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Integrated reporting: elevating value

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The International IR Framework was launched in December 2013 and can be found here http://www.theiirc.org/

What is the International Integrated Reporting Council (IIRC)?
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What is the IIRC Pilot Programme?
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What are the benefits of IR?
IR has further benefits alongside this communication of value to stakeholders:
► Provides a basis for engaging with investors about your sustainable value creation.
► Creates a foundation for assessing the social, economic and environmental impacts of your business activities and the connectivity of these impacts with your business performance.
► Enhances the coherence of non-financial disclosures and creates a framework for communicating forward-looking strategic priorities.
► Allows you to build on statutory changes to the reporting environment, such as the UK’s Strategic Report, and anticipate other major reporting changes, such as the new EU Directive on non-financial reporting.

The environment for business has never been so complicated. Against a backdrop of recent economic crises, climate change and ever greater competition for scarce resources (such as financial and natural capital, people or customers), companies are under increasing pressure to explain how their business model will deliver sustainable and superior commercial returns to investors, society and environmentally responsible way.

You should be asking yourself the following questions in this context:
► How adaptive is your strategy and how flexible is your business model to this changing external environment?
► How ‘joined up’ are your decision-making processes, operations, management reporting and corporate reporting?
► What value does your organisation create in delivering your strategic objectives?
► How do you quantify your net value creation and how effectively do you communicate this to your stakeholders?
► How embedded is sustainability into your business strategy?
► Does your reporting demonstrate you are a sustainable company?
► Can the clarity of your reporting be improved?

Why choose IR?
IR is, quite simply, better reporting. It provides a platform for communicating to your investors and other principal stakeholders your overall business performance, management of material issues, the relationship between your financial and non-financial impacts, your future strategy, and the connectivity of all of these with your governance structures and risk management processes. An integrated report provides a broader perspective on your company’s performance than the narrow focus on historic financial performance of a traditional annual report and accounts. It does so by weaving a golden thread which connects the narrative explanation of your business performance and financial disclosures with the non-financial inputs to your business model, and outputs and outcomes from your business activities.

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What are the challenges?
► Significant transformation in how an organisation reports its business performance, effecting governance structures, data systems and business processes.
► Different perspective on ‘value’ compared with the narrow focus on historic financial performance in the annual report and accounts.
► Reliable quantification of an organisation’s environmental and social impacts, and convincing articulation of the connectivity of these with underlying business performance.

How can EY help?
We bring deep experience with our global network of sustainability practitioners in helping our clients incorporate reporting and direct experience of working with clients to embed sustainability into their core business strategies. We can assist with:
► Transitioning towards and implementing IR (e.g., project governance, materiality assessment, business model, sustainability strategy, KPIs, data collection and data management systems, management reporting and corporate reporting outputs).
► Transformational projects on embedding Integrated Thinking across an organisation.
► The identification, realisation and communication of value creation.
► Assurance of non-financial KPIs and sustainability reports.
► Greater focus on long-term business sustainability.
► Improved business processes and reporting.
► Enhanced cross-functional relationships (“Integrated Thinking”).
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