

Inspiring global alignment through value creation The IIRC's Global Conference 2019

Special Focus: How value creation is driving integrated thinking and strategy



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SIG Integrated Thinking & Strategy

IIRC Global Conference
London, May 16, 2019



Our objectives

The present state of play

- Who is doing what already to integrate thinking and strategy in a multi-capital world. This will include studying what participants in the program are already doing with respect to integrated thinking.

The desired state of play

- The vision of a multi-capital world. Are there best practices that have been developed, or are emerging, which need to be identified and captured in one place?

The pathway

- Recommendations on next steps for companies already thinking in an integrated way, plus suggestions on early wins for companies starting to integrate multiple capitals into their business strategy.

Our participants: 44 organizations & 6 partners

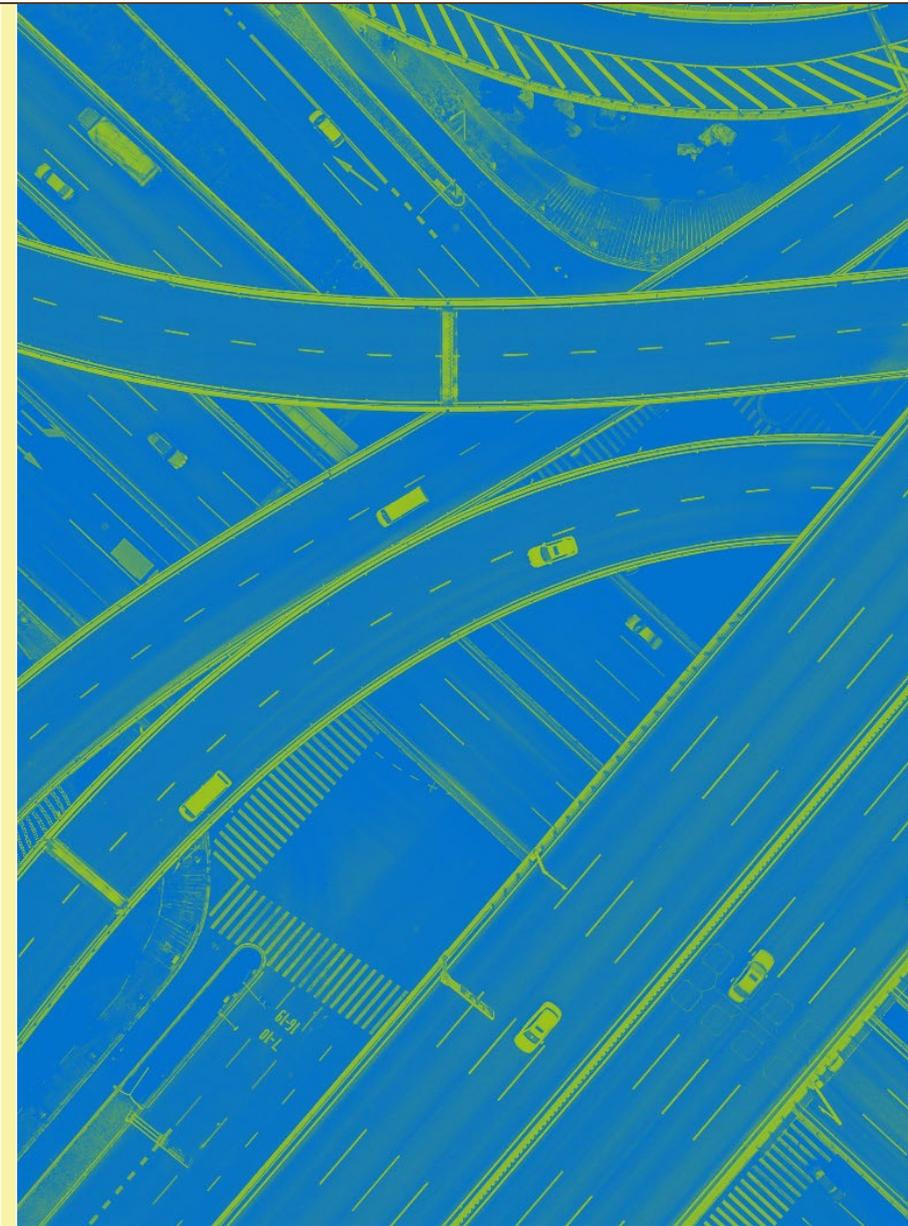


Task Force Workstreams

Topic	Workstreams' co-leaders
Definition of integrated thinking	Cora Olsen (Novo Nordisk)  Giorgio Saavedra (The World Bank) 
Landscape map of integrated thinking projects / initiatives / literature	Tjeerd Krumpelman (ABN AMRO)  Helen Slinger (A4S) 
A model for integrated thinking	Christian Heller (BASF)  Richard Whittington (Saïd Business School) 
Tools enabling/supporting integrated thinking	Lauren Muusse (ING)  Eva Zabey (WBSCD) 
Communicating integrated thinking	Michel Washer (Solvay)  Samantha Louis (AICPA-CIMA) 
Pathways to achieving integrated thinking	To be determined later

Learn from best practices

Case studies provided by



Our milestones

- Q2-Q3 2019: Interim Report
- Q3-Q4 2019: Review feedback from Interim Report
- Q1 2020: Release best practice model
- Q2 2020: Start promotion of model

Let the participants talk



Lauren Muusse

Senior Sustainability Advisor



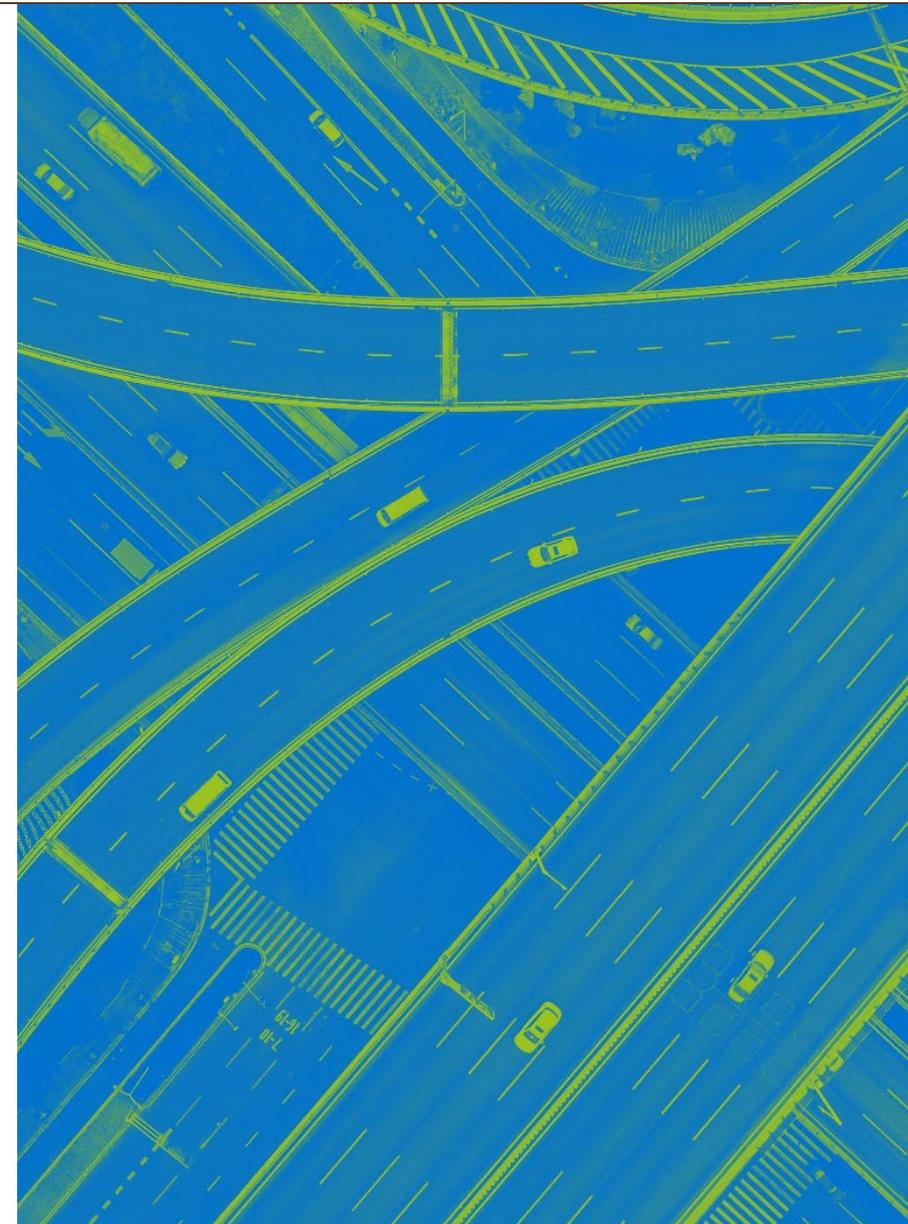
Tjeerd Krumpelman

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Giorgio Saavedra

Senior Financial Officer



WS1 Definition of integrated thinking

Giorgio Saavedra

Senior Financial Officer,
Integrated Reporting Lead

The World Bank

W1 Definition of Integrated Thinking

Integrated thinking: The active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term.

Definition from the <IR> Framework

Task At Hand

- Define what integrated thinking means in practice
- Evolve thinking to something, which can be adopted more broadly

W1 Definition of Integrated Thinking

Importance and challenges

- Important because current definition is difficult to operationalize, which could hinder broader uptake
- Challenges relate to creating an easy-to-understand and meaningful definition, which resonates regardless of integrated thinking maturity (high-level or detailed?; <IR> language or not?)

'Cracking the nut'

- Working group established to drive the development of the definition. The group will seek input and sparring from the other working groups to ensure definition captures the right elements in a meaningful and tangible manner
- Survey developed to collect information about the 'current state of play' and to guide the development of the definition

Survey Preliminary Findings

Key findings:

- Growing importance of wider stakeholders
- Broader factors growing in relevance and importance
- Broader thinking required for strategy formulation
- Communicating on value remains a challenge
- Time horizons becoming even more long-term

How are we seeing Integrated Thinking happen in practice?

- Different approaches being used
- In some cases integration happens organically
- Approach used may not be prescriptive
- Can be either top-bottom and bottom-up



STRATEGY & INTEGRATED THINKING & VALUE CREATION
Practical insights from ABN AMRO

TJEERD KRUMPELMAN, CORPORATE STRATEGY & SUSTAINABILITY
International Integrated Reporting Council May 16th 2019

STRATEGY REFRESH

*Value creation integrated
into Strategy process:*

- *Value Creating Topics (VCT)*
- *Multi-stakeholder*
- *Multi-capital*

Purpose:

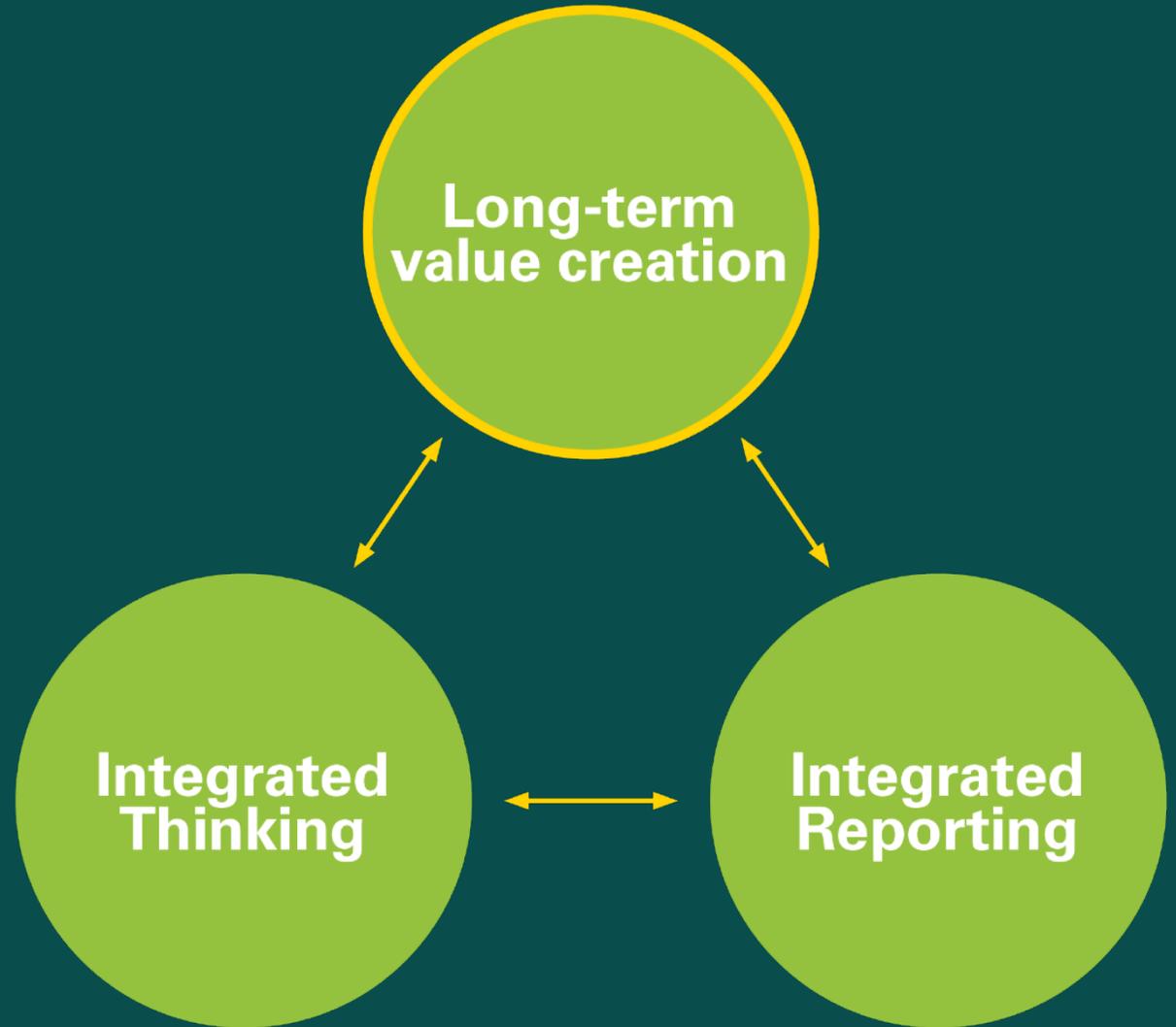
**BANKING FOR BETTER,
FOR GENERATIONS TO COME**

Strategy:

**ACCELERATING THE
SUSTAINABILITY SHIFT**



WHERE TO START?



THE RESULTS OF AN INTEGRATED THINKING COMMUNITY

Management reporting

Ability to steer non-financials,
evidence based. Non-financials
can be used as pre financials

Risk reporting

Strategic Risk Assessment
aligned and more thorough

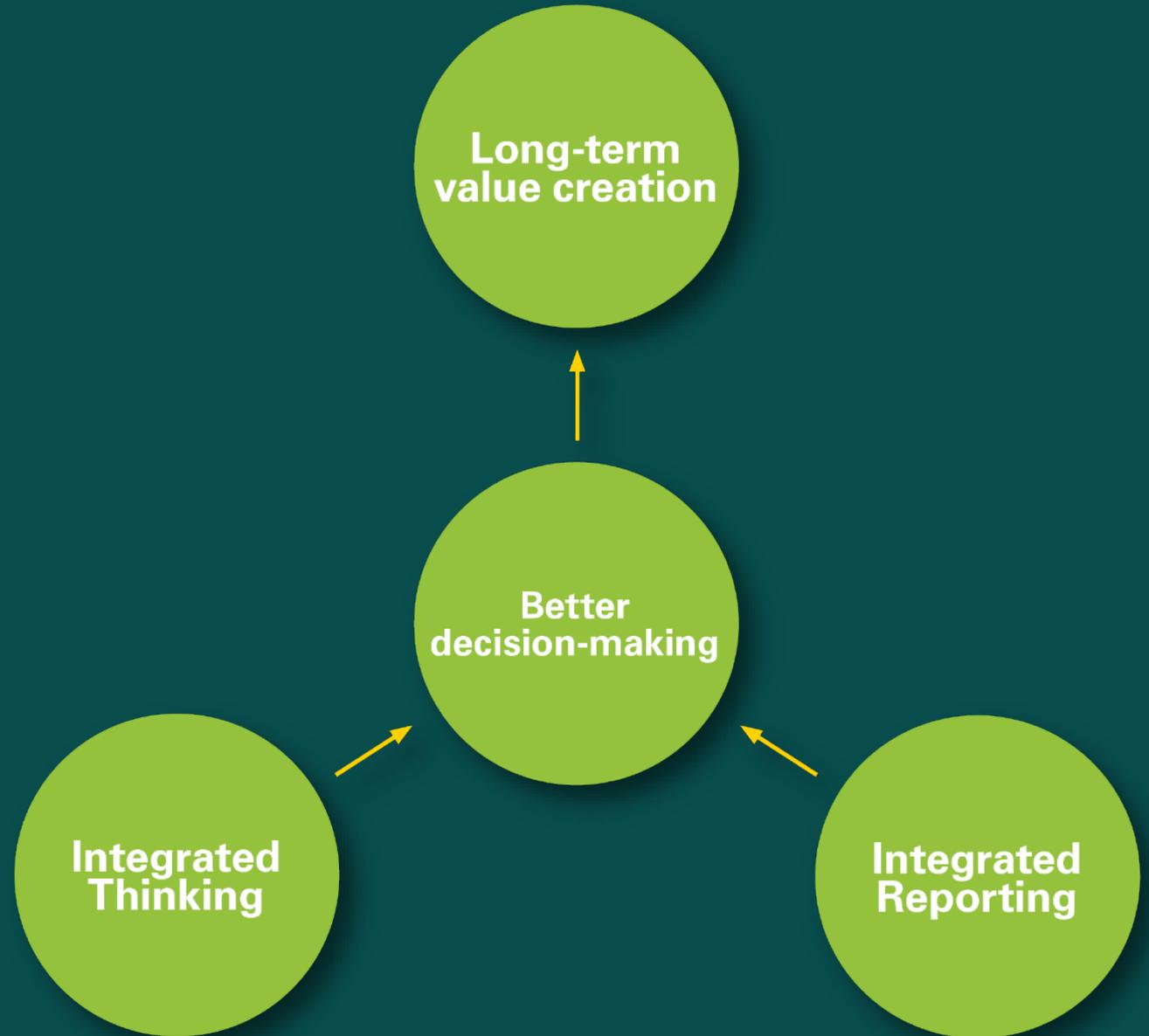
Integrated reporting

Alignment of management-
(internal), external-, and risk
reporting

INTERNAL

**INTEGRATED
THINKING AND
INTEGRATED
REPORTING
BRINGS BETTER
DECISION-MAKING**

**THAT ULTIMATELY
LEADS TO
LONG-TERM
VALUE CREATION**



THANK YOU

TJEERD KRUMPELMAN
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SIG Tools Workstream

May 16 2019

Lauren Muusse (ING)

IIRC Business Network



TF workstream Tools - Overview of work

- Step 1: Identify key barriers to integrated thinking

What are the key barriers to *practicing* integrated thinking?

- Steps taken in identification: 1) leverage of expertise 2) survey 3) cross check of existing tools
- Barriers identified: communication, measurement, causality, strategising, complexity, leadership, collaboration

Step 1
complete-
initial list
compiled

- Step 2: Map existing tools against integrated thinking barriers and categories of implementation

- Result: a data base of 211 tools mapped across audience, capitals, categories of implementation and barriers

* The group is exploring a mode of publication for this database

Step 2
complete-
initial
database

- Step 3: Develop set of tools

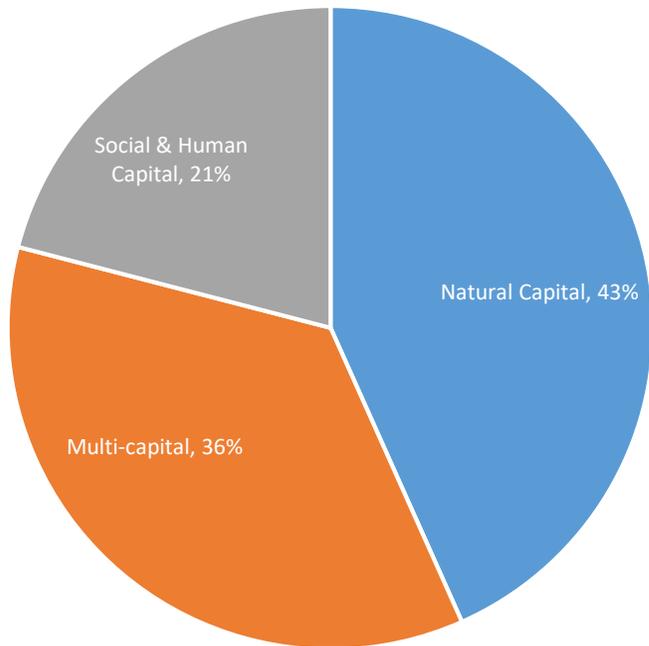
Guided by:

- Gap analysis on existing tools/capitals/barriers/implementation categories
- Possibility to use A4S cluster of tools as a blueprint
- Possibility to build on maturity map started within the S

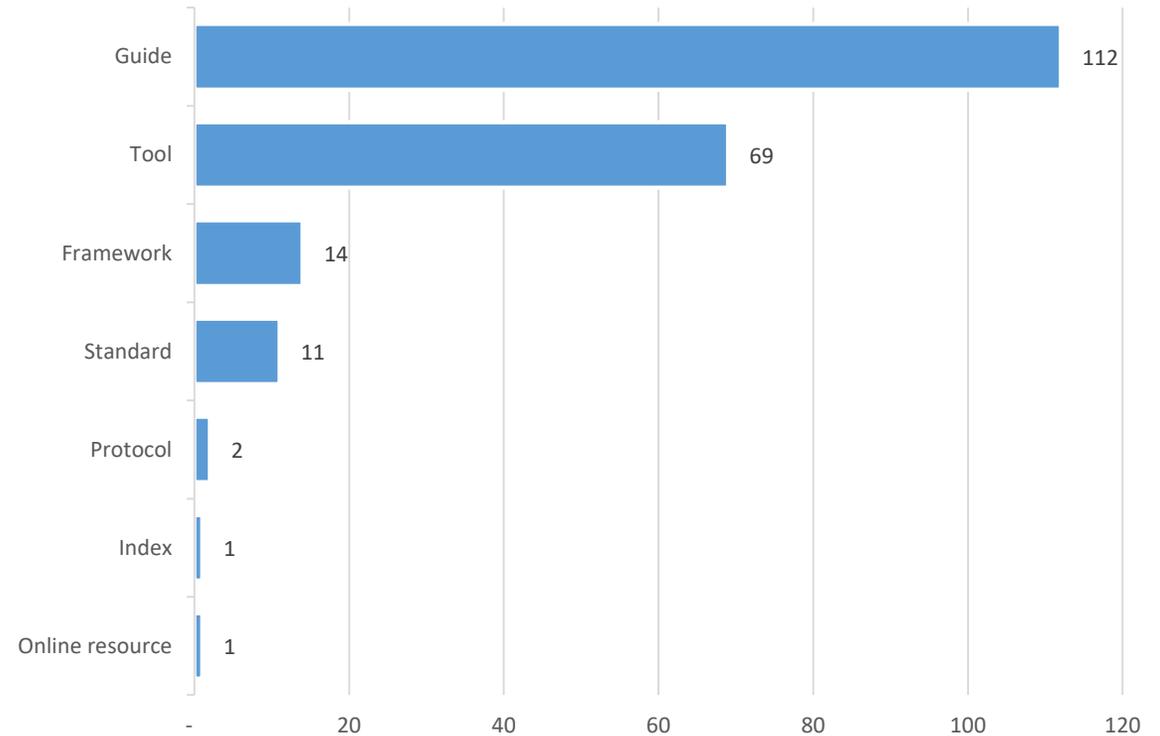
Step 3 as a
next action

Work output- analysis

Capitals incorporated in tools

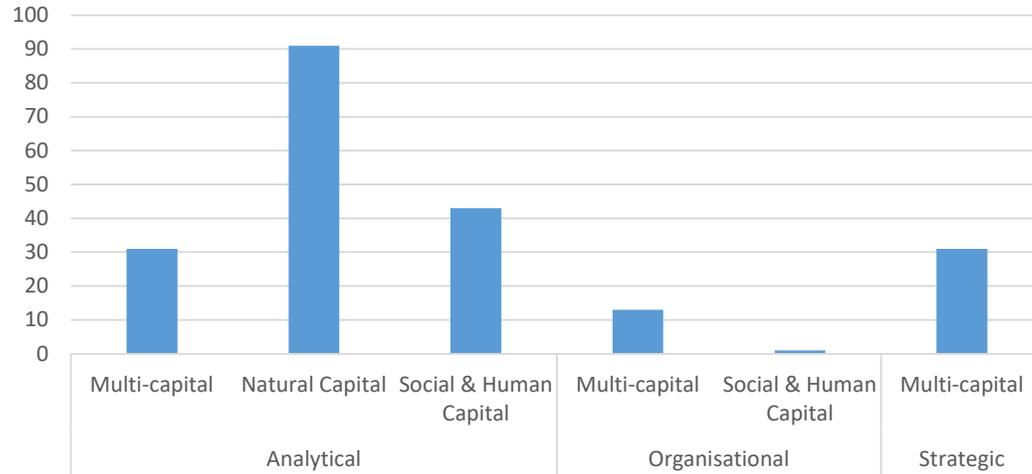


Concentration of forms



Work output- analysis

Capitals touched on per tool category type



*points of attention ←

Capitals touched on per barrier category	Tool totals
Measurement	105
Natural Capital	71
Social & Human Capital	29
Multi-capital	5
Communication	42
Multi-capital	23
Natural Capital	11
Social & Human Capital	8
Strategizing	20
Multi-capital	20
Measurement & Causality	15
Natural Capital	9
Social & Human Capital	6
Leadership	11
Multi-capital	11
Complexity & Collaboration	11
Multi-capital	11
Collaboration	3
Multi-capital	2
Social & Human Capital	1
Complexity	2
Multi-capital	2
Grand Total	210



Work output- analysis

Number of tools per barrier (category combined)

Strategic

Strategizing: 20

Leadership: 11

Organisational

Collaboration: 15

Complexity: 13

Analytical

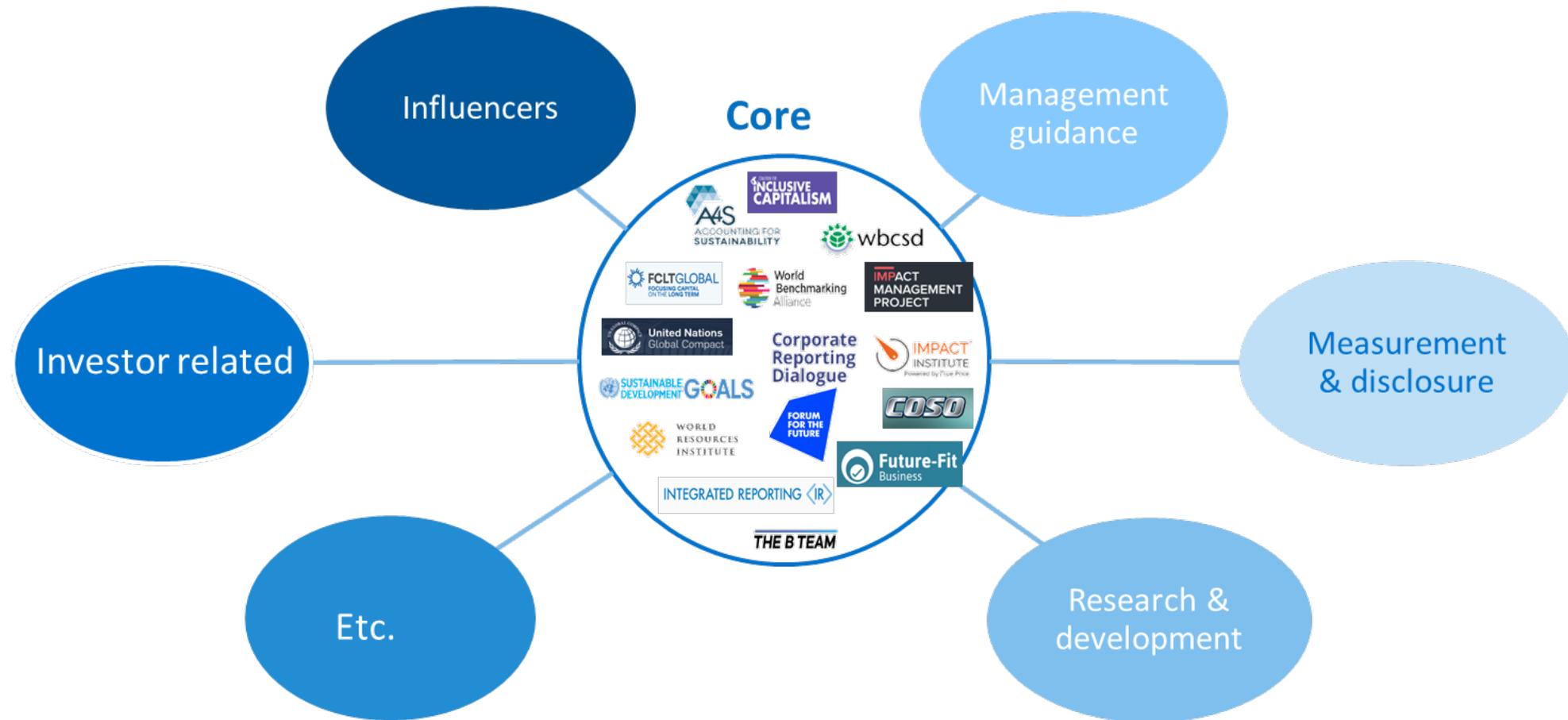
Measurement: 120

Causality: 15

Communication: 42

Back-up

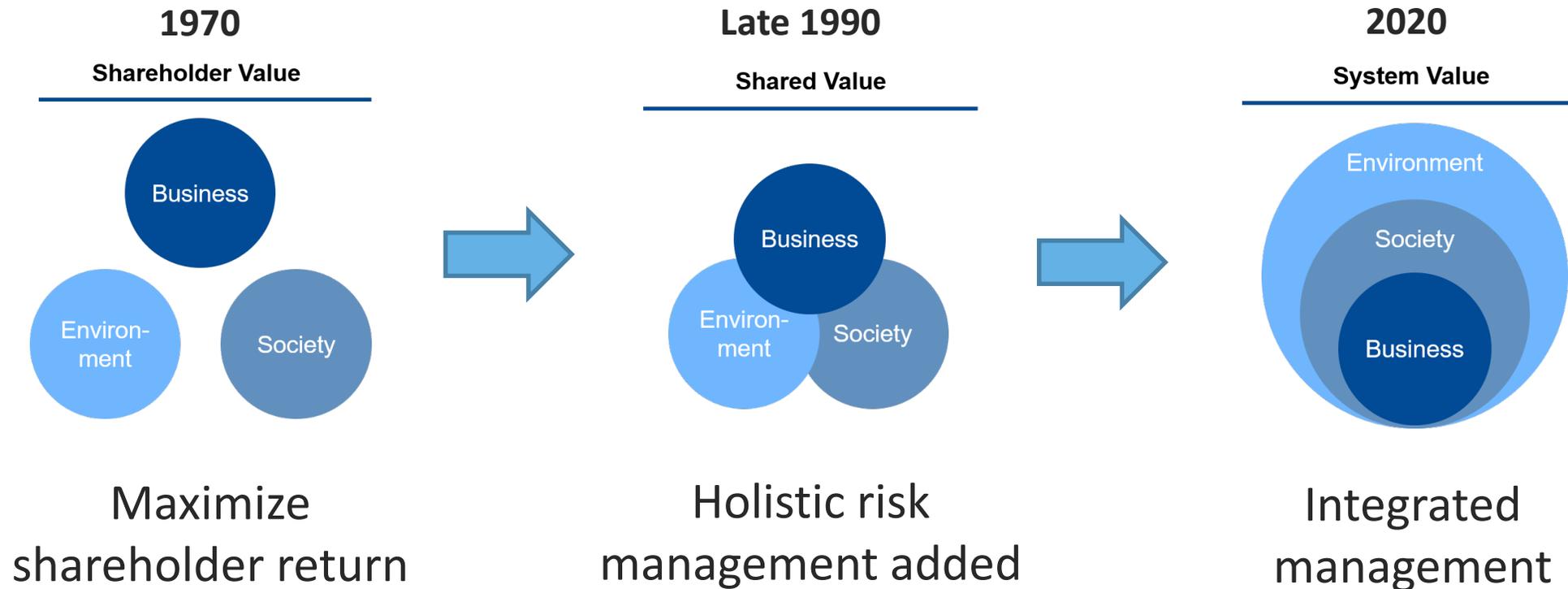
WS 2 Landscape map of integrated thinking projects / initiatives / literature



WS 3 A model for integrated thinking

Changing business reality in the global capitalistic system

Create and protect value for long-term business success



Based on Future Fit

WS4 Tools enabling/supporting integrated thinking

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- Gap analysis on existing tools/capitals/barriers/implementation categories

* Possibility to use A4S cluster of tools as a blueprint

* Possibility to build on maturity map started within the SIG in Paris

Step 3 as a
next action

WS 5 Communicating integrated thinking

Distinguishing between Internal
and External communications

Identifying the starting point
for an organization

Calling out:
Good practices
Key people
Roadblocks
Accelerators