Luminous was delighted to sponsor this year’s International Integrated Reporting Council (IIRC) conference, ‘Inspiring global alignment through value creation’. As a specialist in corporate reporting and sustainable business matters, and firm advocates of the integrated thinking propounded with such commitment by the IIRC, all issues surrounding integrated reporting are very close to our hearts.

Developed to be a more effective form of accountability, integrated reporting and its corollary, integrated thinking, are ideas which have gained real traction. Integrated reporting embodies all the notions of open organisations, communal agency and shared value, and the credible and meaningful engagement with stakeholders that these require, which, in our connected world, are rightfully coming to ascendancy.

Stakeholders are the providers and gatekeepers of the relationships and resources (or capitals) that a business needs to create value. A business that employs these capitals – human, intellectual, social and relationship, manufactured, financial and natural – most responsibly and effectively in generating outcomes that serve the greatest common good will continue to be granted affordable access to them.
Stakeholders, therefore, need a holistic and incisive understanding of the business. Specifically, they need to know how its leadership thinks – how the interdependencies and trade-offs between the capitals, and indeed between the often-competing interests of stakeholders themselves, are managed. This is the basis upon which stakeholders opt-in to a company’s philosophy, business model and strategy or, conversely, opt-out to support a competitor’s investment case or value proposition instead.

Integrated reporting requires leaders to provide insightful self-assessments of their business’s strategy, governance, performance and prospects which explain the interconnectivity of economic, social and environmental systems and how they impact on, and are impacted by, a company’s activities. If this is done well, stakeholders and investors (current and potential) can then holistically analyse the whole business’s eco-system. Even though full integrated reporting of this nature may take time and guidance to achieve, it can make a quantifiable difference in supporting more meaningful dialogue between a company and those who have a stake in it.

Fundamental to this is an understanding that value creation is participative and embracing reporting is an engagement opportunity rather than a regulatory obligation. This is not to suggest that integrated reporting is easy – in effect a management discipline, it takes concerted effort from leadership to evolve the processes that support it – but it involves no frightening leap into the unknown. In essence, it is still about telling the unique story of an organisation, informed by a set of principles and content elements that, in combination, make for a more credible, clear, connected and concise narrative.

The critical difference, of course, is that such stories, as functions of engagement and accountability, cannot be perceived as fiction, seduction or spin. Only if companies are courageous enough to be authentic and open – if they ‘keep it real’ and ‘tell it like it is’ – will they reap the deserved rewards. Because in our connected world, there is nowhere to hide – stakeholders will soon spot, and widely share, any variance between what is being portrayed versus their actual experience of a company. It is this simple yet profound idea – that credibility, accountability and agency confer powerful strategic advantage – that makes the objective of integrated reporting so compelling in an era where trust is the currency of survival and success.

Over the next few pages, we outline Luminous’ top ten tips for creating an integrated report, highlight companies that are leading in this area and outline how we help our clients to develop best-in-class and, very often, award-winning reporting solutions.

If you would like to discuss how Luminous can assist you in developing your integrated thinking and reporting, please drop me an email: stephen.butler@luminous.co.uk
TOP TEN TIPS
JAMES WHITTINGHAM,
SENIOR SUSTAINABILITY CONSULTANT,
LUMINOUS

1 ENGAGE YOUR SENIOR MANAGEMENT
Executive support is essential in adopting integrated thinking and reporting. Ensure you have a Board sponsor, your CEO or CFO for example, who can help to drive change.

2 DEMONSTRATE HOW INTEGRATED THINKING RUNS THROUGH YOUR BUSINESS
Embed integrated thinking as the starting point for a good integrated report. It breaks down silos in an organisation, initiates collaboration and inspires a better narrative.

3 OUTLINE YOUR CAPITALS AND CONCISELY STATE HOW THE COMPANY CREATES VALUE
An integrated report shows how key inputs relate to the capitals on which the organisation depends, or that provide it with a source of differentiation. Ensure the report communicates which capitals are material to understanding the robustness and resilience of the business model, and articulate what your business does and how it creates value in the short, medium and long term.
4 EXPLAIN HOW YOU INTERACT WITH THE EXTERNAL ENVIRONMENT
Articulate your market context and show how your strategy is designed to respond to your market drivers.

5 MAKE YOURSELF A CASE STUDY
Ensure your report discusses how and why integrated thinking is making a difference to your business day to day.

6 MEASURE IT, MANAGE IT
Use non-financial statistics and key performance indicators to prove how your company is creating value. Explain and contextualise them for those unfamiliar with your business. Independent third-party verification of the most significant non-financial numbers carries greater weight.

7 VALUE YOUR STAKEHOLDERS
Define your key stakeholder groups and the nature of your dialogue with them. Explain which of the business’s material issues are relevant to each group and what action you have taken to respond to stakeholder concerns.

8 OUTLINE YOUR MOST MATERIAL ISSUES AND IMPACTS
Explain the business’s key impacts and issues, i.e. those that are most material. Use an infographic to bring them to life. Outline how you identify and prioritise these issues and their relationship to stakeholders.

9 BREVITY IS COMMENDABLE, CLARITY IS KEY
Ensure there is sufficient context and linkage to aid understanding of the business’s strategy, governance, performance and future prosperity. Be concise, but some topics will need more space devoted to them than others.

10 CREATE IMPACT THROUGH GOOD DESIGN
Imaginative design can bring your brand to life, convey your key messages and tell your story in a visually engaging way.

USE NON-FINANCIAL STATISTICS AND KEY PERFORMANCE INDICATORS TO PROVE HOW YOUR COMPANY IS CREATING VALUE.
1 ENGAGE YOUR SENIOR MANAGEMENT

Weir CEO clearly outlines integrated thinking as a driver of value creation.
2 DEMONSTRATE HOW INTEGRATED THINKING RUNS THROUGH YOUR BUSINESS

Kier Group’s business model shows how the company is able to address complex opportunities. The model is broken down by four divisions – Property, Residential, Construction, and Services – with opportunities and capabilities summarised for each division. A cross-reference is provided to the location of additional information on each division elsewhere in the report.
3 OUTLINE YOUR CAPITALS AND CONCISELY STATE HOW THE COMPANY CREATES VALUE

Thames Water’s business model is well-communicated diagrammatically. It shows how value is created by transforming the capitals through the water life cycle. This is supported by a clear representation of how value is shared and reinvested for long-term sustainability.
4 EXPLAIN HOW YOU INTERACT WITH THE EXTERNAL ENVIRONMENT

Weir’s external environment section focuses on four key global and industry trends that affect the Group. The section shows a holistic picture of the combination and dependencies between market factors, risks and opportunities, and links to strategy.

Global population and migration trends

The world’s population is estimated to be 7.4 billion people in 2017, with the annual analysis from the United Nations suggesting a world population of 9.7 billion by 2050. This growth sets of 83 million people annually.

While the pace of growth has slowed in recent years, the population continues to increase. This trend is most pronounced in emerging markets, where the need for increased access to natural resources and energy, which drives the Group’s primary markets, is expected to continue to rise.

Our response

As the global population grows, billions of people move from rural areas to cities, demanding increased infrastructure and economic growth. The Group has also been expanding into different markets, such as urbanization, and countries that have a more direct relationship to infrastructure demand.

As infrastructure investment increases, there will be additional demand for commodities such as natural gas, oil, and other raw materials. This expansion will stimulate the demand for the Group’s products, which will drive growth in the Group’s markets.

Climate-driven change

Concerns over climate change have led to a number of countries setting long-term targets to cut the rate of global warming. The Group has seen increasing interest in renewable energy, such as wind and solar power, as well as the development of energy from waste and the development of new technologies.

Our response

The Group is committed to responding to the challenges of climate change. We are focusing on energy efficiency and sustainability to reduce our carbon footprint and support our customers in achieving their environmental goals.

Socio-economic environment

The global policies and strategies of the Group are evolving with increased potential for economic growth in emerging markets. We have been investing in renewable energy and sustainable technologies, such as wind and solar power, to meet the growing demand for clean energy.

Our response

The Group is actively engaged in these markets to understand opportunities and to support our customers in achieving their environmental goals.

Technology acceleration

The acceleration of innovation and technology has led to a rapid pace of change in the Group’s markets. We are investing in new technologies, such as artificial intelligence and automation, to support our customers in their digital transformation.

Our response

The Group is developing new technologies and solutions to meet the changing demands of our customers. We are committed to maintaining a leading position in these markets, and we are investing in research and development to support our growth.

Weir Annual Report 2017
5 MAKE YOURSELF A CASE STUDY

Thames Water shows how its purpose is designed to create a sustainable future for its customers, its region within the UK and the planet.
Britvic demonstrates that through its 'A Healthier Everyday' framework, it has identified and prioritised the sustainability issues most important to the business and integrated these into its corporate strategy – taking into account stakeholder feedback as well as emerging global, environmental and societal trends.
7 VALUE YOUR STAKEHOLDERS

Unite’s Annual Report features a stakeholder section which demonstrates the extent to which the company understands the needs and expectations of its stakeholders and the ways in which Unite responds to them through its strategy and business model.

We take great care to remain a responsible business. We actively listen to the views of our students, University partners, employees and investors to create a positive impact within the communities where we operate. It’s important for us to maintain this engagement to ensure we continue to grow with their support.

Why it’s important to engage

Universities
Our goal is to be the partner of choice to the strongest universities, so we are key players in the early stages of a student’s life and their experience of university. We are there to support them as an integral part of their personal and wider academic achievements.

We have a dedicated team of experts who work with clients to understand their needs and provide tailored solutions to meet their needs. We are committed to delivering a high-quality, value-for-money service that meets the needs of our clients.

Students
We actively listen to our students and work with them to deliver a high-quality service that meets their needs. We provide a range of services to support students throughout their studies, including academic support, accommodation, and welfare services.

Investors
We value our investors and work closely with them to ensure they understand the value we create for them. We provide regular updates on our performance and financial results to keep them informed.

Employees
We value our employees and work to create a positive and supportive working environment. We provide opportunities for career development and encourage a culture of learning and development.

Stakeholder interests

The Unite Foundation
We work with 27 universities to provide scholarships for students who come from backgrounds or are from economically disadvantaged communities. We aim to support students to achieve their full potential and contribute to the future of our society.

Strategic report

UNION'S FUTURE

We are committed to delivering a high-quality, value-for-money service that meets the needs of our clients. We work closely with our partners to understand their needs and provide tailored solutions that meet their requirements.

Read more about the Unite Foundation on page 15
Read more about Students on page 16
Read more about Investors on page 17
Read more about Employees on page 18
8 OUTLINE YOUR MOST MATERIAL ISSUES AND IMPACTS

Kindred’s Annual Report features a detailed materiality discussion. An infographic clearly illustrates the material environmental, social and governance (ESG) issues the business faces. This is supported by a clear strategic framework for responding to the issues.
9 BREVITY IS COMMENDABLE, CLARITY IS KEY

Unite’s strategy layout demonstrates well the principle of connectivity through bridging strategy, performance and future priorities; and in so doing, it concisely connects broad ambitions to specific operational elements.
Informa uses striking illustrations and bold designs to communicate the intangible value it creates.
ENHANCING SUSTAINABLE BUSINESS

LUMINOUS OVERVIEW

As your strategic communications partner, Luminous shines fresh light on what really matters about your business, illuminating what sets you apart.

We create and deliver brighter brand and comms, investor engagement and sustainable business solutions that resonate with your key influencers.

Our client base consists of organisations across a range of sectors and geographies. We work with over 50 listed businesses, mainly in the FTSE 250, as well as some ambitious Main Market, Small Cap and AIM companies. We also work with large private organisations in the UK and mainland Europe.
PURPOSEFUL AND AUTHENTIC CONNECTION

Corporate businesses are increasingly under pressure to communicate authentic stories about their purpose and to better respond to changes on the corporate governance and disclosure landscape. Squaring the circle of reputation, sustainability and investor interests is an essential exercise in maintaining a company’s viability.

Our expertise lies in looking at the whole sustainability value-chain and helping our clients identify their sustainability issues and impacts, suggesting ways to address these that are strategic, compelling and meaningful. We believe that our clients’ stakeholders should not only read their sustainability story, but also see, feel and even touch it.

We help clients to make better decisions, integrate sustainability into their business and create innovative purpose-led solutions. Sustainability is a broad term – it means different things to different stakeholders.

We are at the forefront of the latest thinking and insight drives everything we do. We understand what best-in-class looks like and we are respected for the powerful way we combine creativity and content to create effective solutions.

Our team have the experience to understand different perspectives. We offer a complete sustainability advisory and communications service – from insight and consultancy to engagement and reporting.

Insight
• Competitor benchmarking
• Analysis against key standards and indices
• Data collection guidance
• Market trend analysis

Consultancy
• Materiality assessment and development
• Policy development and roadmaps
• Purpose definition and expression
• UN Sustainable Development Goals alignment

Engagement
• Creating and activating sustainability brands and campaigns (digital/social/content marketing)
• Stakeholder engagement events
• Messaging, tone of voice and content development
• Awareness, training and communications advice

Reporting
• Sustainability reports
• Integrated reports
• Sustainability microsites
• Issue-based reports
CONTACT

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