The problem – does the market know how to calculate long term value?

CEOs and boards are faced with the following:

1. Declining public trust in institutions – including businesses and investors

2. Difficulties in communicating a true picture of value to investors due to the proliferation of data and organizational complexity

3. Traditional financial measures (i.e., tangible assets) becoming too narrow to measure value alone

4. A continued focus on short-term financial performance due to the lack of reliable measures of expanded value,
The problem – does the market know how to calculate long term value?

Asset Creators

Intangible non-financial value of businesses is consistently undervalued

Asset Owners / Managers

Lack of consistency and reliability in non-financial data means it can’t be used to drive decisions on market valuations

Intangible value
Not measured or communicated

Intangible non-financial value
Reliably measured and communicated

Intangible financial value
Measured and communicated

Tangible book value

Current perspective

Long term value perspective
The problem – does the market know the long term value of the steel sector?

The steel sector is facing some headwinds:

1. Discussion on the long term viability of steel given the climate change and other environmental impacts
2. The view of corruption in the construction industry can impact the view of steel producers
3. Declining trust in business processes for maintaining and communicating quality standards of products
4. Traditional financial measures (ie forward sector pricing) still the mechanisms for measuring value in the sector

<table>
<thead>
<tr>
<th>Company</th>
<th>Unmeasured Intangibles</th>
<th>Measured Intangibles</th>
<th>Book Value (Net assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SteelCo 1</td>
<td>-26,328</td>
<td>59</td>
<td>38,380</td>
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<tr>
<td>SteelCo 2</td>
<td>-22,530</td>
<td>1,724</td>
<td>5,618</td>
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<tr>
<td>SteelCo 3</td>
<td>-3,380</td>
<td>4,375</td>
<td>35,115</td>
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<tr>
<td>SteelCo 4</td>
<td>14,878</td>
<td>112</td>
<td>10,028</td>
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<tr>
<td>PropertyCo</td>
<td>70,306</td>
<td>840</td>
<td>9,682</td>
</tr>
<tr>
<td>MiningCo</td>
<td>675</td>
<td></td>
<td>51,140</td>
</tr>
</tbody>
</table>

Market cap vs Net Assets Comparison
EPIC – A new approach to measuring intangibles

Human capital deployment
Organizational culture
Health
Consumer trust
Innovation
Sustainable Development Goals (SDGs)
Corporate governance

Metrics
See appendices

Value creation
Value protection
Strategic assets
Governance

Human Talent

Consumer Innovation & Consumer Trends

Societal Society & Environmental

All Corporate Governance