



Inspired  Reporting

The Journey Continues

Black Sun
STAKEHOLDER COMMUNICATIONS

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Singapore 守 & beyond

The debate about how to improve the usefulness and transparency of corporate reporting has been going for years in Singapore and beyond.

The introduction of the International Integrated Reporting Framework in 2013 and the SGX Sustainability Reporting Guide in 2016 have triggered this debate and made many companies think about transforming their reporting approach to better meet the needs of shareholders and other stakeholders and achieve business benefits.

We believe that the challenge is not just to comply with international and Singaporean reporting frameworks, but to develop a strategic corporate reporting approach that would help companies address the changing information needs of investors and other stakeholders, as well as respond to other drivers, such as brand, technology and efficiency.

In this paper, we propose a reporting roadmap based on our understanding of market drivers, stakeholder expectations and requirements of different reporting frameworks. Integrated reporting (<IR>) sits at the heart of our proposition. However, we look at <IR> not as a final destination, but rather a tool for integrated thinking – taking into account the connectivity and interdependencies between the range of factors that affect an organization's ability to create value over time.



The Integrated Reporting Framework was published by the International Integrated Reporting Council (IIRC) in 2013. It was designed to improve disclosure, while enhancing the way organisations think, plan and report.

The primary purpose of an integrated report is to explain to providers of financial capital how an organisation creates value over short, medium and long term. The value creation process should be explained by means of:

- Communicating an organisation's strategy, governance and performance in a concise way;
- Demonstrating the links between its financial performance and its wider social, environmental and economic context.

This is only possible as a reflection of integrated thinking – across time horizons, functions, management processes and decision-making.

In 2016, the Singapore Stock Exchange (SGX) introduced sustainability reporting requirements. Listed companies will have to report on material environmental, social and governance (ESG) factors, policies, practices and performance and targets to help shareholders better assess their performance and prospects.



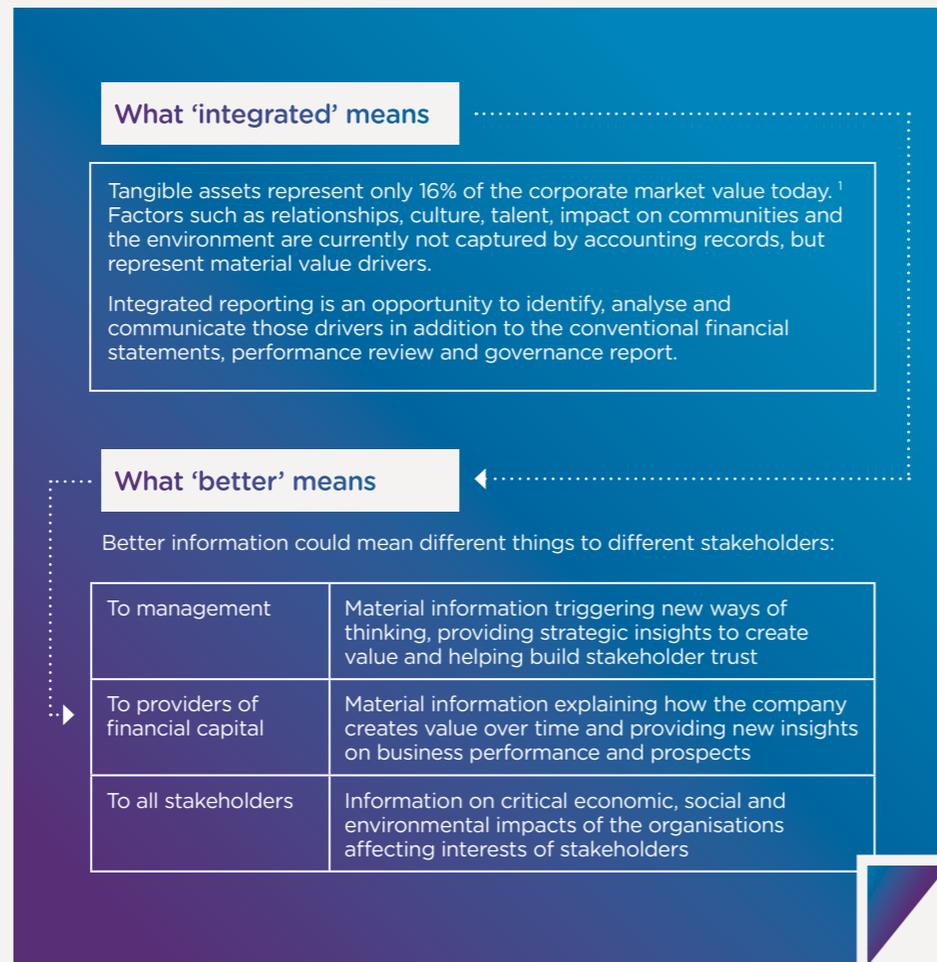


The challenge is not to produce more information,
but **better integrated information**

Vision towards  better reporting

We propose a vision towards better corporate reporting that meets regulatory requirements as well as the needs of different stakeholder groups and most importantly evidences how Singaporean companies create value over the short, medium and long term.

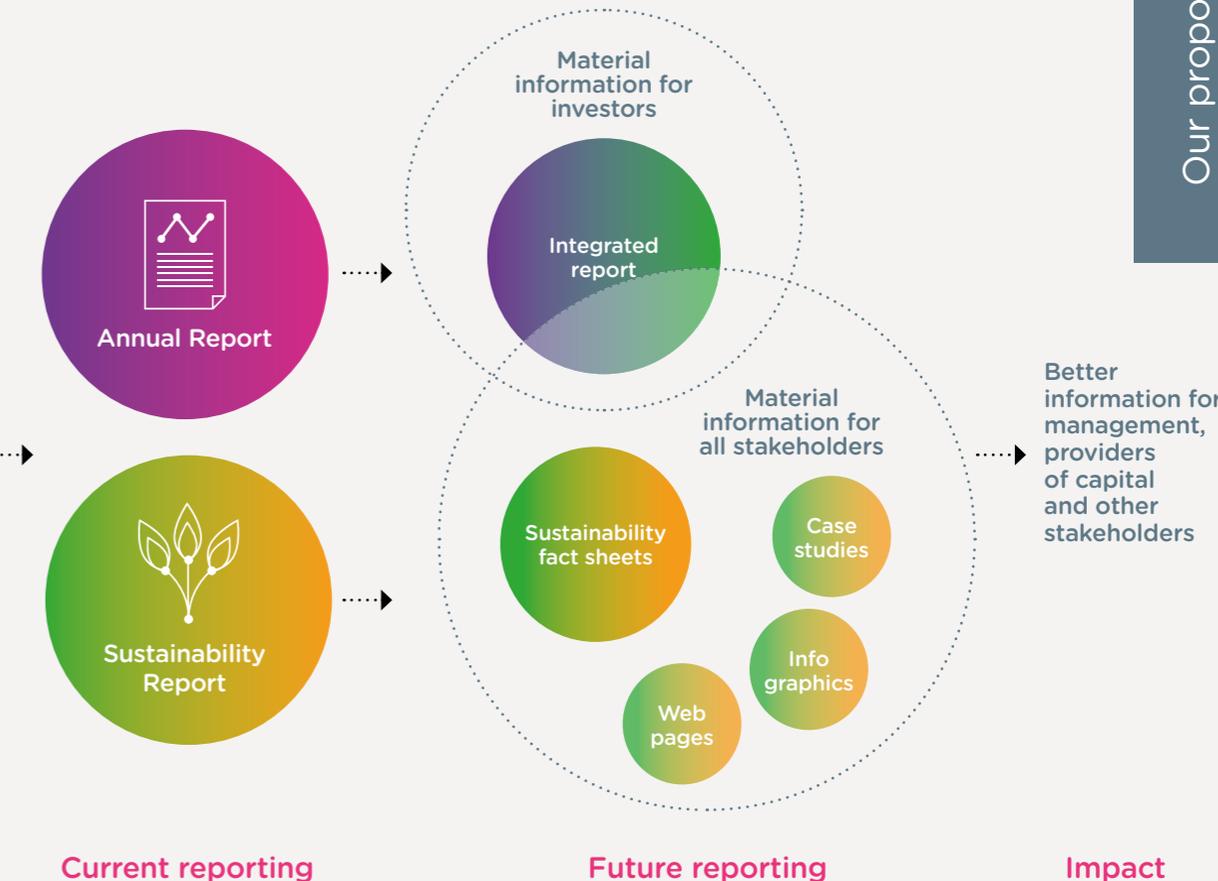
The challenge is not to produce more information, but better integrated information about an organisation's ability to create value over time.



¹Annual Study of Intangible Asset Market Value 2015, Ocean Tomo, 2016

An integrated report sits in the heart of our proposition, as we believe that it will help management and providers of financial capital get better information, including material sustainability information, to make better informed assessments and decisions in relation to the company's future opportunities.

At the same time, we recognise that an integrated report cannot cover all information needs of all stakeholders. Therefore, we believe that companies should have flexibility in how they address the needs of stakeholders particularly interested in sustainability information, such as SRI analysts, NGOs and academics. For example, they could publish sustainability reviews or factsheets. Companies should also use digital channels, such as websites, blogs and social media to reach out to employees, customers and community members with sustainability information.



By moving to an integrated report from an annual report, you can **better serve the interests of financial capital providers**, support dialogue and enhance trust with them.

Moving  forward

The business case for the proposition will depend on the company's ambitions, stakeholder environment and internal organisational setup.

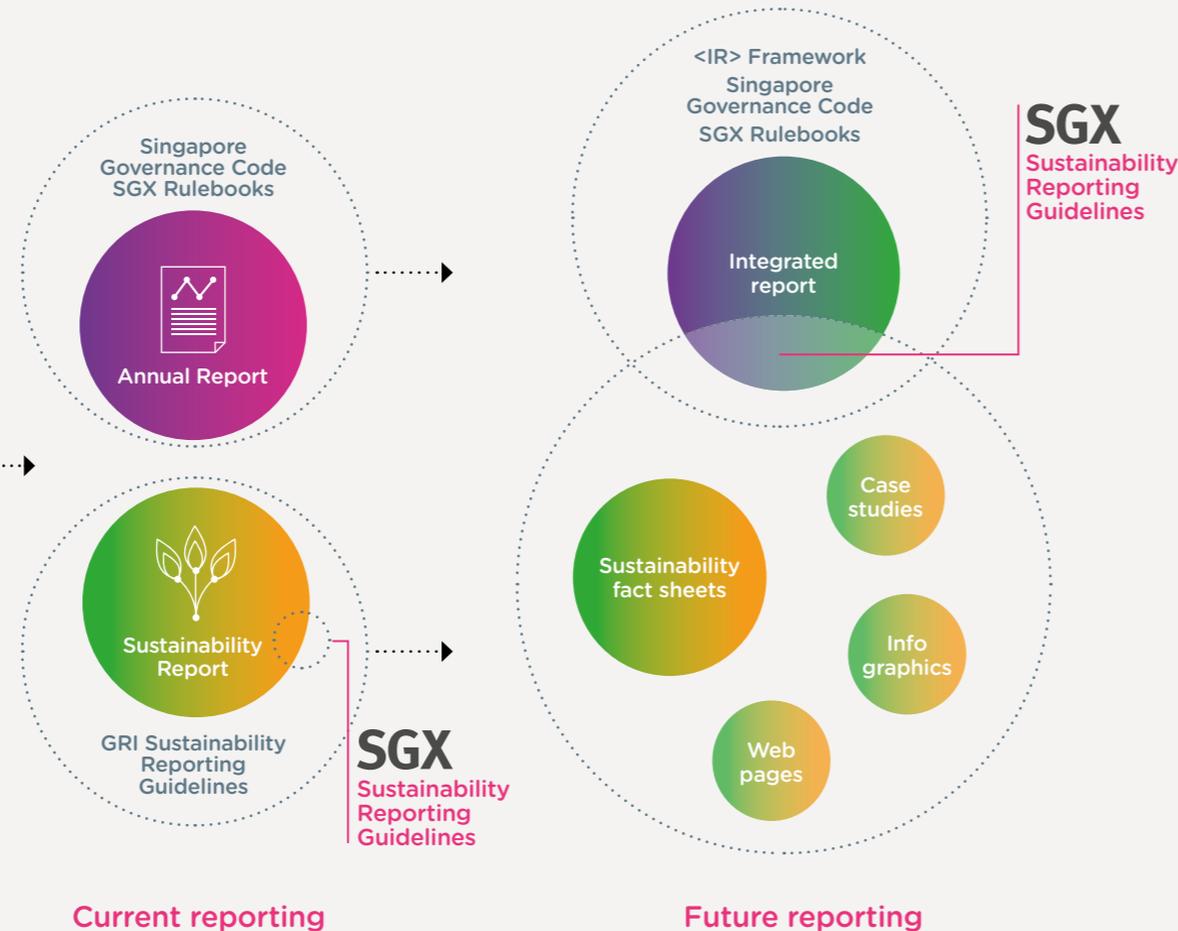
Our reasoning is based on our survey among integrated reporters, insights from the investor community and extensive experience in corporate reporting.

So, why should you move to integrated reporting while still communicating on sustainability?

1 It will be easier for you to comply with various frameworks

Disclosures on material social, environmental and governance factors (risks and opportunities) suggested by the SGX would better fit into an integrated report than a standalone GRI-aligned sustainability report. The GRI framework helps to communicate critical sustainability impacts to a wide group of stakeholders (not only financial capital providers), while the <IR> Framework and the SGX Rulebooks, including the new regulations, focus exclusively on shareholders and investors as their target audiences to help them assess performance and prospects of companies.

The SGX Sustainability Reporting Guide provides for flexibility in selecting a framework for sustainability disclosures. Therefore, our proposition allows compliance with multiple frameworks to reach out to different audiences with different information.



2 You will better meet external stakeholders' needs and enhance your reputation

By moving to an integrated report from an annual report, you can better serve the interests of financial capital providers, support dialogue and enhance trust with them.

One stop shop presenting the company's value creation story	70% of integrated reporters believe that financial capital providers have greater confidence in the long-term viability of their business model ²
Additional insights into the company's risks and opportunities related to intangible assets	87% of integrated reporters believe that investors better understand their strategy ²
Enhanced trust and better engagement with management	91% of integrated reporters have seen a positive impact on external engagement with stakeholders, including investors ²

By incorporating your material sustainability information (from investors' perspective) into an integrated report and still reporting on sustainability with a set of innovative channels, you can inform, engage and inspire particular stakeholder groups.

Maintained trust and visibility among stakeholders interested in sustainability (e.g., SRI investors, analysts, NGOs, academics)	More than 40% of firms that publish sustainability reports say they improve firm reputation ³
Engaging and inspiring less informed stakeholders, such as employees, customers and community members	62% of millennials want the company they work for to make a positive impact and half choose purpose over salary proving the old adage that "money is not everything" ⁴ 66% of global consumers say they are willing to pay more for sustainable brands ⁵

3 You will trigger integrated thinking within your organisation

By collecting and analysing material financial and sustainability information for an integrated report, management can improve processes and get new strategic insights.

Additional insights into the company's business model and strategy	79% of integrated reporters say they have had improvements in decision making ² 92% of integrated reporters believe they have an increased understanding of value creation ²
More attention to sustainability issues due to Board and CFO supervision	87% of integrated reporters say they have had improvements in the quality of information being collected ²
Natural thing to do if the company is committed to sustainability leadership	70% of CEOs believe in the 21st century business success will be redefined by more than financial profit ⁶

By collecting and analysing other sustainability information (not material for financial capital providers), management can identify and address potentially material issues.

Better management of sustainability risks and opportunities based on robust reporting processes	52% of experts believe that data consistency and comparability is the biggest challenge to unlocking the use of data to empower sustainability decisions ⁷
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The implementation of the proposition will require restructuring current reports and adding new content elements and redefining what is material. It might take time before management identifies efficiency opportunities in what gets measured, but positive examples could help to scale up to new solutions and move towards leadership in corporate reporting.

²The Integrated Reporting journey: the inside story, Black Sun, 2015 :: ³Tomorrow's Investment Rules 2.0, EY, 2014 :: ⁴Global Tolerance, 2015 :: ⁵Nielsen, 2015 :: ⁶Global Investor Survey, PwC, 2016 :: ⁷5th GRI Global Conference audience poll, 2016

We are uniquely positioned to provide an integrated suite of reporting solutions leveraging our creative, strategic and subject matter expertise.

Integrated thinking

Our teams comprise of integrated reporting and sustainability experts, strategic communication consultants, designers, programmers and production specialists. This means that we look at your sustainability story from different angles, understand your strategy, industry trends and think in practical terms to meet your objectives.

Multi-stakeholder focus

While understanding cross-cutting business and sustainability trends and communications best practice, we know how to engage investors and specific stakeholders on sustainability. Our employee and investor communications consultants can help you use corporate reporting to support your investment case.

Integrated delivery

We have significant experience and use our world-class publishing platform to apply creative ideas in printed and digital communications. This means we can maximise the value of your information by effectively communicating it through different channels.

International footprint

International footprint – as well as having significant experience in working with clients in Singapore and the UK, we have a good track record with clients from emerging markets such as China, Jordan and Russia. This means we understand sustainability challenges in different economic and cultural contexts and can better adapt our solutions to your needs.

Strong network

Strong network – we have partnerships with leading communications organisations, such as the International Integrated Reporting Council, Investor Relations Society and Communications Director Magazine. This means we have access to industry and best practice and can help you connect with reporting leaders to share knowledge.



Why Black Sun

Reaching out to make a difference

Sustainability spans all elements of Black Sun's proposition – from understanding your stakeholders' needs and expectations to bringing your sustainability communications to life. Learn how we can help you build a business which is more valued by stakeholders.

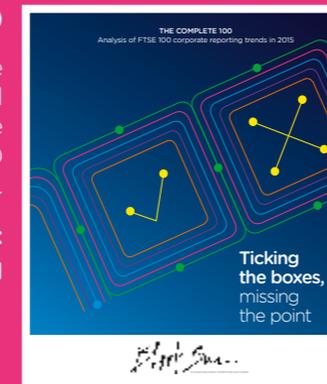
To download a copy please visit:
www.blacksunplc.com



The Complete 100

Is the annual report in its current state missing the point? Is it fit for purpose for all of a company's stakeholders? Get the answers by reading our annual FTSE 100 research on corporate reporting trends.

To get a copy, contact us at:
+44 (0)20 7736 0011



Our latest research

Our team of specialists is here to guide your organisation through the opportunities and pitfalls on the way to developing and implementing an effective corporate communications strategy.

Let us hear about your reporting journey and we will share our perspective based on the latest trends and insights we have identified.

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