

INTEGRATED REPORTING

*The new
reality*

luminous

FOREWORD

STEPHEN BUTLER, DIRECTOR OF
STAKEHOLDER ENGAGEMENT,
LUMINOUS



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.

**INTEGRATED
REPORTING
EMBODIES ALL THE
NOTIONS OF OPEN
ORGANISATIONS,
COMMUNAL AGENCY
AND SHARED VALUE.**

**IN OUR CONNECTED
WORLD, THERE IS
NOWHERE TO HIDE.**

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.

ENSURE THE REPORT COMMUNICATES WHICH CAPITALS ARE MATERIAL TO UNDERSTANDING THE ROBUSTNESS AND RESILIENCE OF THE BUSINESS MODEL.

**USE NON-FINANCIAL
STATISTICS AND
KEY PERFORMANCE
INDICATORS TO
PROVE HOW YOUR
COMPANY IS
CREATING VALUE.**

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.

TOP TIPS IN ACTION

OUTLINING WHAT BEST IN CLASS REPORTING LOOKS LIKE

1 ENGAGE YOUR SENIOR MANAGEMENT

Weir CEO clearly outlines integrated thinking as a driver of value creation.

Chief Executive Officer's review

A simpler, stronger business built for the long-term.



Jon Stanton
Chief Executive Officer

The title of this Annual Report, 'An ever stronger Weir', reflects the culture of our organisation. Weir is a business that has great pride in its past, but an even greater ambition for its future. As a result, 2018 saw the Group undertake some of the biggest changes in its history.

We reshaped the portfolio, focusing on our core strengths in upstream mining and oil and gas. In July 2018, we completed the acquisition of ESCO, the global leader in ground engaging tools for large mining machines. In February 2019, we also announced we had agreed to sell the Flow Control division for an enterprise value of £275m. This transformation was achieved at the same time as delivering 22% growth in continuing operations profit before tax (before exceptional items and intangibles amortisation) to £310m.

I would like to thank our employees for their hard work and commitment over the year and particularly for their efforts to improve safety across the Group. Our ambition is for Weir to be a zero-harm workplace and 2018 saw a 47% reduction in the severity of incidents across our operations and a 15% decrease in our main safety measure, Total Incident Rate.

Why change?

When I was first appointed as CEO we conducted a comprehensive review of the Group's strategy. It concluded we were a strong business with leading brands in attractive markets that have good long-term growth prospects. Mining, for example, tends towards

long economic cycles with demand supported by some of the biggest structural changes in the world from urbanisation to the electrification of transport and power infrastructure. Shale oil and gas has also become an increasingly important source of global energy supply and its dynamism has helped the United States to become the world's biggest oil producer.

Our strong leadership positions in providing mission-critical solutions to these markets are supported by a business model that enables the Group to fully capture opportunities when markets are favourable and offers real resilience in more challenging conditions. The result is a Group that is capable of consistently outperforming our markets and delivering sustainable profitable growth.

However, the review also concluded that while this assessment applied to many parts of the Group, it did not apply to them all. To build an 'ever stronger Weir' we needed to focus on what we do best: providing premium mission-critical solutions used in high abrasion aftermarket-intensive applications. That meant looking for a new home for the Flow Control division. While the division has a number of strong positions in niche markets, it doesn't have the same global scale and aftermarket opportunity as its sister divisions and therefore we decided it would be better positioned to attract capital with a new owner.

ESCO – a natural partner

The acquisition of ESCO for an enterprise value of \$1.2bn increases the Group's exposure to attractive aftermarket-intensive mining markets. It fits our business model perfectly, its highly engineered equipment is deployed in high abrasion applications such as hard rock extraction with 95% of revenues generated from ongoing consumables. It also meets our strict financial criteria with the acquisition expected to be earnings accretive in the first full year and cost synergies contributing to medium term EBITA margin improvement from around 13% in 2018 towards 17%. You can read more on pages 24-27.

The acquisition creates a unique provider of premium mining solutions from extraction to concentration, providing a great platform for future growth. It also means mining equipment and aftermarket solutions represent around 55% of Group revenues on a pro forma basis. Our increased focus on mining reflects our view of the market's prospects for long-term growth. Demand for copper for instance, where the Group is a leading provider of processing equipment, is traditionally sustained by global economic growth and urbanisation, but is being further supported by the electrification trends outlined earlier. These trends have also seen demand for the Group's equipment increase among lithium miners. As technology leaders we are well placed to help our customers meet future demand with solutions that increase efficiency and sustainability.

Strong execution across the business

Minerals orders grew 14% with aftermarket orders exceeding £1bn for the first time. Original equipment order growth accelerated as the year progressed with 30% growth in the fourth quarter. Operating margins at 17.7%, were in line with expectations at this growth stage in the mining cycle as we extended our installed base.

Having completed the ESCO acquisition in July we moved quickly to realise the initial benefits of the integration. We delivered a 170bps operating margin improvement to 13% for the division post acquisition. We are ahead of schedule in delivering the \$30m of planned cost synergies and expect to deliver revenue synergies of at least \$50m over the next five years.

Oil & Gas took full advantage of strong demand in the first half of the year, contributing to a 17% increase in orders for the year. However, second half profitability was impacted by the capacity constraints in the Permian basin. This caused a slowdown in demand in North America due to the early exhaustion of budgets and softening oil prices.

Chief Executive Officer's Q&A

You've described 2018 as a transformative year – is the change now over?

Change is a constant for Weir but I think we've taken some important steps in 2018 to position ourselves for the years ahead. The increased focus on our core markets reflects where we can make the biggest difference and is supported by what looks like a multi-year upturn in that market. Weir mining companies' boards are still relatively cautious about committing to big new projects they are focused on producing more from their current assets – something we are clearly pleased to help them deliver. In addition, industry expectations are for increased demand for commodities such as copper, our biggest exposure, to help build the new generation of electric vehicles and power infrastructure. We have positioned the business to take full advantage of these positive fundamentals and with ESCO, we now have a unique offering from extraction to concentration, making us even more relevant to customers.

How is the ESCO integration progressing?

It's making really good progress. Before we agreed to buy the business we spent a lot of time with its management team and were struck by how closely aligned our business models were and the cultural similarities between both companies. Both had market-leading brands that were known for their quality and innovation, and both were passionate about the importance of staying close to customers and solving their challenges. Since the acquisition, those positive first impressions have been reaffirmed. The compatibility between both businesses has been a real highlight of the year and gives me great confidence in the future success of the combination.

Oil and gas markets

Weir had a strong first half as track fees were re-estimated, completion of second half, this marks a recovery in the original equipment. There were the tech of oil, Permian basin and oil budgets ahead of schedule in the global oil price. These clearly had a further compounded issue which led to Q4 fully addressed growth. If you strip away the oil has been one of the most last ten years. Like all years but fundamentals of global energy supply in the industry.

"We've taken important steps in 2018 to position ourselves for the years ahead."



Opening capacity upgrade to factory in Santiago, Chile

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.

Strategic Report

Our business model

How we create value for our stakeholders

A resilient and agile business model

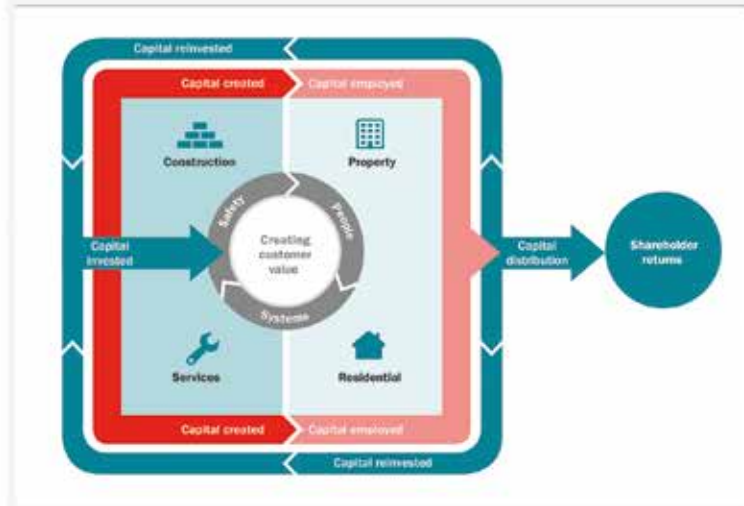
Our Group
Our vision is to be a world-class, customer-focused company that invests in, builds, maintains and renews the places where we live, work and play. We operate across a range of sectors including defence, education, health, housing, industrial, power, property, transport and utilities.

A compatible set of businesses
This broad, complementary set of activities is the foundation of our business model. It means we have the basis to maximise returns by using capital from our cash generative businesses to invest in asset-intensive activities. To achieve this requires versatility and agility.

Investing to enable our growth
The investment we continuously make in our capabilities – safety, people, systems – gives us that versatility and agility, and is key to optimising the return from our integrated offer. This allows us to adapt to changing client needs and to offer more to each customer, using the full scope of our Group in the process. It underpins our future growth and ensures that we can take a safe and risk-managed approach to that growth.

Visible income streams
Our well-matched spread of businesses ensures that we can develop income streams that are visible inasmuch as they are reliable and dependable looking forward. The income streams are reliable because construction projects are tightly managed, and real estate and residential housing investments are predominately non-speculative. They are dependable because Kier's Services businesses, which make up 50% of Kier's profits, provide day-to-day essential public services. Asset maintenance in areas where spend is mandated by regulation or statute (eg water, strategic highways) have contracts with long durations.

These factors enable us to be more certain about returns to our shareholders over the medium-term while creating and delivering exceptional value for our customers.



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Kier Group plc Annual Report and Accounts 2016

Our strategy

How we maximise value

Our six strategic priorities

We will build continually on our business model to enable us to achieve our growth plans and implement our Vision 2020 strategy.

This requires us to invest in and develop further the core capabilities of the Group. In particular, we will seek to maintain strong client relationships by delivering sector-leading customer experience; it also requires highly motivated teams aligned to our strategy and our values, and robust technology and back-office systems to underpin our efforts.

Our strategic priorities are focused on building such capabilities and on driving the sustainable growth and performance of our business.

Related information:

Read more
Chief Executive's strategic review
Pages 6 to 9

Read more
KPIs
Pages 20 and 21

Read more
Principal risks and uncertainties
Pages 27 to 33

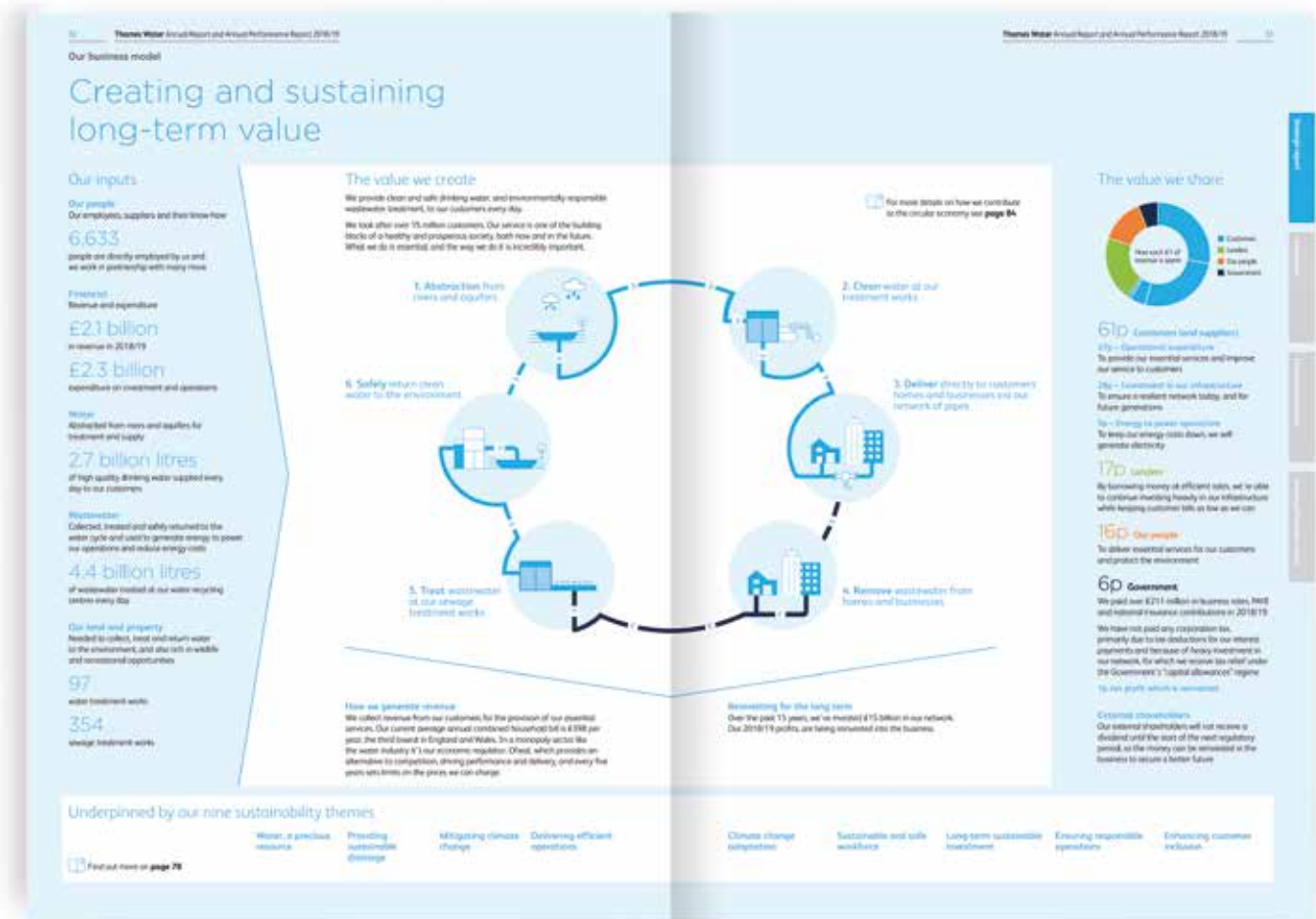


Kier Group plc Annual Report and Accounts 2016

TOP TIPS IN ACTION CONTINUED

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.

Our Market Drivers

Responding to a changing environment

The Group's diverse markets, including leadership positions in mining and shale energy, mean it is positioned to benefit from some of the major structural changes taking place in the global economy.



Global population and migration trends

The world's population was estimated to be 7.4 billion people in 2017, with the latest analysis from the United Nations suggesting it could grow to 6.3 billion by 2030 – a growth rate of 83 million people annually.

While the pace of growth has slowed in recent years, the upward trend continues. As a result, and supported by increased urbanisation, demand for natural resources and energy, which drives the Group's primary markets, is expected to continue to rise.

Our response

As the global population grows, and more people move from the countryside to cities, demand increases for the commodities produced by our mining, oil and gas and power customers.

As infrastructure investment increases, there will be additional demand for commodities processed by Weir's equipment. The Group has also expanded into adjacent markets, such as sand and aggregates, that have a more direct relationship to infrastructure-led demand.

As consumption increases in emerging economies, there will also be additional demand for commodities supported by the Group's equipment.

https://www.weir.com/~/media/Files/2017_09/Weir.pdf

You can read more in Operating Review on page 28

Also see Principal Risks and Uncertainties

Also see Our Strategy at a Glance on page 12



Climate-driven change

Concerns over climate change has led a number of countries to set long-term targets to ban the sale of cars powered only by fossil fuels. The UK and France have said any ban would take place after 2040, while China has not set a specific date.

Moves to reduce emissions and increase the use of electric vehicles is likely to have a long-term impact on commodities such as oil, while also increasing demand on other sources of energy, from natural gas to wind and solar.

Our response

The Group operates in a diverse range of markets that have the potential to be impacted in different ways by the growth in electric transportation and efforts to tackle climate change.

While there is uncertainty about when demand for oil may peak, it is likely to play a major role in the global energy mix for decades to come. Meanwhile, natural gas, which produces significantly lower emissions of carbon dioxide than coal, is becoming an increasingly popular source of energy in both advanced and emerging markets. Increased use of solar energy and electric vehicle adoption will also increase demand for metals such as copper, with solar energy and electric vehicles requiring significantly more copper, lithium and cobalt than traditional alternatives.



Socio-economic environment

The global policy environment is evolving with increased political uncertainty in some regions as the benefits of globalisation are questioned and trade pacts are renegotiated.

Global economic growth continues to increase with emerging economies such as India and China experiencing the largest percentage increases. Meanwhile, many governments have made infrastructure investment, both domestically and internationally, a priority.

Our response

The Group operates in more than 70 countries allowing it to pursue opportunities on a global scale. We have an established presence in many of the fastest-growing economies, such as China and India, and are actively engaged with key stakeholders in these countries to understand the opportunities ahead. The diversity of our operations also mitigates political risk more widely.



Technology acceleration

The digitisation of industrial processes is a major technology trend. It is enabling the use of 'Things' (IoT) that combine sensors and big data analysis to optimise productivity and create new products.

At the same time, advanced manufacturing technologies, including 3D printing, continue to offer opportunities for factories to become more efficient and materials science also offers alternative production methods.

Our response

The Group has developed a strategy that incorporates how we will embrace emerging technologies. We are technology leaders in our own IoT platform that uses cloud computing and machine learning, which is currently underway in a number of markets.

We are also committed to advanced manufacturing, to improve the sustainability of our manufacturing processes and water efficiency. More information can be found on page 28.

TOP TIPS IN ACTION CONTINUED

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.

Thames Water Annual Report and Annual Performance Report 2018/19

Achieving our purpose

Building a better future by driving affordability for all

We exist to serve our customers and we're committed to making our services affordable for everyone.

During significant increases in the number of customers we're helping with our social tariffs and priority services register is a cornerstone of our business plan for 2020 to 2025, and we've been making headway in recent months as we prepare to deliver our plan.

During 2018/19, we drove a 41% increase in the number of customers on our social tariffs. By ensuring our Social Authority and Housing Association customer relationships during 2018/19, we're now able to have direct contact with these customers, helping ensure we're meeting their individual needs.

We've also simplified our social tariffs. Although they're now based purely on income, we're maintaining historical social tariff rates for those who are already on our tariff and would see an increase under the revised calculation.

41% increase during 2018/19 in the number of customers we're helping with our social tariffs.

Find out more online and get in contact thameswater.co.uk

Thames Water Annual Report and Annual Performance Report 2018/19

Building a better future by moving to net zero carbon emissions by 2050

At both ends of the temperature spectrum, the 2018 extreme weather events had a lasting impact on our operations, and brought the increasing threat of climate change into sharper focus.

2018/19 has been an important year, during which we set our plan to build a better future.

20% reduction in carbon emissions

Thames Water Annual Report and Annual Performance Report 2018/19

Building a better future by setting stretching long-term ambitions

2018/19 has been an important year, during which we set our plan to build a better future.

20% reduction in carbon emissions

6 MEASURE IT, MANAGE IT


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.

STRATEGIC REPORT

STRATEGY IN ACTION CONTINUED


Building trust and respect in our communities

Helping consumers make healthier choices and live healthier lives




16%

reduction in average calories per 250ml serve across our markets since 2017.



99%

of our owned brands in GB are below or exempt from the Soft Drinks Industry Levy.



94%

of parents said they would recommend Fruit Shoot following product trials with Nektarums.

WWW.BRITVIC.COM

The health of our consumers matters to us. We've been bringing enjoyment to millions of everyday moments for over a century through our much-loved brands like Robinsons, Tessaere, M'Ward, Maguary, R White's and Tango, and we are committed to continuing to make a positive difference to the world around us – helping to make it healthier, happier and more sustainable.

Health sits at the core of our business strategy and we are committed to helping consumers make healthier choices through making drinks that taste great and are better for you.

Since 2013, we've taken a three-pronged approach to health focused on:

- Reformulation without compromise on taste or quality
- Innovation: the majority of our innovation pipeline is geared towards low and no sugar drinks.
- Awareness: we are committed to educating and motivating consumers to make healthier choices.

In accordance with our Responsible Marketing Code, we do not advertise any products to under 12s and do not advertise high sugar products to under 18s, and we continue to lead all cola advertising with no sugar Pepsi MAX which we have done since 2005.

Healthier choices. Healthier lives.

Soft Drink In 2018 both the French and UK Soft Drinks Tax 5g/100ml

Britvic was the lowest in the industry for 10 years. At the end of 2018, we owned brands in GB. This figure was 100% owned brands in GB (50% in other markets).

As we anticipate our transition to a higher sugar content, this has been a significant opportunity for us to be confident in the change and to take advantage of the opportunity.

Looking ahead to reduce calories per 250ml information

Nektarums seal of approval. This year Fruit Shoot, which contains no added sugar, was endorsed by Nektarums, one of the largest parenting forums in the UK with more than a million subscribers.

The Nektarums Recommended endorsement, which features on the Fruit Shoot website and on parts of sale materials in store, follows Nektarums product trials of Fruit Shoot's core, Hydro and Juiced ranges with Nektarums subscribers. Following the trials, 94% of parents said they would recommend Fruit Shoot cook and 75% of parents who use the Nektarums endorsement go on to buy the products.

BRITVIC ANNUAL REPORT AND ACCOUNTS

TOP TIPS IN ACTION CONTINUED

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.

Strategic report UNDERSTANDING OUR STAKEHOLDERS

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. It is key that Universities understand how our Home for Success purpose aligns with their own ambitions for their students. Quality properties, in the best locations, along with our enhanced service, are an asset to Universities and can make them a more attractive option to students.



Students

We are experts when it comes to understanding students, engaging with c.50,000 each year across the UK, coming from all over the world. We know their needs and use our unique research and insights as leverage to provide them with a living environment that helps them to get the best out of their time at University. We call this offer Home for Success.



Investors

We aim to show transparent, clear and balanced communications, allowing investors to best understand our business and strategy, and how we deliver long-term shareholder value through earnings and capital growth.



Employees

Our people are at the heart of Home for Success to our staff and to each other. From our who are there for new student emergency contact centre, understand our brand proposition, settled in, keep them safe to be there when they need are trained in active listening exceptional service.

Stakeholder interests

With a Higher Education trust score of 81, a 1-point rise on last year, we know our University partners are confident in our abilities to provide a Home for Success for their students, as we are a key element in each student's experience at University. We are there to support them as an integral part of their personal and academic achievements.

Through the Unite Foundation we work with 27 Universities to provide scholarships for a safe and secure home for 209 students. Working together, we can create better futures for our students.

Our 28 years of insight ensures we can deliver products and services that students want and need. Our MyUnite app allows students to chat with new flatmates before arrival, log maintenance requests, book laundry machines and access our 24/7 support functions. We take the hassle out of student living with all-inclusive bills, and our people help them feel at home. We do what's right by supporting students through the Unite Foundation, which provides accommodation scholarships to young people who come from care backgrounds or are estranged from their families.

We hold regular results briefings, trading updates and meetings with institutional shareholders, equity analysts and investors, publishing all reports and presentations on our corporate website.

The Unite Foundation

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We work with 27 Universities.

209
We provide scholarships for a safe and secure home for 209 students.

We are driven by our values: a strong internal culture, focus efficiency, high performance. We are proud of our response development, high retention to attract the best people to achieving an employee net 75%. We hold investors in place are a Living Wage employee

Relevance to the business model and strategy

Building in collaboration with our University partners and deepening our relationships allows us to grow the proportion of beds in strong, long-term nominations agreements that underpin security of earnings.

We strive for the best customer experience for our students, increasing our customer satisfaction rating up to 83 points. This is delivered by our quality service in quality properties that help us to deliver on our brand promises to get students settled in, feel safe and secure, and know that we are there when they need us.

We need our investors as a key source of efficient capital that enables the business to invest and grow.

Our people deliver a Home for Success to our customers and our staff, ensuring we are a service-led business. We employ and train the best talent to enable us to provide quality operational efficiency.

[Read more about Universities on page 15](#)

[Read more about Students on page 07](#)

[Read more about Investors on page 59](#)

[Read more about Employees on page 45](#)

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.

Sustainability continued

Priority 2 Maintaining Integrity

Maintaining integrity to us means ensuring that gambling is conducted fairly, openly and free from betting-related corruption. The integrity of betting is important because of the risks that any compromise would pose to sport, its practitioners and fans, given its scale and popularity around the world. Our mission is to believe with integrity and fairness in everything we do in order to gain trust from our customers, regulators and society as a whole.

Sport is probably the largest global entertainment industry. Billions of people around the world enjoy sports - whether it is through participation or watching. Over the last decades, a sports entertainment chain has come into existence to benefit from the global popularity of sports. Sports clubs and federations, media outlets, sponsors and others are obviously integral to making sport accessible and sport betting is part of that setup too.

The beauty of sport and competition is the unpredictable nature of the outcomes knowing that there is always a chance of being part of the unexpected and unpredictable twists and turns of a match. Taking the unpredictability away by fixing the outcome of an event puts the nature of sport and the future of the favourite pastimes of billions in jeopardy. Match-fixing is a criminal act and a threat to sport and the entire sports entertainment chain industry, including betting operations.

The matrix below charts the results of our evaluation of Kindred's sustainability impact, by assessing each factor in terms of both its importance to the various stakeholder groups and the impact of each factor on Kindred's business model and the external environment in which we operate.

Priority 3 Running a Compliant Business

Kindred operates a digital entertainment business in a politically sensitive and regulated industry and it is essential to our business that we comply with regulations and requirements in every local market where we have a licence.

Kindred Group operates in locally-regulated markets through its licences in Australia, Belgium, Denmark, Estonia, France, Germany (Schleswig-Holstein), Ireland, Italy, Romania, Sweden and the UK, and other markets internationally through its licences in Malta and Gibraltar, and all are monitored through local gambling authorities. Kindred Group pays betting duties in all markets in accordance with applicable local laws. In 2018, 43 per cent of our gross winnings revenue was derived from locally-regulated markets and this number is growing in line with our corporate strategy.

We are subject to strict rules and provisions in the countries where we hold licences and compliance is a prerequisite for our business. With every local licence having its own specific legal, operational and commercial requirements, Kindred has over the years invested heavily in compliance and governance functions. As an online gambling operator, we do face some of the same challenges as financial institutions. We process over 40 billion transactions daily and each one of these is subject to strict anti-money laundering rules.

In 2018, Kindred underwent 21 audit certifications across all its licensed activities, as required by the terms of its licences, with no failures in compliance noted.

Anti-money laundering (AML)

Our global Anti-Money Laundering/Counter-Terrorism Financing Policy, together with our research-based systems and tools, provide the foundation for all our employees to recognise and adhere to requirements in this area. Kindred is always seeking to find innovative ways of improving its business and is currently exploring how the use of deep learning and AI techniques can strengthen our AML decision process, by collaborating with City, University of London, and Bredvig, the responsible gambling data analytics specialist.

All Kindred's supplier relations are subject to an anti-money laundering review. Kindred does not accept corruption or bribery under any circumstances and requires all employees to participate in regular anti-corruption training. We enforce a Global Bribery Policy and a Global Gift Policy and in 2018 we had no cases of corruption involving Kindred reported.

Strategic Pillars

- Responsible Gaming
- Maintaining Integrity
- Running a Compliant Business
- Being Kinbred
- Contributing to our Communities

Strategic Pillars

- Sustainability
- Winning and keeping the customer
- Digital DNA

Our strategic intent

We will become the number one operator across our markets

Our purpose

We want to transform gambling to ensure fair play, the best deal and a great experience for our players

Our values

- We believe in Fairplay
- We built on Trust
- We seek to Innovate
- We are Individuals United
- We Dare to Challenge

Priority 4 Being Kinbred

Our people are our strongest assets and we rely on attracting and keeping the talent to deliver on our strategy. We aim to provide a great place to work for our employees through a distinctive culture based on our core values. Whilst we have a strong culture, underpinned by shared values, we also promote diversity and equality in everything we do.

Every day we are joined by new people: new players, new colleagues and sometimes even new partners and brands. Kindred is a fast growing global organisation with 1,465 employees representing 54 nationalities across 15 locations. Getting all of us together and thinking as one team is a condition for our success.

As a truly global company, Kindred is committed to creating a diverse workforce comprised of people from a wide array of backgrounds, cultures and viewpoints. Equal opportunities lie at the heart of the entire employee journey, including recruitment, training and benefits, regardless of gender, disability, race, nationality, religion, sexual orientation or age.

Our strong belief is that a diverse workforce enhances the quality of decision-making, experiences and viewpoints.

Everyone can contribute to society, the local communities and to its people in some way. In addition to offering entertainment to a sustainable way, our contribution includes stimulating economic growth, taking part in our local communities and minimising our impact on climate change.

Kindred is committed to continuing to stimulate economic growth by providing more jobs, encouraging our suppliers to meet Kindred's ever more ambitious standards and paying more taxes to an increased number of governments (through further licensed jurisdictions). We will have increased our social engagement through additional partners and active sponsorships, as well as ensuring 100 per cent of our purchased energy will be from renewable resources in 2023.

As a global, fast-growing organisation with offices in 11 countries, and licensed activities in 13 countries, Kindred makes an important economic contribution to society. The generous government revenues through taxes we pay and stimulate economic growth through higher production and innovation and, of course, direct employment.

We purchase many different services and goods and see it as our responsibility to extend our influence throughout the value chain to improve the standards of our business partners and suppliers. We work to build long-term relationships with our suppliers and apply a Global Procurement Policy as well as a Supplier Code of Conduct that clearly communicates the standards we expect regarding labour and human rights, health and safety, business ethics and environment. We believe that placing high demands on our suppliers, as we do on our own operations, the pace of progress will increase, contributing to a more sustainable economy.

2018 Employee age breakdown (%)

- 1. 1-20 years old: 2%
- 2. 21-40 years old: 39%
- 3. 41+ years old: 21%

2018 Employee gender breakdown (%)

- 1. Male: 69%
- 2. Female: 28%

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TOP TIPS IN ACTION CONTINUED

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.

Strategic report
STRATEGY AT
A GLANCE

Our strategy is to build and operate the UK's leading portfolio of student accommodation, designed specifically for students, in the right locations with services that our students and University partners value.

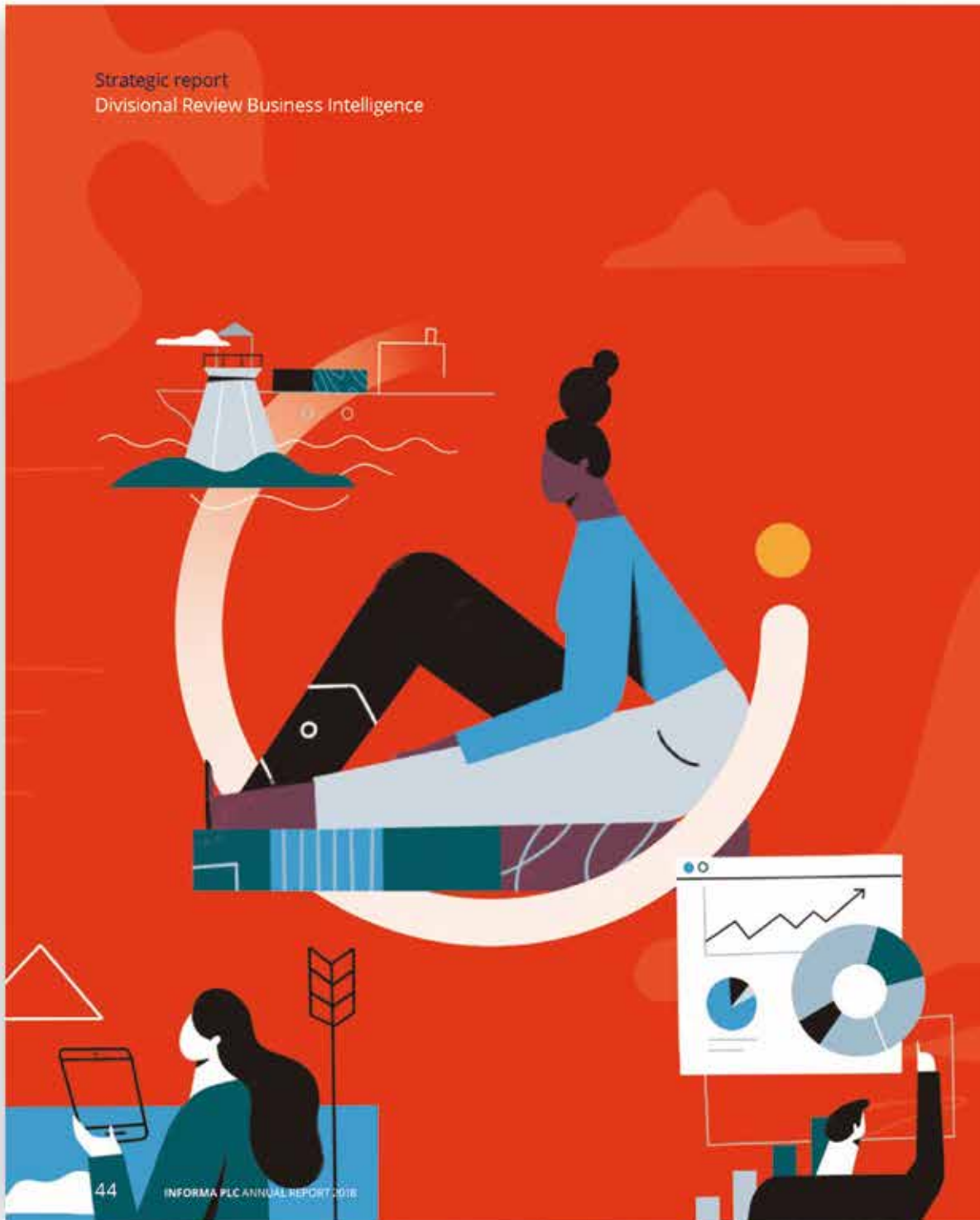
	Current strategic focus	2018 in review	Objectives for 2019
<p>1 Quality properties</p>  	<ul style="list-style-type: none"> Portfolio optimisation through development, disposal and lifecycle to ensure we have the right properties in the right locations, aligned to the strongest Universities Ensuring our buildings are safe and secure for customers and colleagues, and environmentally sustainable. 	<ul style="list-style-type: none"> Opened seven new properties Purchased a 678-bed scheme in Wembley via forward fund Disposed of £180 million of assets which no longer fit with our strategy. 	<ul style="list-style-type: none"> Continue to increase the quality of our portfolio through large acquisitions and disposals Continue to align our portfolio with mid- to high-ranking Universities in cities in which we already have a presence to drive efficiencies.
<p>2 Quality service platform</p>  	<ul style="list-style-type: none"> Maintaining high occupancy rates Delivering continuing rental growth Deliver ongoing efficiency improvements through our proprietary operating platform Continue to enhance the service we provide to meet the needs of today's students. 	<ul style="list-style-type: none"> Occupancy rate of 98% and 3.2% rental growth Delivered further improvement in NOI and overhead efficiency measure. 	<ul style="list-style-type: none"> Maintain high occupancy and rental growth of 3.0-3.5%
<p>3 Quality University partnerships</p>  	<ul style="list-style-type: none"> Strengthening our partnerships with mid- to high-ranking Universities Grow the proportion of Unite beds aligned to mid- to high-ranking Universities Continue to increase quality of nominations agreements. 	<ul style="list-style-type: none"> Secured further University partnership schemes in Oxford, London and Bristol, totalling 2,497 beds 70% of beds now aligned to mid- to high-ranking Universities. 	<ul style="list-style-type: none"> Pursuing additional University partnership schemes to deliver further growth and long-term security of income Increase beds under long-term nomination agreements.

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THE UNITE GROUP PLC

10 CREATE IMPACT THROUGH GOOD DESIGN

Informa uses striking illustrations and bold designs to communicate the intangible value it creates.



Divisional Review
Business Intelligence

Specialist and

Lara Boro
Informa Intelligence CEO

How we serve customers
In every specialist sector, businesses are founded on trusted data and insights, knowing the market deeply.

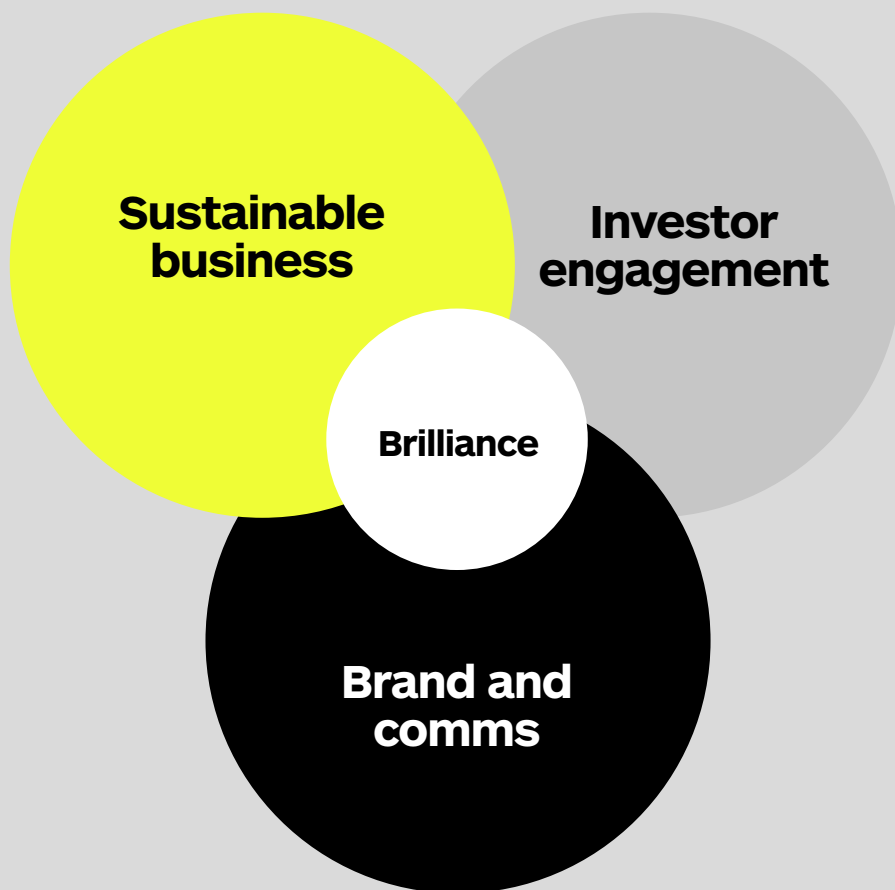
In the market for business intelligence information products as well as services that help companies gain competitive advantage through investments, with an increasing demand for actionable intelligence.

Our markets and brands
Over 25,000 businesses worldwide use our products, which range from market and trend analysis to real-time data as well as benchmarking and direct access to expert insights.

In 2018, the Division operated in Agribusiness, Finance, Industrial, Transportation, and Technology.

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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

For more information about integrated reporting, or to discuss your corporate reporting in general, contact:

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Tel: 020 7101 1677

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luminous