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Or visit www.ey.com/GL/en/Services/Advisory/Integrated-reporting—driving-value—Overview

Integrated reporting
Communicating sustainable value creation

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What is Integrated Reporting (IR)?
IR is a significant evolution in corporate reporting, providing a business’s investors and other principal stakeholders with a concise communication about how it creates sustainable value. An Integrated Report demonstrates how a business’s strategy, governance, performance and future outlook will generate value in the short, medium and long term. Integrated reporting will help companies understand the relationship between their financial and non-financial impacts and the sources of their long-term value-creation. By encouraging businesses to think more holistically about their performance, IR has a valuable role to play in the creation of a more sustainable global economy.

What is the International Integrated Reporting Council (IIRC)?
The IIRC is a global coalition of regulators, investors, businesses, standard setters, the accounting profession and NGOs whose mission is to create the globally accepted International Integrated Reporting Framework. Established in 2010 by The Prince’s Accounting for Sustainability Project, the Global Reporting Initiative and the International Federation of Accountants, the IIRC is a non-profit organisation which is driving forward the evolution of corporate reporting through the development of this new reporting framework and the international Pilot Programme.

What is the IIRC Pilot Programme?
The principles, content and practical application of IR are being tested through a pilot programme of more than 100 businesses (from multinational corporations to small and medium enterprises) in 25 countries. Over 35 global investor organisations are also contributing to the development of the IR Framework and are providing membership organisations) in 25 countries. Over 35 global investor organisations are also contributing to the development of the IR Framework and are providing

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You should be asking yourself the following questions in this context:

► How effectively do you communicate the value creation to your stakeholders?
► Does your reporting demonstrate that you are a sustainable company?
► How ‘joined up’ is your decision-making, operations, management reporting and corporate reporting?
► How adaptive is your strategy and business model to this changing external environment?
► How will you respond to new statutory reporting requirements?
► Can the complexity and volume of your reporting be reduced?

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 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 data with the non-financial inputs, outputs and outcomes to and from your business activities.

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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 anticipate and prepare for major change to the reporting environment, such as the 2013 legislative changes in the UK Companies Act.
► Greater focus on long-term business sustainability.
► Improved business processes and reporting.
► Enhanced cross-functional relationships (Integrated Thinking).

What are the challenges?
► Significant transformation in how an organization reports its business performance, effecting governance structures, data systems and business processes.
► Different perspective on ‘value’ compared with the 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.

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How can EY help?
We bring deep experience with our global network of sustainability practitioners in sustainability and corporate 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, KPIs, data collection and data management systems, management reporting and corporate reporting outputs).
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The environment for business has never been so complicated. Against a backdrop of economic crisis, 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 in a socially and environmentally responsible way.

You should be asking yourself the following questions in this context:

► How effectively do you communicate value creation to your stakeholders?
► How is it joined up? Is your decision-making, operations, management reporting and corporate reporting aligned?
► How adaptive is your strategy and business model to this changing external environment?
► Can the complexity and volume of your reporting be reduced?

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