpho Makwana and Dr Mantsika Matooane).

Remuneration - one page (Redefine Properties Ltd, 2023, page 47)

strategically

REMUNERATION PRACTICES CREATING VALUE

Our remuneration policy is fundamentally designed to encourage the achievement of our group strategy, which is our roadmap to creating sustained value for all our stakeholders. Our FY24 strategic matters and value-creation goals will be realised by achieving forward-looking KPAs for the short-term incentives (STIs) and long-term incentives (LTIs). The pay and vesting outcomes for the KPAs applicable for FY23 are explored in more detail in the remuneration report in the ESG report.

Our variable pay structure is supported by a robust remuneration governance framework. The table below summarises the framework elements.

GOVERNANCE PRINCIPLES

	How this links to sustained value creation	Mechanism	Implication
PAY MIX	The pay mix for our executives is appropriately weighted towards variable pay, thus cementing a pay-for-performance culture. However, we manage the risks associated with our variable pay framework	**Total reward ratio** ▶ This is measured as the ratio of fixed to variable pay for executive directors	Our executive directors are incentivised to create value in the short and long term, and there is an appropriate balance between STIs and LTIs. The majority of the total remuneration mix is at risk, but the portion of guaranteed pay is sufficient to ensure that executive directors are not overly reliant on at-risk variable pay (which may drive inappropriate risk taking)
RISK ADJUSTMENTS	Our leadership team is accountable for the decisions that are made on behalf of Redefine	**The LTI plan** ▶ The remuneration committee (REM) may, on or before the vesting date of an award, reduce an STI or LTI award should a trigger event occur during the vesting period ▶ The REM may take steps to recover awards that have vested (on a pre-tax basis) in the event that a trigger event has occurred	Variable pay outcomes can be adjusted or recovered in certain predetermined circumstances, including instances where executive directors have behaved in a manner that has caused harm to the company (financial and/or reputational, caused by a trigger event) long after the vesting and payment dates. Executive directors are accountable for the decisions they make on behalf of the company. Where events or behaviour occur that effectively result in lost stakeholder value, the REM is able to adjust vesting or payment outcomes as appropriate or recover past incentives from our executive directors on a pre-tax basis, even though the performance conditions have already been met
LONG-TERM ALIGNMENT	Our leadership team should remain aligned with the impact of our decisions on our stakeholders and continue to create long-term value for the company	**Minimum shareholding requirements** ▶ Executives must hold shares based on a tiered structure to the value of between 150% and 300% of their total guaranteed package, which must be accumulated within five years of the appointment of the executive director ▶ The shares must be held by the executive director throughout their tenure **Post-vesting holding periods** ▶ For LTIs awarded to executive directors (excluding the deferred STI awards), they must hold any vested shares for two years after the vesting date. They cannot trade with the shares during this period but will receive dividends and can exercise voting rights in respect thereof **The terms of our minimum shareholding requirements and the post-vesting holding periods are set out in the remuneration report**	Redefine operates in a long-term asset class, and our executive directors remain invested in the company while they make prudent, long-term decisions regarding these assets. They are also aligned with the interests of our stakeholders, who are affected by the long-term ramifications of our decisions (that extend beyond the short-term and long-term vesting periods)

This section links the pay-for-performance framework as it applied in FY23 to short-term outputs, based on executing our short-term objectives, and to long-term stakeholder value-creation outcomes.

STI AND LTI PERFORMANCE MEASURES IN FY23

STI – incentivising execution

KPI	Weighting
Company financial performance	**60%**
Absolute distributable income per share (DIPS) growth relative to approved budget Target: Achieved budget	20%
Growth in DIPS measured against the relative performance benchmark comparator group FTSE/JSE SA REIT Index Target: Median	20%
Reducing the LTV ratio Target: 40%	20%
Company non-financial performance	**20%**
Transformation: Performance on BBBEE scorecard Target: 95 points	4%
Water efficiency: Increase in efficiency, unit of measurement is ML Target: 2.28% per annum	3%
Renewable energy: Increase in installed capacity, unit of measurement is MWp Target: 6.66% per annum	3%
Emissions: Reduction in emissions, unit of measurement is tCO_2e Target: 5% per annum reduction of Scope 2 GHG emissions	3%
Organisational health* Target: 5% improvement in score	7%
Individual performance	**20%**
Delivery on executive personal targets linked to key strategic matters	20%

LTI – achieving stakeholder goals

KPI	Weighting
Company financial performance	**75%**
Absolute total return (aTR) Target: Average aTR measured against Redefine's targeted return of the risk-free rate (five-year average) plus 300bps	25%
Relative total return (rTR) Target: Average rTR measured against FTSE/JSE SA REIT Index over three years	25%
Relative total shareholder return (rTSR) Target: Relative rTSR measured against the FTSE/JSE SA REIT Index over three years	25%
Company non-financial performance	**25%**
ESG goals Target: Based on the improvement over a three-year period using the Sustainalytics ESG risk rating, measured against the management score element of the index	25%

Our executive directors are specifically incentivised in their individual KPAs for the STIs to achieve outcomes that meet our stakeholder goals. In addition, these goals permeate the entire variable pay framework, as illustrated for the STI and LTI performance measures that applied through FY23.**

** This metric includes indicators such as risk embedment, governance, accountability and discipline, the internal control environment, ICT systems, and audit findings*
*** Anticipated outcomes form part of the short- and medium-term strategic priorities*

Committee
REM Remuneration committee

Governance & strategy (Nedbank Group Ltd, 2023, page 63)

Lending and deposit-taking market shares

Sustainable and profitable market share gains are not linear. Each product has its own individual flight path for market share gains linked to 10 separately identified factors of internal readiness such as credit policies, digital capabilities and marketing focus, product profitability, and market influences such as competitive practices at peers, client affordability, behaviours and needs, as well as the macroeconomic environment. Progress in achieving our desired portfolio tilts in 2023 was mixed, although overall core lending market share remained steady at **17,9%** as reported in December 2023 SARB BA900 returns.

- **Market share gains –** Over the past 12 months we increased market share in home loans (from 14,1% to **14,4%**), retail overdrafts (from 12,9% to **15,1%**) and commercial term loans (from 15,5% to **16,4%**), with the aim to continue growing in these areas.
- **Selective credit origination –** In areas where we have strong market share positions, we have been more selective in credit origination in the current economic environment, including vehicle finance (from 35,4% to **35,5%**) and commercial mortgages (from 36,8% to **36,0%**). Given our assessment of risk in the external environment, we have deliberately slowed growth in some product areas and, as a result, reported market share declines in personal loans (from 11,9% to **11,0%**) and credit cards (from 11,0% to **10,0%**). While we plan to grow market share in credit cards, we will continue assessing the environment to grow personal loans.
- **Focus on deposits –** Our strategy to grow our deposit franchise was evident in total retail deposit market share increasing (from 16,0% to **16,4%**) after a long period of market share losses. More work is required in growing market share in retail and commercial transactional deposits.

BA900 market share (%)	December 2022	December 2023	yoy change
Total core loans	17,9	17,9	▶
Wholesale term loans	15,5	16,4	▲
Home loans	14,1	14,4	▲
Commercial property	36,8	36,0	—
Vehicle finance	35,4	35,5	—
Personal loans	11,9	11,0	▼
Retail deposits	16,0	16,4	▲
Commercial deposits	17,6	17,1	▼

Key targets and KPIs

Include main-banked clients, cross-sell, CIB primary client wins, selected lending and deposit market shares, CLR, and CET1 (see page 73 for more detail).

Board oversight – ensuring and protecting value

Group Credit Committee (GCC)

'Credit risk management and governance remained resilient despite a weak local economy hampered by high interest rates, higher inflation, load-shedding, infrastructure challenges, a weaker global economy, and a deteriorating geopolitical environment. The GCC continued to provide independent oversight, ensuring a quality credit portfolio that remains adequately impaired.'

Errol Kruger, Chairperson

Ensuring and protecting value in 2023

- Approved the adequacy of impairments (biannually) to ensure that the expected credit loss (ECL) held against gross loans and advances (GLAA) was appropriate.
- Approved the adequacy of credit risk-weighted assets (RWA).
- Tracked and monitored initiatives to improve origination and collection processes and their impact on the 2023 credit loss ratio (CLR).
- Oversaw deep dives into the possible impact of a blackout scenario (electricity outages) on the economy, the impact of elevated interest rates on the credit portfolio, and the impact of infrastructure decay on Nedbank's portfolio.

Focus for 2024 and beyond

- Oversee ongoing credit risk management across all portfolios to optimise the outcome of the cost of credit and credit RWA.
- Monitor and consider the impact of the implementation of Basel III Reforms on the credit portfolio.
- Monitor developments emanating from SARB's proposed amendments to Directive 7/2015 relating to the treatment and classification of distressed restructures on the credit portfolio.
- Continue to focus on early-identification strategies regarding distressed portfolios, industry-specific concentration risks, and the proactive management of key watch list clients.

Stakeholders

Clients
Regulators
Employees
Shareholders

Top 10 risks

1 Business
2 Credit
3 Climate

A comprehensive GCC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Governance (Absa Group Ltd, 2023, page 80)

Protecting value through strong governance continued

Governance objectives

The objectives and critical success factors of those charged with governance are clearly defined.

Corporate strategy

Substantive achievement

Strategy execution and performance updates were regularly provided to the Board with robust challenge and engagement thereon. The Board approved the Integrated Plan for the short and medium term and supported the longer-term growth and diversification strategy.

While there was extensive engagement regarding elements of this objective, and much achieved on various elements of the Group's non-financial performance, it is recognised that financial performance did not meet expectations. The strategy, however, remains robust with a focus on diversification of returns and growth opportunities going forward.

2024 focus areas

Oversee the execution of the approved short-term plan for 2024 and the medium-term plan within the framework of the approved risk appetite while considering the uncertainties within the macro environment, with a particular focus on the returns and growth strategy for the South African businesses and ARO.

A digitally powered business

Substantive achievement

Significant progress has been made in terms of stability, cybersecurity and digitalisation. Regular reports have been submitted to the Board and committees. Presentations on cloud and AI and new digital products were regular features on the Committee agenda. The Committee was focused on controls, retention of scarce skills and return on investments and will continue to focus on these going forward. The technology roadmap was well received, with architecture being a high priority.

2024 focus areas

Oversee the technology and digital journey of the Group to ensure the consistent provision of services, a safe and secure environment (focusing on information and data protection and cyber), an optimised and sustainable client experience (recognising different needs for our diverse clients) and sustainable benefits realisation, within the context of an accelerated pace of change and the use of new technologies including AI to benefit the Group and review the architecture of the Group in the context of the strategy and the related requirements of the business.

4 **Board objectives reflect the most critical governance focus areas for the year and are directly linked to the strategic ambitions of the Group.**

Full achievement | Substantive achievement | Modest achievement | Limited achievement

A winning, talented and diverse team

Full achievement

The Board and Committees noted considerable progress on the employee front with marked improvement for the third year running in employee engagement and in client experience scores. While progress was observed in employment equity and diversity overall, the committees challenged the number of women in leadership and in commercial roles in particular. Importantly, the values were refreshed and approved, creating an opportunity for colleague involvement and engagement and for positive culture transformation. Much work was done in the committees to ensure the appropriate link of performance to reward and alignment with shareholders. Talent management and succession management remains a focus and will be intensified in the coming year.

2024 focus areas

Monitor and assess the Group's progress regarding:

- Diversity, inclusion and belonging in all our geographies
- Client centricity
- Our values and ethical practices
- The continued culture transformation journey and related employee engagement
- Talent strategy and succession
- Performance and reward.

An active force for good in everything we do

Substantive achievement

There was significant monitoring by relevant committees on all areas of the Active Force for Good initiatives within the Group and in particular significant progress was made in various areas of sustainability reporting and target setting (as reported in our *Sustainability* and *Climate* reports). However, it is recognised that there is more to do in terms of determining additional specific goals in our journey to net zero.

Significant inroads were made with the announcement and implementation of our B-BBEE Scheme (approved by shareholders in June 2023) with opportunities created for all our employees to participate in shares; and opportunities for others to benefit from dividend flows through the establishment of the Absa CSI Trust. Much work and reporting on these initiatives was done through the Board and committees with the embedment and experience of this in our communities to follow in the coming year.

2024 focus areas

Monitor the Group's role regarding sustainability matters, focusing on:

- Inclusive finance
- Climate/environmental sustainability
- A just society
- The Group's contribution to a just transition and its net-zero journey
- Education, skills development, and entrepreneurship.

We will embed the related activities to contribute more broadly to shaping the continent's growth and sustainability.

Linkage (Kumba Iron Ore Ltd, 2023, page 36)

Our operating context

This year we prioritised the following eight key trends in our operating environment that are having a material impact on Kumba's value creation, preservation and erosion. Almost all of these trends are interrelated in some manner, highlighting the complexity and inherent uncertainty of our operating context.

A considered review of these and other key trends has informed our recently approved Refreshed strategy (see **page 58**).

1	2	3	4	5	3	7	3
Deteriorating performance on the Transnet Iron Ore Export Channel (IOEC)	Continuing volatility in global iron ore prices amidst sustained cost pressures	Challenging political and macro-economic environment in South Africa	Heightened geopolitical instability undermining the global economic outlook	Global decarbonisation and the "just transition" imperative	Optimising Kumba's life-of-assets	AI and digital technologies disrupting business models	Growing regulatory and stakeholder focus on sustainability/ESG performance and disclosure

1 Deteriorating performance on the Transnet Iron Ore Export Channel (IOEC)

Production and sales volumes impacted by significant operational challenges at Transnet

We have continued to face profound challenges this year with the reliability of the IOEC, the essential rail-line, port infrastructure and supporting services needed to move our product to market. Operated by Transnet, an SOE, the IOEC has experienced significant operational difficulties in recent years, with its performance well below its design capacity of 67 Mt. This underperformance is a result of poor operating practices, years of underinvestment in equipment and maintenance, financial irregularities, and corruption. These internal challenges have been compounded by various external headwinds, including vandalism and theft, inclement weather conditions, cyberattacks and a shortage of spares.

With the aim of revitalising the SOE, in July 2023 the Minister of Public Enterprises, Pravin Gordhan, announced a newly reconstituted Transnet board of directors, with nine new non-executive directors and the reappointment of two others, each for a three-year term. Mr Andile Sangqu, the former Vice President of the Minerals Council South Africa and former Executive Head for Anglo American South Africa, was appointed as the new chairperson of the board. In September 2023, various executive changes to Transnet were announced, with the departure of the Chief Executive, Ms Portia Derby, and Chief Financial Officer, Ms Nonkululeko Dlamini. The Chief Executive of Transnet Freight Rail, Ms Siza Mzimela, later resigned with effect from 1 November 2023. Acting executives have been appointed while the recruitment process is underway.

In October 2023, the new Transnet board released a comprehensive recovery plan aimed at transforming the operational performance of its business areas and driving volume recovery at its rails and ports, with a strong emphasis on improving equipment availability, reliability and asset quality. Transnet has committed to partnering with the National Logistics Crisis Committee (NLCC) to enhance operational effectiveness in its ports, rail and port terminals. This includes streamlining procurement procedures, improving maintenance planning and adherence to plans to resolve operational bottlenecks and equipment shortages, maintaining safety, and achieving specific performance metrics through dedicated workstreams. The plan includes provisions for stringent accountability and oversight mechanisms, collaborating with the Department of Public Enterprises and the NLCC to ensure detailed reporting on implementing the turnaround strategy. Transnet intends to collaborate with the private sector to enhance operational and investment capabilities. The focus remains on using private sector partnerships to spur growth and operational delivery in key market segments. Additionally, the Company will divest non-core assets.

To aid in Transnet's recovery, in December 2023 the Minister of Finance, in agreement with the Minister of Public Enterprises, approved a R47 billion guarantee facility. Although this facility does not fully address the Company's almost R130 billion debt, this measure will help Transnet meet immediate debt obligations and support its recovery plan. Transnet is exploring other initiatives alongside the bailout, including the divestment of non-core assets, restructuring its cost framework, and various funding models for infrastructure and maintenance. These funding models may include project financing, third-party access, concessions, and joint ventures.

Logistics and production volumes[1] (Mt)

NLCC: National Logistics Crisis Committee; FLR Freight Logistics Roadmap
[1] Updated to wet metric tonnes with 1.6% moisture factor.

Implications for value

According to budget data, rail inefficiencies in 2023 cost South Africa's economy R411 [illegible] significantly worsened the [illegible] shortfall. The Minerals Council of South Africa estimates it cost mining companies R150 billion in 2022, while the SA Association of Freight Forwarders (SAAFF) has calculated that Transnet's failure to fulfil its duties currently costs the country's economy around R96 million each day.

For Kumba, rail constraints throughout the year led to a significant build-up of iron ore stockpiles at our mines, necessitating a material decrease in production given the lack of available storage space. These rail constraints were compounded by unexpected instability at Saldanha port as a result of equipment failures and weather challenges. For the year, rail performance was 82% and port performance was 85% against contract.

As a result of these logistical challenges, we ended the year with production of 35.7 Mt (down from 37.7 Mt in 2022) and sales at 37.2 Mt (up from 36.6 Mt in 2022).

Strategic response

To address these significant infra[illegible]cture challenges, Kumba has been workin[illegible] with Transnet – as well as [illegible] other major users of the IOEC in the Ore User's Forum (OUF) – to identify opportunities to stabilise performance and improve some of the underlying technical and strategic issues facing the iron ore and manganese logistics network. We have also provided operational and technical collaboration support for Transnet, as well as ad hoc interventions in the areas of security and crime prevention.

Our Chief Executive's participation in the newly established National Logistics Crisis Committee (NLCC) is aimed at improving operational performance at a corridor level and participating in security interventions. Strategic initiatives include the development of a private sector participation model and development of a high-level investment case and evaluation of options around alternative export channels.

The mining sector has also developed a comprehensive partnership proposal aimed at bringing the country's rail and port infrastructure to global standards, providing access to urgently needed capital to fix the deteriorating rail and port network, improving the infrastructure decay on our roads, and accelerating the introduction of emerging miners to the rail network.

The OUF and Transnet signed off on the scope of work for a joint Independent Technical Assessment of the Ore Export Corridor to verify the physical condition of all rail and port assets and infrastructure. A technical consultant was appointed in September 2023 to lead this 10-month project, which will be completed in July 2024.

We look forward to working with the new leadership at Transnet and are encouraged by the constructive efforts of the NLCC in developing a solutions-based private sector participation model. We continue to work on understanding the capital requirements and have produced preliminary insights, which at present are being tested with the group Corporate Finance Division.

Given these persistent logistics challenges, we have conducted a strategic business review to reconfigure our business and align production more closely to the prevailing logistics capacity. We have lowered our production outlook for the next three years to between 35 and 37 Mtpa (from our previous targets of 37to 39 Mtpa in 2024 and between 39 and 41 Mtpa in 2025). Despite flat production and ongoing cost inflation, our C1 unit cost is forecast to improve to between US$38 to US$40/wmt over the next three years, benefiting from our programme to optimise our cost base in line with the revised production profile.

Strategic focus areas

Operational excel[illegible] (**page 61**)

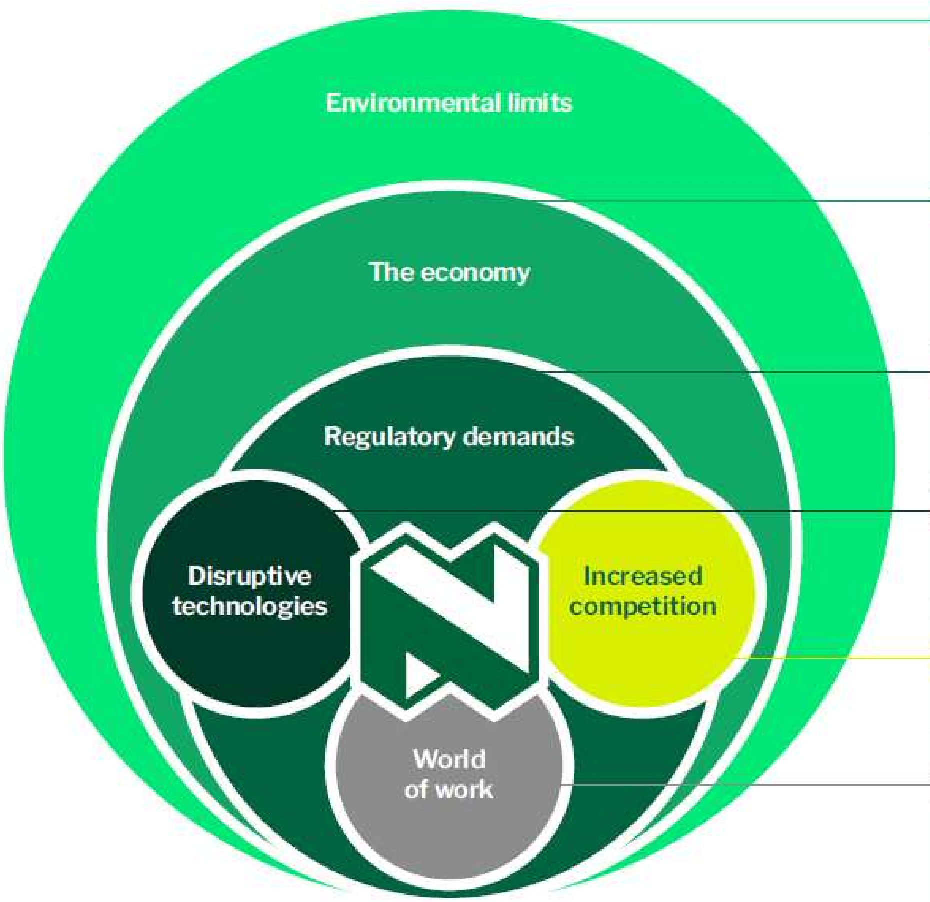
Leadership and culture (**page 61**)

Capitals materially impacted:

EY

Challenges (Nedbank Group Ltd, 2022, page 41)

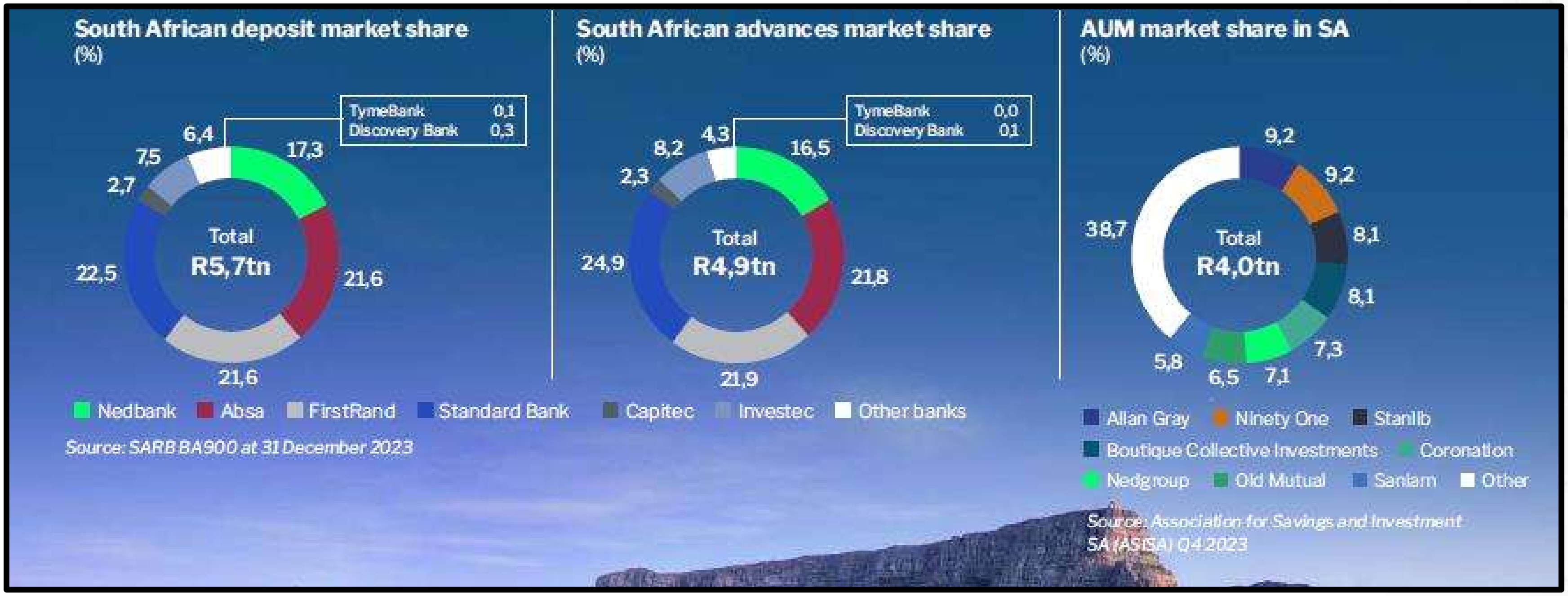
Our material matters

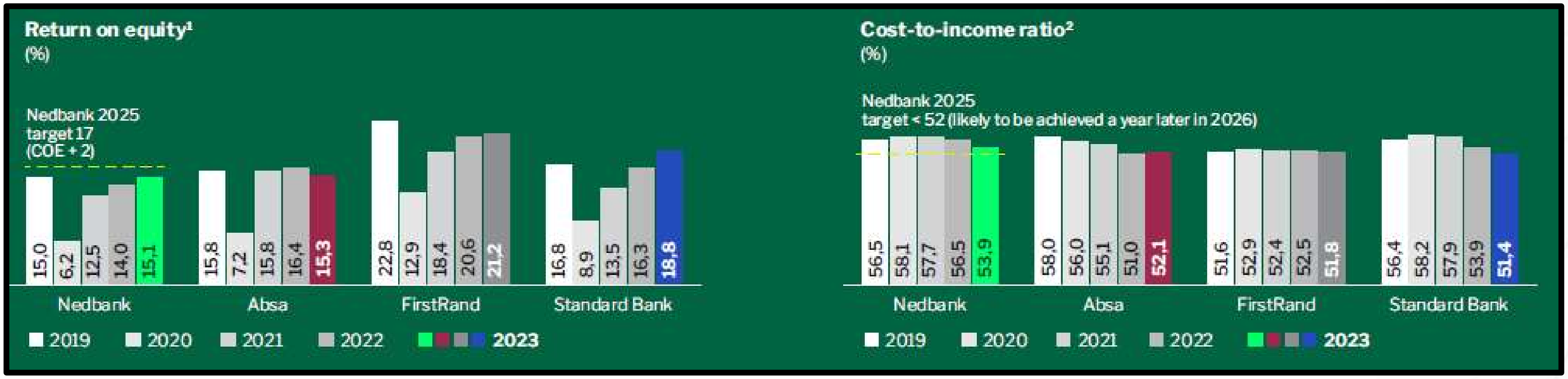


Our top 10 risks

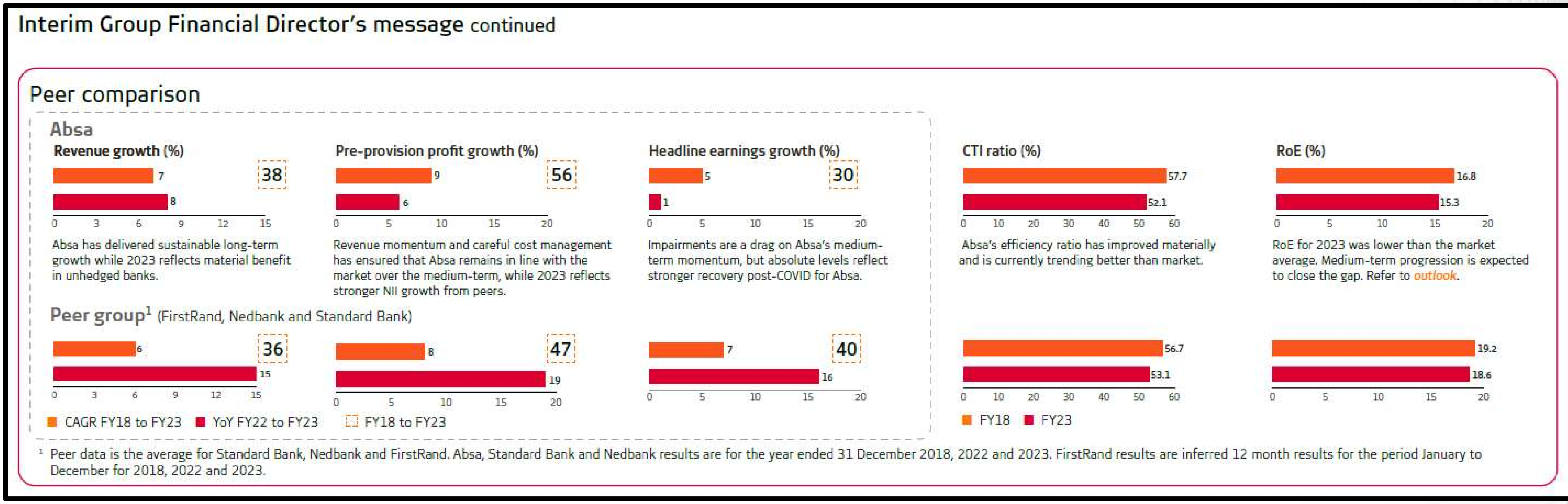
	Top 10 risks
Environmental limits: The increasing impact of climate change, evident in droughts, extreme weather events and biodiversity impacts, the need for a Just Transition given the unique social and environmental positioning of SA and the African continent, and the risk of investing in stranded assets.	1 Business; 7 Operational; 8 Climate
The economy: Global and local economic dynamics, rising geopolitical risks, as well as social and political developments impacting on SA and the African continent, including slow economic growth, high interest rates, high but moderating inflation, weak consumer and business confidence, as well as opportunities (such as renewable energy) and threats (such as electricity shortages or economic shocks).	1 Business; 2 Credit; 6 Organisational resiliency; 7 Operational; 9 Reputational and conduct; 10 Capital
Regulatory demands: Growing regulatory scrutiny and demands placed on financial services companies, including those relating to technology and cyberrisk, payments, ESG, consumer protection, financial crime, data and data privacy, as well as financial and banking regulation.	8 Climate; 4 People; 7 Operational; 10 Capital; 9 Reputational and conduct
Disruptive technologies: The impact and adoption of new emerging technologies such as GenAI, as well as increased levels of digital adoption, behavioural changes of clients and employees, and rising threats and levels of cybercrime.	5 Strategic execution; 4 People; 3 Cyberrisk
Increased competition: Competition from incumbents and new entrants, with a focus on retail transactional and related deposits, the small-and-medium-enterprise (SME) market, and renewable energy.	1 Business; 4 People; 2 Credit
World of work: The influences by macroeconomic, social and political developments, digital transformation and fast-paced technological change, heightened demand for scarce skills and the war for talent, as well as the requirements of employment equity legislation on the world of work.	4 People; 5 Strategic execution; 9 Reputational and conduct

Market share (Nedbank Group Ltd, 2023, pages 8 & 9)





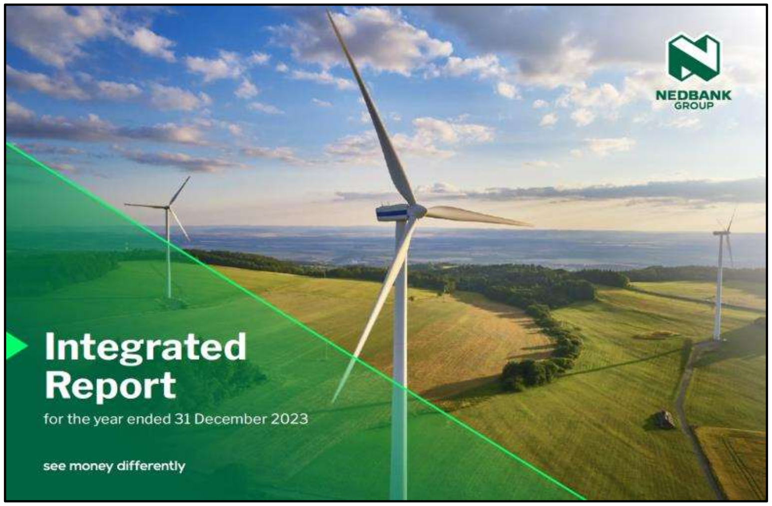
Balance (Absa Group Ltd, 2023, page 49)



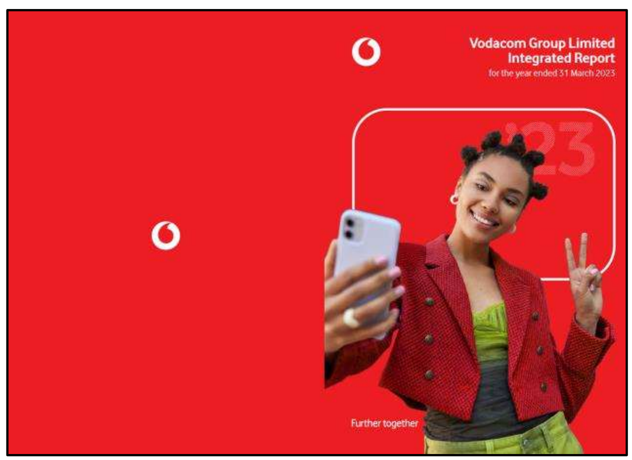
Interim Group Financial Director's message continued

Peer comparison

[1] Peer data is the average for Standard Bank, Nedbank and FirstRand. Absa, Standard Bank and Nedbank results are for the year ended 31 December 2018, 2022 and 2023. FirstRand results are inferred 12 month results for the period January to December for 2018, 2022 and 2023.



1 Nedbank Group Ltd
2 Redefine Properties Ltd
3 Absa Group Ltd
4 Vodacom Group Ltd
5 Kumba Iron Ore Ltd



Sustainability Reporting Landscape

What we will cover in this session:

- Overview of the global sustainability landscape and South African insights
- Discussion around ISSB, key concepts & industry practices
- Spotlight on the assurance landscape
- What this means in practice

As stakeholder expectations on sustainability continue to increase, so has the imperative for robust sustainability reporting to build trust

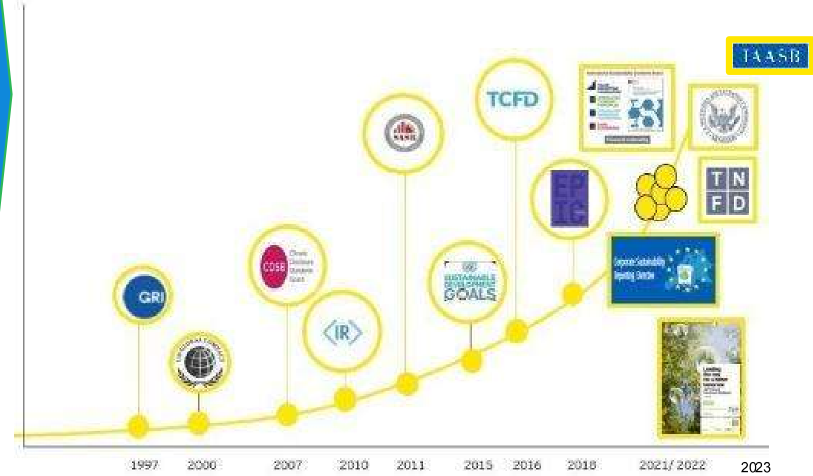
What investors think

99% utilize ESG disclosures in their investment decision (inc. 74% using a rigorous approach)

73% say "companies have largely failed to create enhanced reports, encompassing both financial and ESG disclosures"

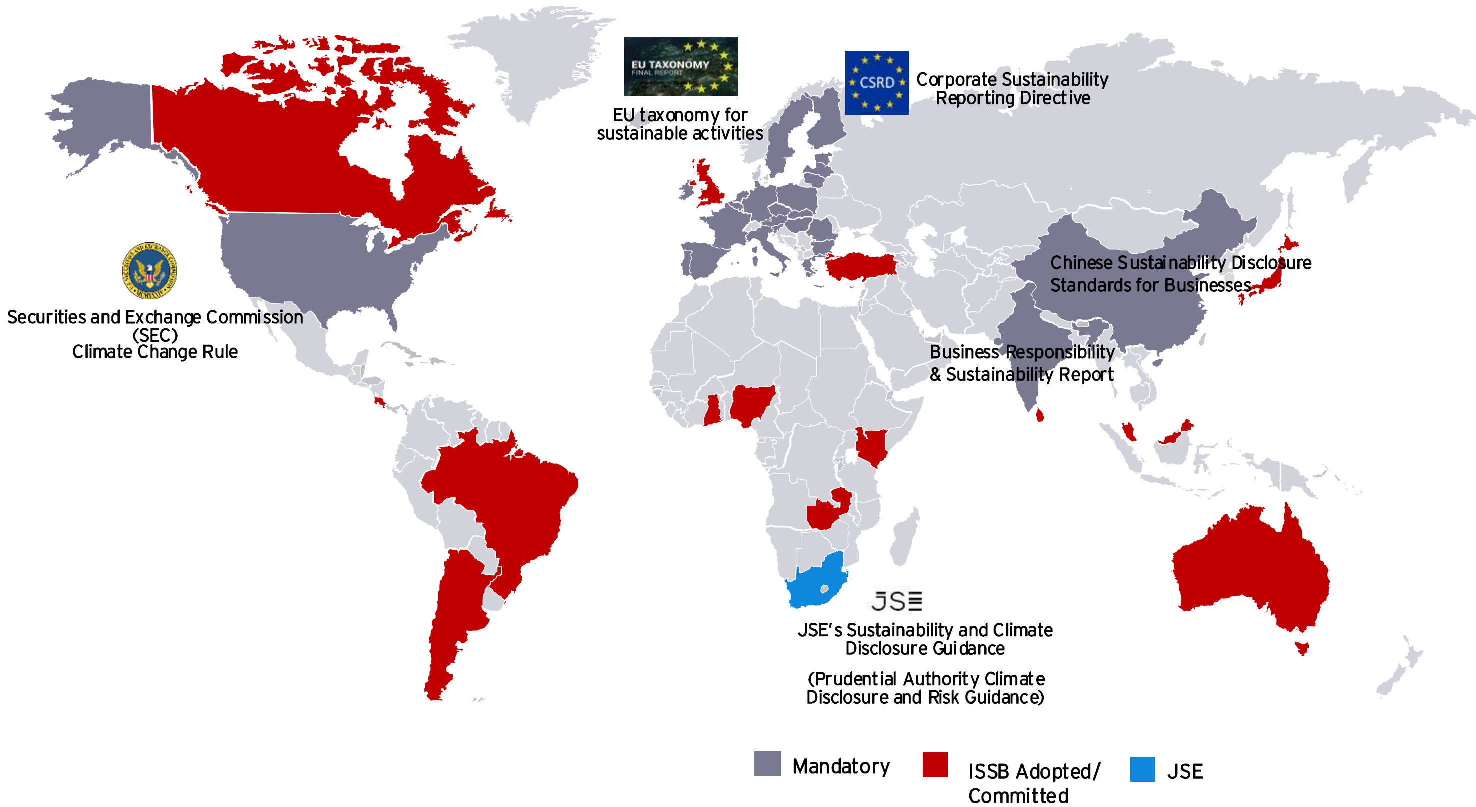
76% note "companies are highly selective in what they provide, raising concerns about greenwashing"

Towards mandated/regulated sustainability reporting that is interconnected to financial reporting, assured and systematically covers material ESG risks and opportunities



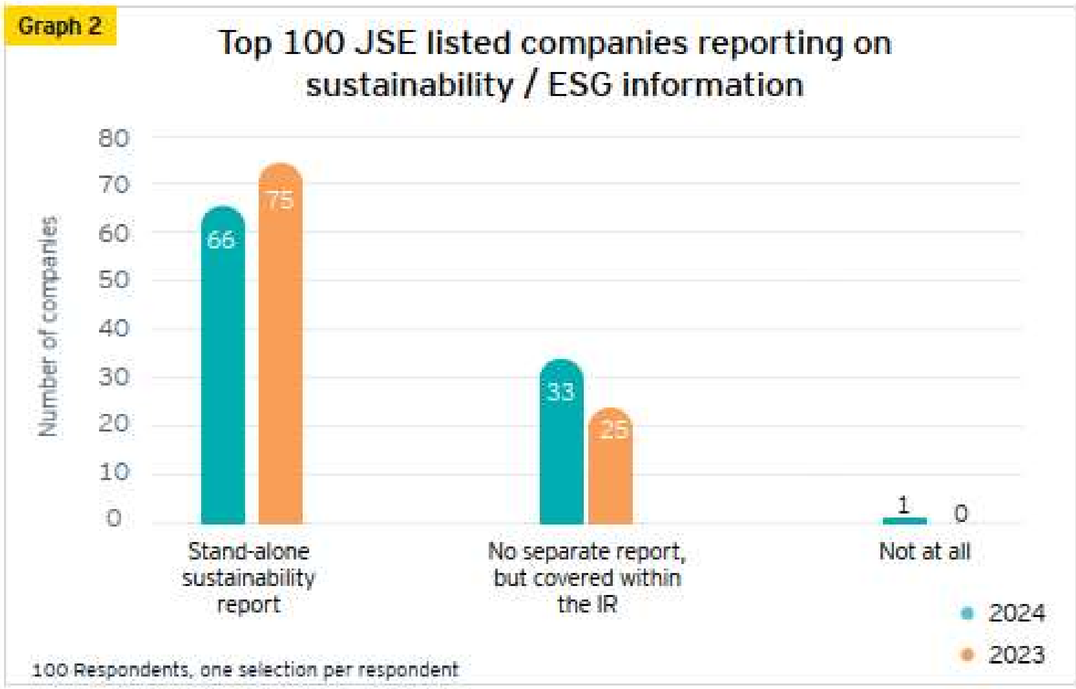
Source:
EY Global Corporate Reporting and Institutional Investor Survey 2023

Sustainability reporting requirements are rapidly increasing around the world, with various jurisdictions driving different initiatives



The ISSB standard (S1 & S2) leave several decisions to the local jurisdiction including whether the standard is mandatory, location of disclosure, effective date and level of assurance (if any) required. Brazil, Costa Rica, Sri Lanka, Nigeria, Turkey, Canada, Japan, Singapore, Australia and Malaysia have adopted ISSB. Ghana, Kenya, Zambia, Chile and the United Kingdom are looking into bringing ISSB into their frameworks.

EY South Africa's analysis of top 100 JSE-listed companies' sustainability reports highlights the continued focus on sustainability reporting



- The majority of companies continue to produce **stand-alone sustainability reports**
- However, a third of companies also **continue to utilise their integrated reports** for their sustainability disclosures

The analysis also reveals that most companies continue to take a double materiality lens in their sustainability reporting

Graph 3

The continued application of **a "double materiality" lens** in sustainability reporting demonstrates the intention for most companies to provide sustainability information to a broad set of stakeholders.

The ISSB aims to serve as a global baseline for sustainability reporting

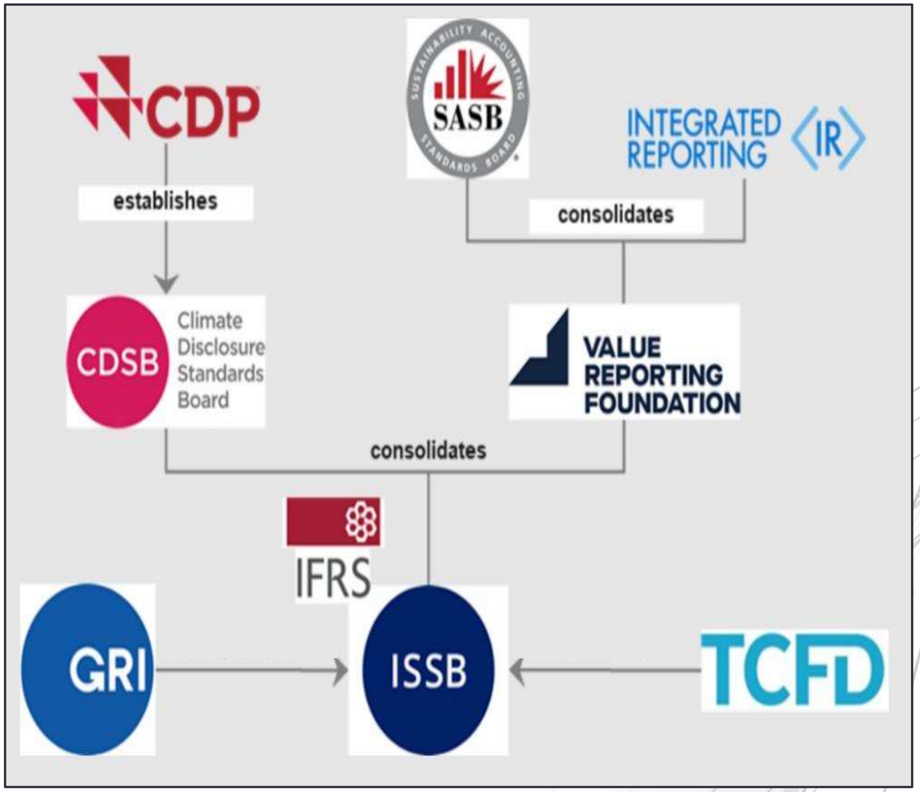
Aim 1

Create a comprehensive global baseline of sustainability reporting that local jurisdictions can build on.

Interoperability with other standards, e.g. CSRD/ GRI, is also being worked on.

Aim 2

Enable users of general-purpose financial reports to assess a company's exposure to, and management of, sustainability- and climate-related risks & opportunities.



Benefit: Provide investors and global capital markets with globally comparable, consistent and reliable sustainability information

The ISSB has adopted a building blocks approach to enable reporting on all relevant risks and opportunities

IFRS S1 General Requirements [Standard]

A company would be required to disclose material information about all significant sustainability-related risks and opportunities

IFRS S2 Climate [Standard]

A company would apply the relevant IFRS sustainability disclosure standards to identify risks/opportunities and disclosures

Requires disclosure of information about (1) physical risks e.g. flood risk (2) transition risks e.g., regulatory change (3) climate-related opportunities e.g., new technology

If no specific IFRS Sustainability Disclosure Standard requirements, a company must consider:

SASB Standards (Appendix 1 of Standard 2)	CDSB framework and application guidance	Other standards	Other resources
Industry-based disclosure topics	ISSB's non-mandatory guidance – e.g. social, water and biodiversity	Those that meet investors' information needs	Peer company practices (similar industry / geography)

Let’s cover some usual questions on the objective and conceptual foundations in IFRS S1

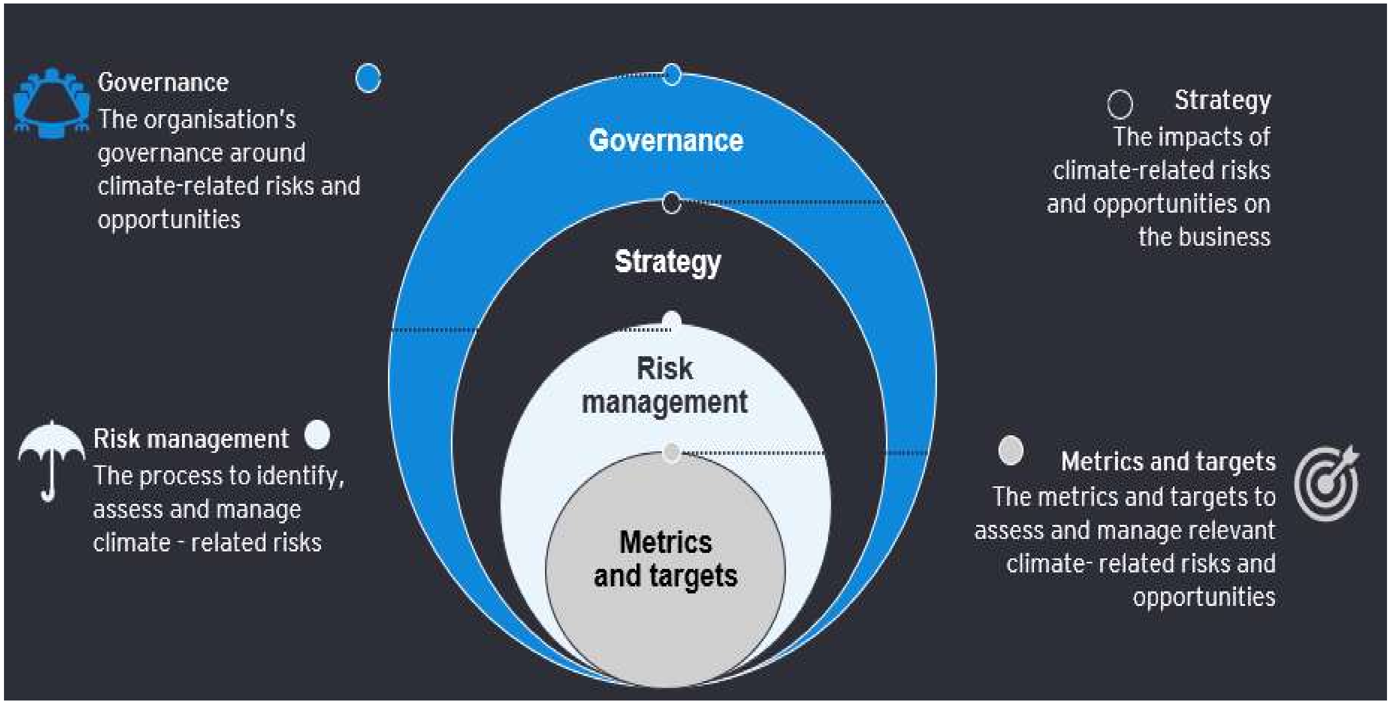
Why is sustainability-related information disclosed?

Who is disclosing the sustainability-related information?

Where is the sustainability-related financial information disclosed?

What is the sustainability-related information about?

Overview of the general requirements for disclosure of sustainability-related financial information and key concepts



General features

Relevance	Fair presentation	Materiality	Disclosure of requirements
Connected information	Comparability	Frequency of reporting	Location of information

The ISSB standards link to Integrated Reporting

Embedding the integrated reporting concepts into the ISSB standards will support the robustness of the value creation process for companies and provide a broader overview of their governance and business model disclosure to enhance the connectivity between financial statements and sustainability-related financial disclosures.

SIMILARITIES

- Both require stakeholder engagement
- Both require understanding of material issues
- Both require robust processes of gathering relevant, accurate, consistent and understandable data

But some challenges remain...

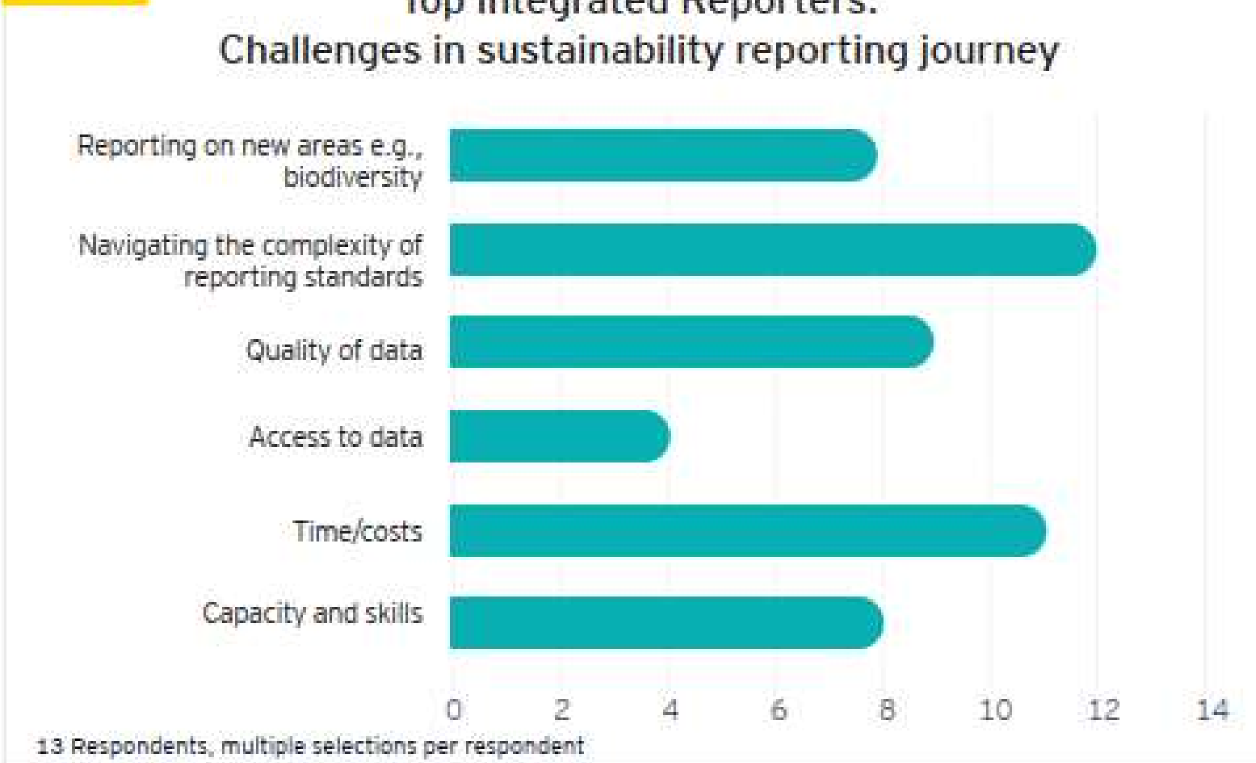
SPECIFIC FOCUS AREAS

- Sustainability report – focus on external impacts (SDGs, CSI)
- Integrated report – focus on how impacts and external environment impact future value creation, inward looking value creation

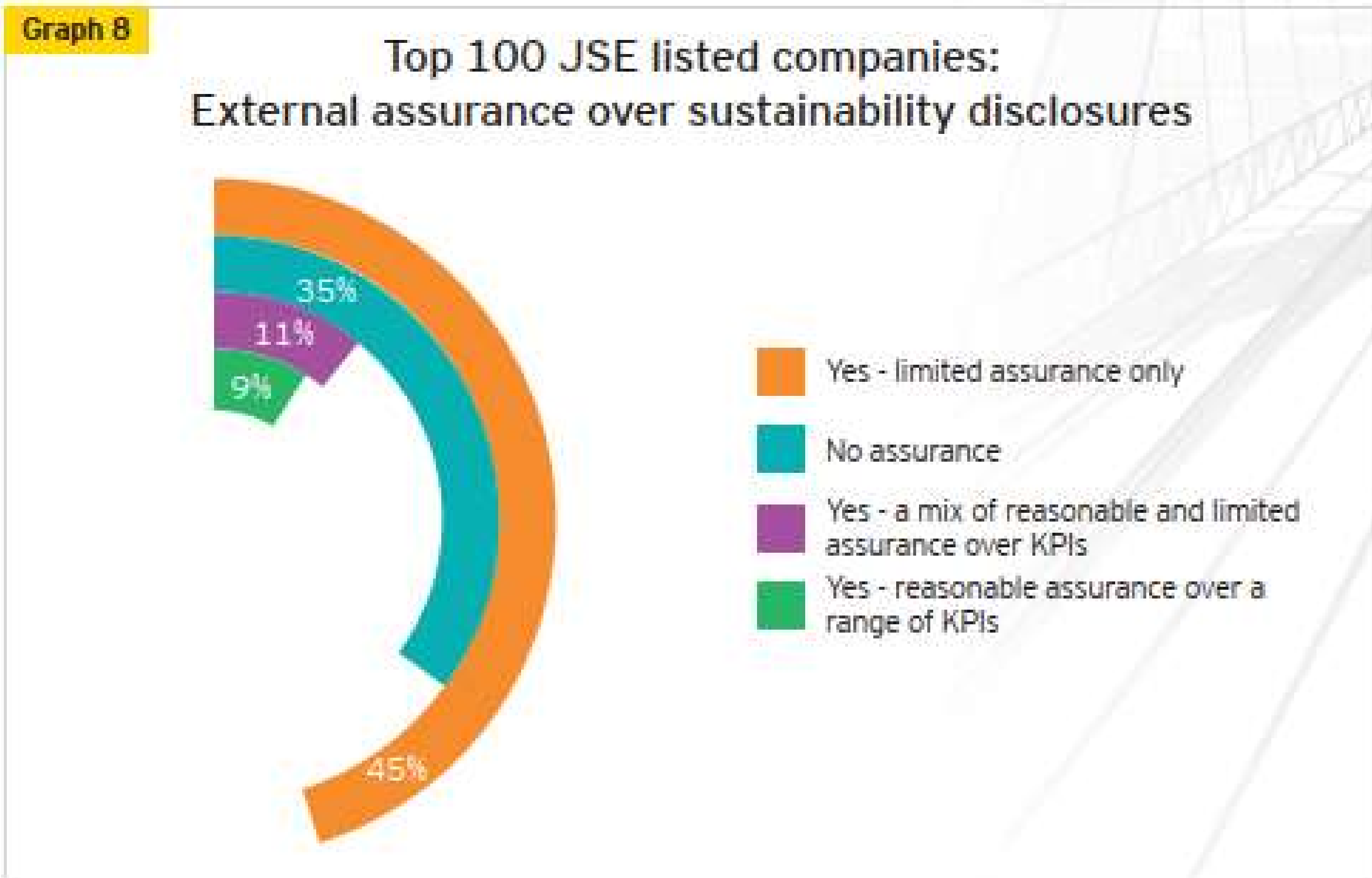
EY South Africa's survey of the top integrated reporters reveals there are still significant challenges in relation to sustainability reporting

Navigating the complexity of new reporting standards and time/costs are the leading concerns for companies reporting on sustainability.

Graph 10



EY South Africa's analysis of top 100 JSE-listed companies' sustainability reports also reveals a varied approach on assurance over sustainability information



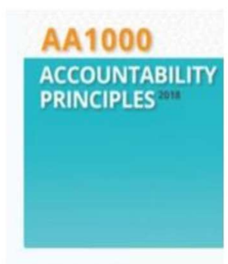
Majority (45% and 35% respectively) of South African listed **companies** have **opted for limited assurance or no assurance at all.**

Approaches to assurance over sustainability will also need to evolve in line with the changing sustainability assurance standards

Changing sustainability assurance engagement standards

International Assurance Standards on non-financial information

Other standards (un-regulated)

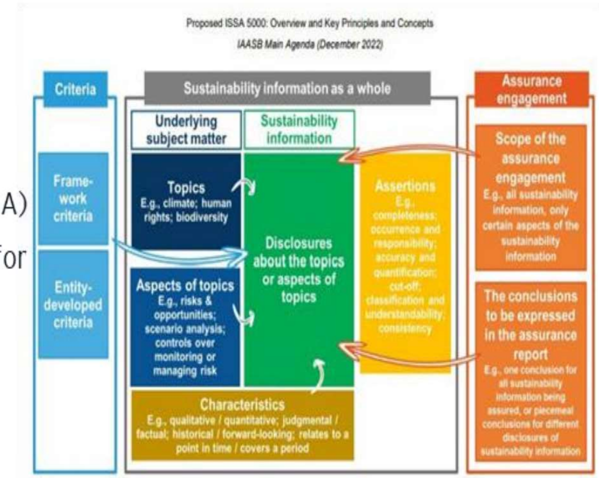


- Current landscape

Reasonable or Limited Assurance

IAASB

International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance



- Under Development – the future of sustainability assurance
- The Final Standard is expected to be ready by Q4, 2024

As the reporting process evolves and continues to become more integrated across disciplines, we anticipate a broader scope for assurance engagements

Illustrative Integration Timeline

Current

Reporting Processes

The reporting process is not that advanced or integrated to enable a dynamic approach to reporting on issues.

Scope of Engagement

Selected KPIs

The scope is defined through a high- level materiality process, but only considers select KPIs. The assurance provider will then provide limited or reasonable assurance over selected subject matters and KPIs.

Future

Reporting Processes

More advanced and integrated systems, across sustainability, finance and other functions like strategy, will enable a more dynamic and robust reporting process. The multi-disciplinarity of assurance teams to navigate this will be key.

Integration of financial & non-financial reporting

Scope of Engagement

Whole Report Focus

Moving away from providing assurance over selected KPIs to provide limited or reasonable assurance over the full report.

=

Long-term value creation

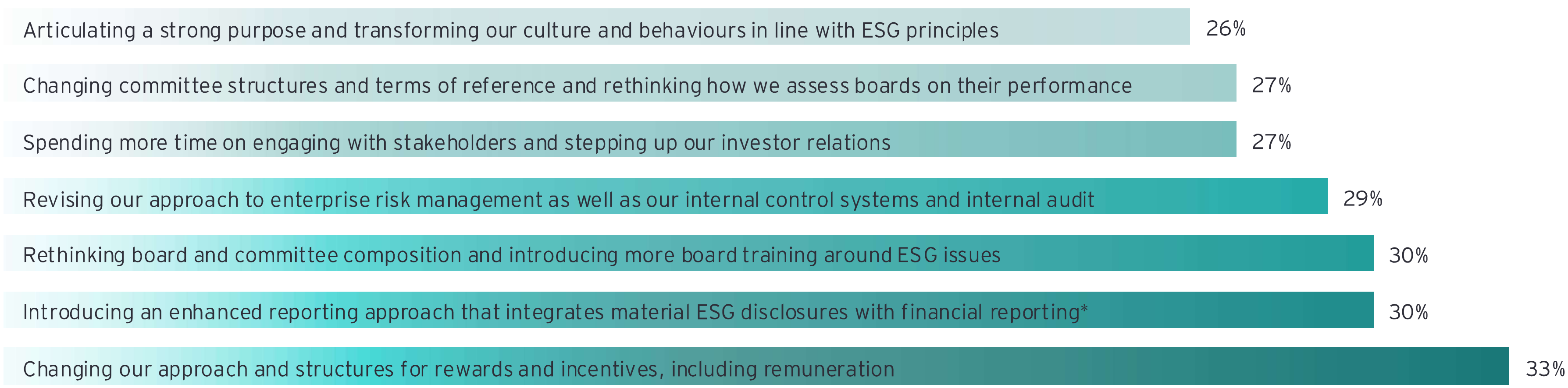
More synergies

The Board plays a unique role to support alignment and engagement on ESG/ climate change considerations

Some key questions for Boards –

- How does the Board and corporate governance evolve to provide sustainability oversight?
- How do we ensure that we have adequate knowledge and right diversity/ profiles to enable us to be future fit?
- What are the key unknowns that we must anticipate?

Companies are prioritizing some key updates to their governance over the next two years to enhance their approach to ESG



**Including limited external assurance of our ESG disclosures.*
Source: *EY Long-Term Value and Corporate Governance Survey February 2022 (total respondents: 200)*

Sustainability is a journey which requires continuous improvement

Maturity

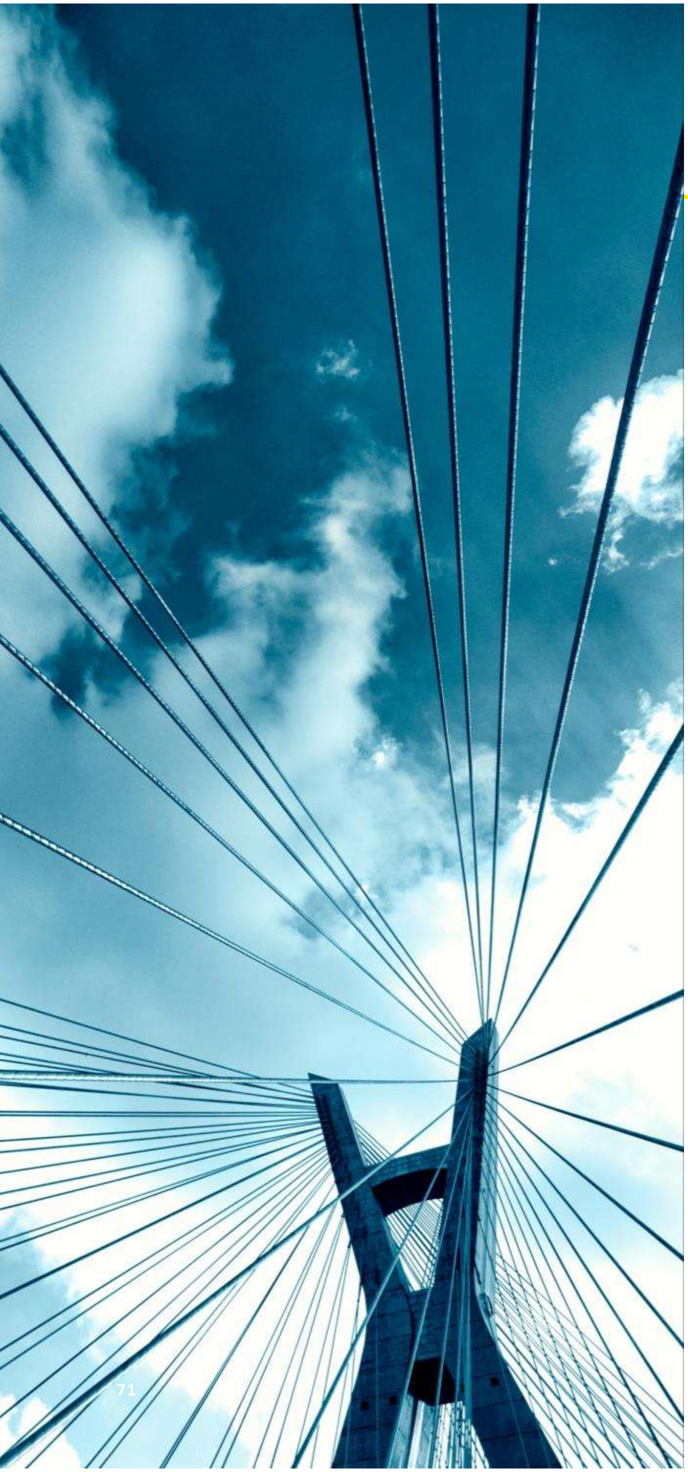
Leading	**Sustainability is fully integrated into the business,** including financial reporting. **Reasonable assurance** is in place to demonstrate compliance with relevant sustainability reporting frameworks.
Advanced	Sustainability reporting is anchored around a robust **materiality assessment process** and aligns to multiple frameworks/ best practice. Focused assurance **(limited/ reasonable)** supports credible reporting.
Established	Sustainability reporting is part of regular disclosure processes to stakeholders. There is **limited integration** with financial data. Reporting is supported by some **limited/ reasonable external assurance** on certain KPIs / disclosures.
Developing	Sustainability reporting is **recognised as an important aspect** and there is regular materiality assessment process. Limited use of digital tools or external assurance, with **some internal assurance** processes over data.
Basic	Sustainability reporting is aligned to basic regulatory/ compliance requirements. There are no/ limited controls over data. **No internal or external assurance.**

There are some “no regret actions” that can be taken along this journey

No regret actions

- Identify the **appropriate and best practice international standards** that should be reported against to **meet stakeholder expectations.**
- Understand **alignment (or nuances) across frameworks** to ensure that these can be adequately addressed.
- Focus on **governance, risk management and strategy** as priorities to enable action, underpinned by a robust materiality assessment process.
- Consider and **integrate the performance aspects also required through ESG ratings/ indices** within broad sustainability reporting process.
- Define a **journey to external assurance of sustainability information that is aligned to emerging requirements**. This is likely going to require ensuring
  1) Appropriate guidelines/ processes/ systems in place to support company wide data collection/ reporting,
  2) Definition of control environment to support data quality,
  3) Internal audit and **readiness assessment processes** to enable learnings prior to external assurance.

Sustainability: Reporting of the future



Sustainability: Reporting of the future

- Climate related commitments
  - Provision for a net-zero commitments IFRS IC – Agenda Decision on Climate-related Commitments (April 2024)
- Insights from annual 2023 reports
  - Examples of disclosures in relation to climate related matters

Climate related commitments

Our goal is to achieve net-zero emissions across all our operations and value chain by 2030.

Reducing our absolute greenhouse gas emissions by 25% by 2030 through our Science-Based Target

Microsoft is committed to achieving zero carbon emissions and waste by 2030

Woman are 39% of our workforce – we are targeting 50% by 2030

Reach our net-zero target having 100% of lending and investing supporting a net-zero carbon economy

EY is carbon negative and will be net zero in 2025

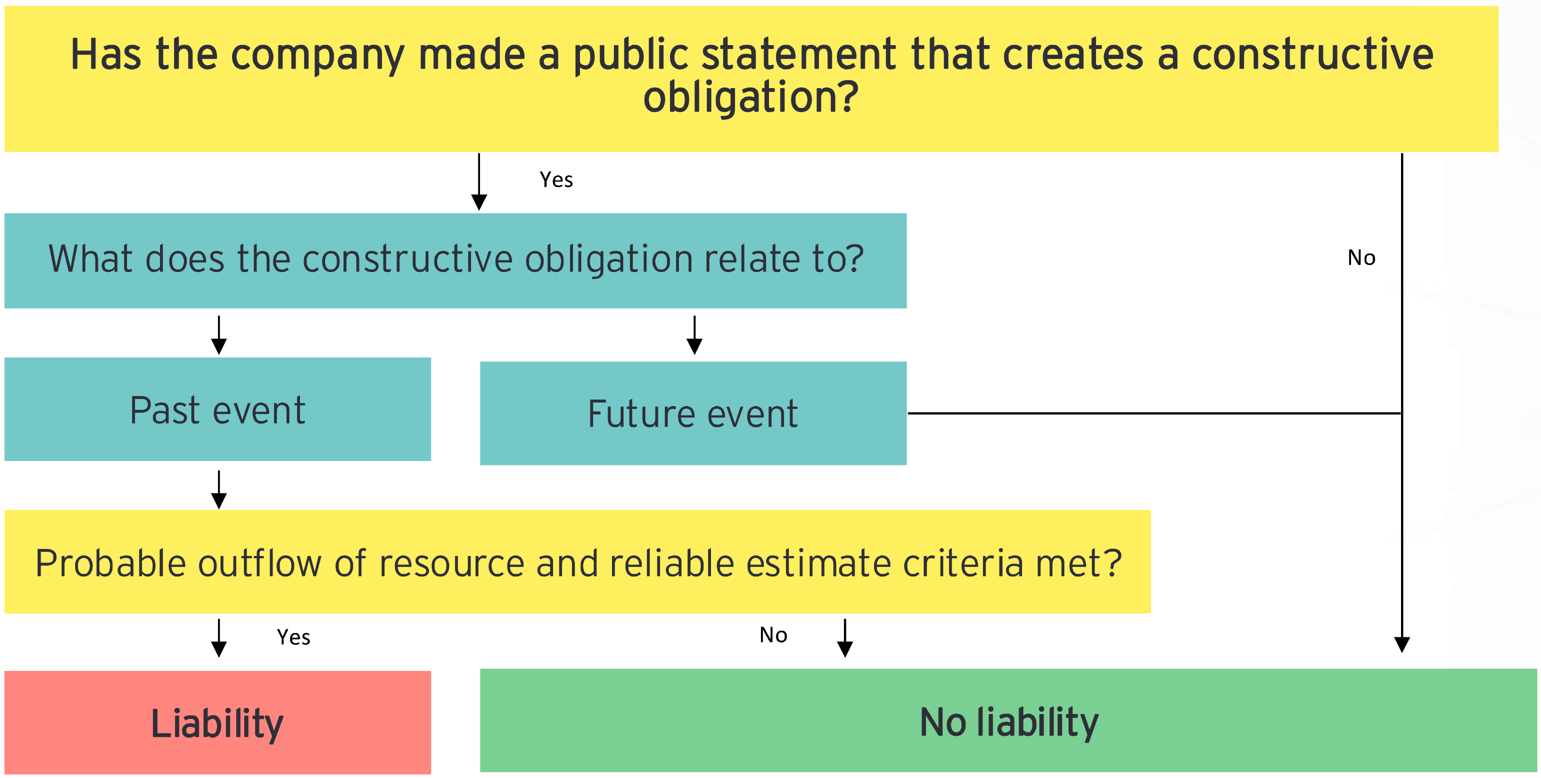
We aim to be net-zero by 2050

Climate related commitments

Provision for a net-zero commitment - IFRS IC – Agenda Decision on Climate-related Commitments (April 2024)

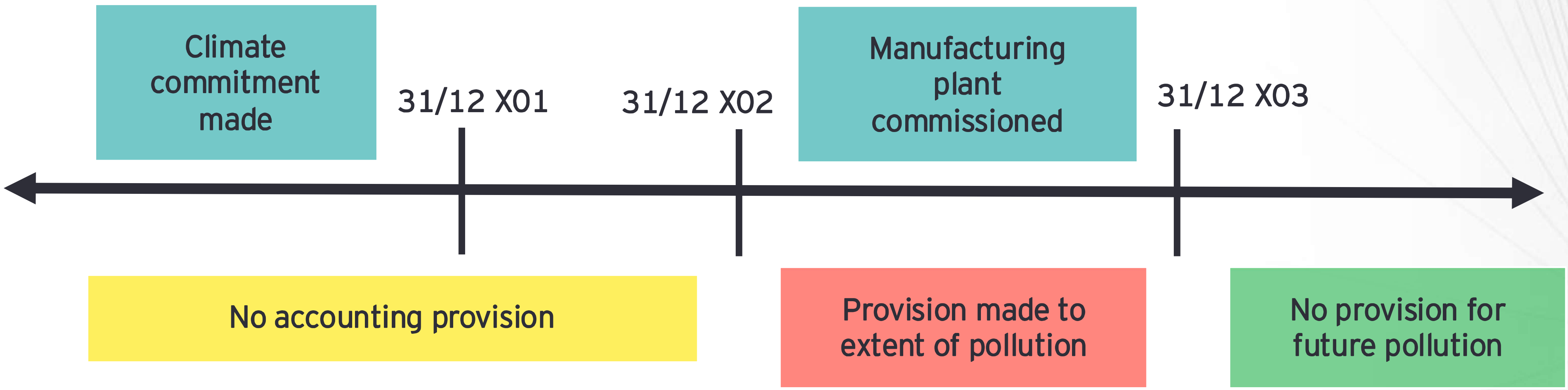
The submitter:

"Does an entity's commitment to reduce or offset its greenhouse gas emissions create a constructive obligation for the entity, and does it meet the criteria in IAS 37 for a provision?"



Climate related commitments - Example

When should an entity make a provision for climate commitments?



NB: The accounting is facts and circumstance dependent and will require judgement to be exercised

Insights from annual 2023 reports: examples of disclosures in relation to climate related matters

ARCELOR MITTAL, Annual report 2023, Note 1.2 Climate change disclosures (pages 253 et seq.)

NOTE 1: ACCOUNTING PRINCIPLES

1.2 Climate change disclosures

The Company continues to develop its assessment of the potential impacts of climate change and the transition to a low carbon economy and has considered such impacts when preparing its consolidated financial statements. ArcelorMittal's decarbonization strategy aims to achieve carbon neutrality by 2050 in line with the United Nations' Paris agreement. By 2030, the Company is targeting a 25% reduction in its CO_2 emissions intensity across its global steel and mining operations, with an increased European target of 35%. Both targets cover both scope 1 and 2. The Company's decarbonization roadmap is broken down by country, plant and project to achieve the Company's objectives and features five sets of actions and initiatives that act as stepping-stones toward the goal of achieving net-zero carbon emissions by 2050:

- Transforming the Company's steelmaking assets: this involves switching where applicable from the BF-BOF ("Blast Furnace-Basic Oxygen Furnace") to low-carbon steelmaking technologies through the DRI ("Direct Reduced Iron") and from iron ore preparation in the sinter plant (using heat or pressure to compact a material) to the pellet plant (which compresses or moulds the iron material into the shape of a pellet). Ironmaking with pellets in the DRI is usually coupled with an EAF ("Electric Arc Furnace"). To achieve its 2030 global carbon emissions intensity reduction target, ArcelorMittal has estimated the gross capital cost required to be approximately 10 billion, with the expectation that public funding covers 50% of the total cost of decarbonization, addressing both capital expenditures and the higher operating expenditures. The Company lists below the main announced or ongoing projects:

Hamilton (Canada)	In October 2022, ArcelorMittal, broke ground on its decarbonization project (the governments of Canada and Ontario having committed CAD$400 million and CAD$500 million, respectively, to the overall project cost) at the ArcelorMittal Dofasco plant in Hamilton, Ontario, Canada, which is expected to contribute to a considerable reduction of CO_2 emissions. The project includes the construction of a 2.5 million tonnes DRI facility and one EAF.
Gijón and Sestao (Spain)	ArcelorMittal is planning to invest €1 billion in the Company's plant in Gijón including the construction of a 2.3 million-tonne hydrogen DRI plant. This investment is expected to deliver a reduction in carbon emissions at the Spanish operations of up to 50%. At a later stage, around 1 million tonnes per year of DRI would be supplied to Sestao to be used as feedstock for the plant's two EAFs. On February 17, 2023, the European Commission approved, under EU state aid rules, a €450 million Spanish measure to support ArcelorMittal España in construction of the new DRI installation in Gijón. The Company is also planning to construct a new EAF for long products.
Hamburg (Germany)	ArcelorMittal already operates Europe's only DRI-EAF plant in Hamburg, where the switch to using hydrogen instead of natural gas in the iron ore reduction process is being prepared. The Company is planning to test the ability of hydrogen DRI on an industrial scale, as well as testing carbon-free DRI in the EAF steelmaking process. The European Commission approved €55 million of funding support from the German Federal Government towards the plant construction.
	In Dunkirk, ArcelorMittal would build a 2.5 million tonnes per year DRI. This DRI will be coupled with an innovative

(...)

- Offsetting residual emissions: For these residual emissions, which today the Company estimates will be 5% - 10% of today's emissions, ArcelorMittal plans to buy high-quality offsets or launch projects to generate high-quality carbon credits that would not have happened without the Company's intervention.

- Increasing the proportion of scrap used in the steelmaking process: the Company can increase the use of low-quality scrap in the BF-BOF steelmaking process by improving steel scrap sorting and classification, installing scrap pre-melting technology, and adjusting the steelmaking process to accommodate scrap. In 2022 and 2023, the Company completed the acquisition of three specialist scrap metal recyclers as the Company continually seeks to enhance its ability to source scrap steel (see note 2.2.4).

Detailed accounting principle note setting-out the **targets** of the **decarbonisation strategy** as well as the detailed **transition roadmap** considered when preparing the 2023 financial statements

- Information about the 5 sets of actions and initiatives underpinning the plan
- Disaggregation of some information by country and plan
- Expected CapEx for some actions
- Link with the notes to the financial statements when some actions have already been taken

Insights from 2023 Annual Reports

Example of disclosures on climate related matters

ARCELOR MITTAL

Considering the risks related to climate change and the Company's commitment established under the Paris agreement, ArcelorMittal provides explicit information in the notes to these consolidated financial statements regarding how climate change affects the Company's financial information. The Company presents below the references to the various notes where issues associated with climate change are addressed:

- Table providing a **clear mapping** of the notes that explain the effects of climate-related risks and decarbonization plans on the preparation of financial statements
- Applying IAS 1.113, notes are presented in a systematic manner (understandability and comparability)

Topic	Note	Content
Estimate and judgment	Note 1.3 Use of judgment and estimates	Judgments and estimates made in assessing the impact of climate change and the transition to a low carbon economy: useful lives of property, plant and equipment, estimates of future cash flow projections for impairment of non-financial assets, decommissioning costs
Sustainable investment	• Note 2.2.4 Acquisitions • Note 2.4.1 Joint ventures • Note 2.5 Other investments • Note 5.2 Property, plant and equipment and biological assets	Investments in renewable energy projects, scrap metal recycling businesses and breakthrough technologies through ArcelorMittal XCarb® Innovation Fund
Measurement of non-financial assets	Note 5.1 Goodwill and intangible assets	Recognition and measurement of emission rights
	Note 5.2 Property, plant and equipment and biological assets	Residual useful lives of certain assets, capital expenditures with respect to decarbonization strategy
	Note 5.3 Impairment of intangible assets, including goodwill, and tangible assets	Inclusion of climate-related risks in the assumptions for impairment testing
Provisions	Note 9.1 Provisions	Recognition of emission obligations
Share-based payments	Note 8.3 Share-based payments	Description of equity incentive plans requiring achievement of specific climate-related targets

Insights from 2023 Annual Reports

Example of disclosures on climate related matters

Unilever - 2023

Climate change

In preparing these consolidated financial statements we have considered the impact of both physical and transition climate change risks as well as our plans to mitigate against those risks on the current valuation of our assets and liabilities. As detailed in the TCFD disclosures on pages 48 to 55 of this report, we have identified 11 risks and opportunities that could in the future be material to our business, for example carbon tax or land use regulations. Where possible we have performed quantitative assessments of these risks and opportunities based on various scenarios for the years 2030, 2039 and 2050. These potential financial impacts are based on high-level quantitative assessments and do not include any assumptions on the impact of actions that we would undertake to mitigate against these climate-related risks. Therefore, these quantifications do not represent any type of financial forecast and thus are not directly incorporated into any projections of long-term cash flows.

To determine if there is a material impact on the financial reporting judgements and estimates as of the reporting period, we have reviewed each balance sheet line item and identified those line items that have the potential to be significantly impacted by climate-related risks and our plans to mitigate against these risks. Those line items that have the potential to be significantly impacted have then been reviewed in detail to confirm:

- that the growth rates and projected cash flows, used in assessing whether our goodwill and indefinite-life intangibles are impaired, are consistent with our climate-related risk assumptions and the actions we are taking to mitigate against those risks and
- that the useful lives of our property, plant and equipment are appropriate given the potential physical and obsolescence risks associated with climate change and the actions we are taking to mitigate against those risks.

In addition it should be noted that climate-related risks could affect the financial position of our defined benefit pension plan assets. The Trustees operate diversified investment strategies and are continuously assessing investment risks. The Trustees consider climate risk as one of the key investment risks and are continually evolving their investments to lower the overall climate risk.

Based on these reviews, we do not believe that there is a material impact on the financial reporting judgements and estimates arising from our considerations and as a result the valuations of our assets or liabilities have not been significantly impacted by these risks as at 31 December 2023. We have not identified any significant impact from climate-related risks on the Group's going concern assessment nor the viability of the Group over the next three years.

Key assumptions

In performing our annual impairment testing, the recoverable amount of each CGU has been calculated based on its value in use, estimated as the present value of projected future cash flows. Each GCGU's value in use is based on the aggregated value in use of the CGUs grouped under the respective GCGU.

Projected cash flows include specific estimates for a period of five years. The growth rates and operating margins used to estimate cash flows for the five years are based on past performance and on the Group's three-year strategic plan, de-risked to ensure reasonability and extended to years four and five. The Group's three-year strategic plan factors in initiatives we are undertaking to reduce carbon emissions in line with our CTAP and impacts of climate change on our operational costs. The growth rates used in this exercise for GCGUs and significant CGUs are set out below:

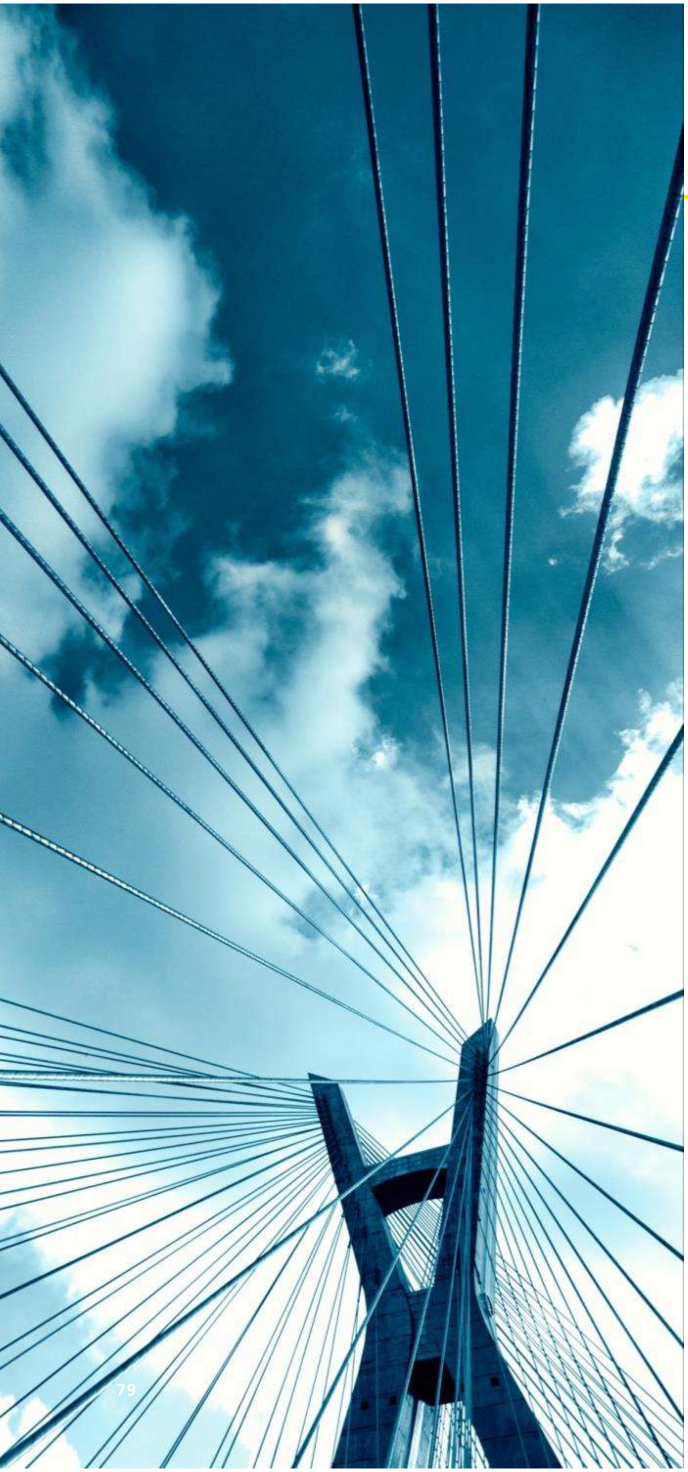
For the year 2023

Group of CGUs	Beauty & Wellbeing	Personal Care	Home Care	Nutrition	Ice Cream
Longer-term sustainable growth rates	3%	2%	3%	2%	2%
Average near-term nominal growth rates	6%	4%	3%	3%	6%

Significant CGUs	Nutrition South Asia	Nutrition Europe, ANZ & METU	Nutrition North America	Prestige	Beauty & Wellbeing North Asia	Health & Wellness
Longer-term sustainable growth rates	5%	1%	1%	2%	2%	1%
Average near-term nominal growth rates	5%	1%	4%	11%	2%	12%

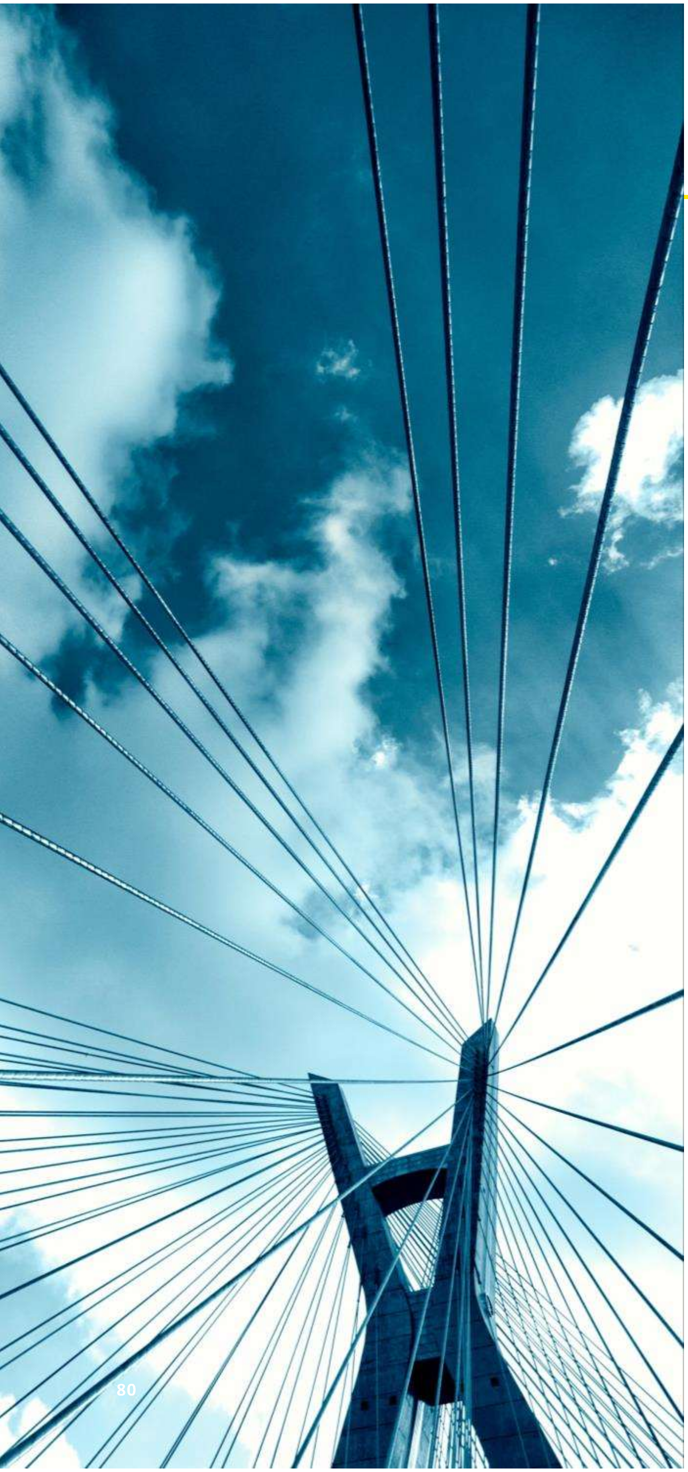
- Conclusion that climate-related risks had no significant impact on the 2023 financial statements and on the going concern assumption
- However, insights into the works performed to reach this conclusion

Conclusion and resources



Resources - ey.com

- EY Excellence in Integrated reporting website and brochure - [Excellence in Integrated Reporting (ey.com)]
- Applying IFRS
- IFRS Accounting Developments
- IFRS Sustainability Developments - [Sustainability in business | Insights, trends & services | EY - Global]
- EY IFRS Core Tools
  - IFRS Year-End Update
  - Good Group illustrative financial statements
  - International GAAP® Disclosure Checklist
- International GAAP 2024: [EY Atlas Client Edition | EY - Global]



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Abigail.Paulus@za.ey.com

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