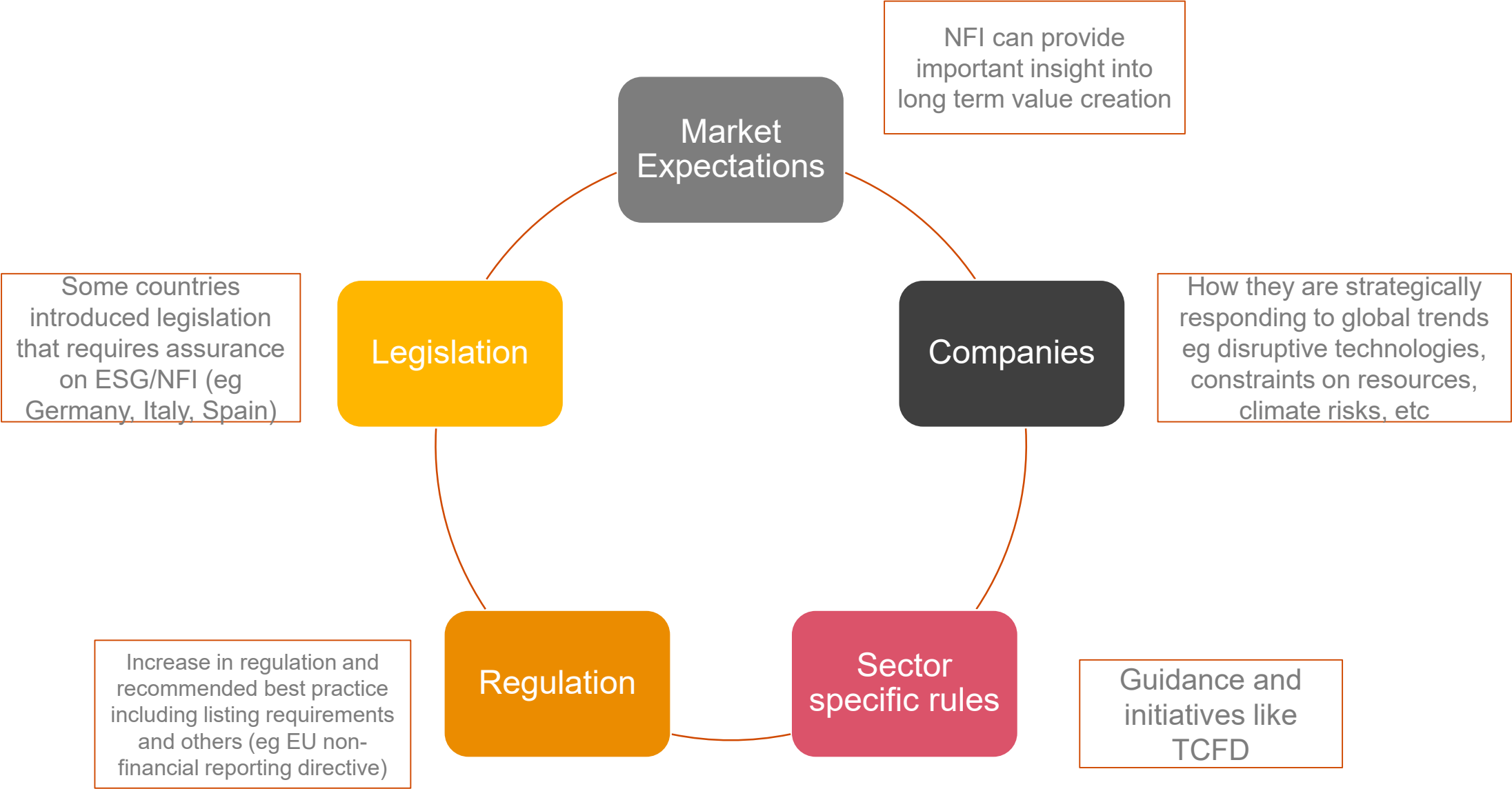


Assurance and integrated reporting

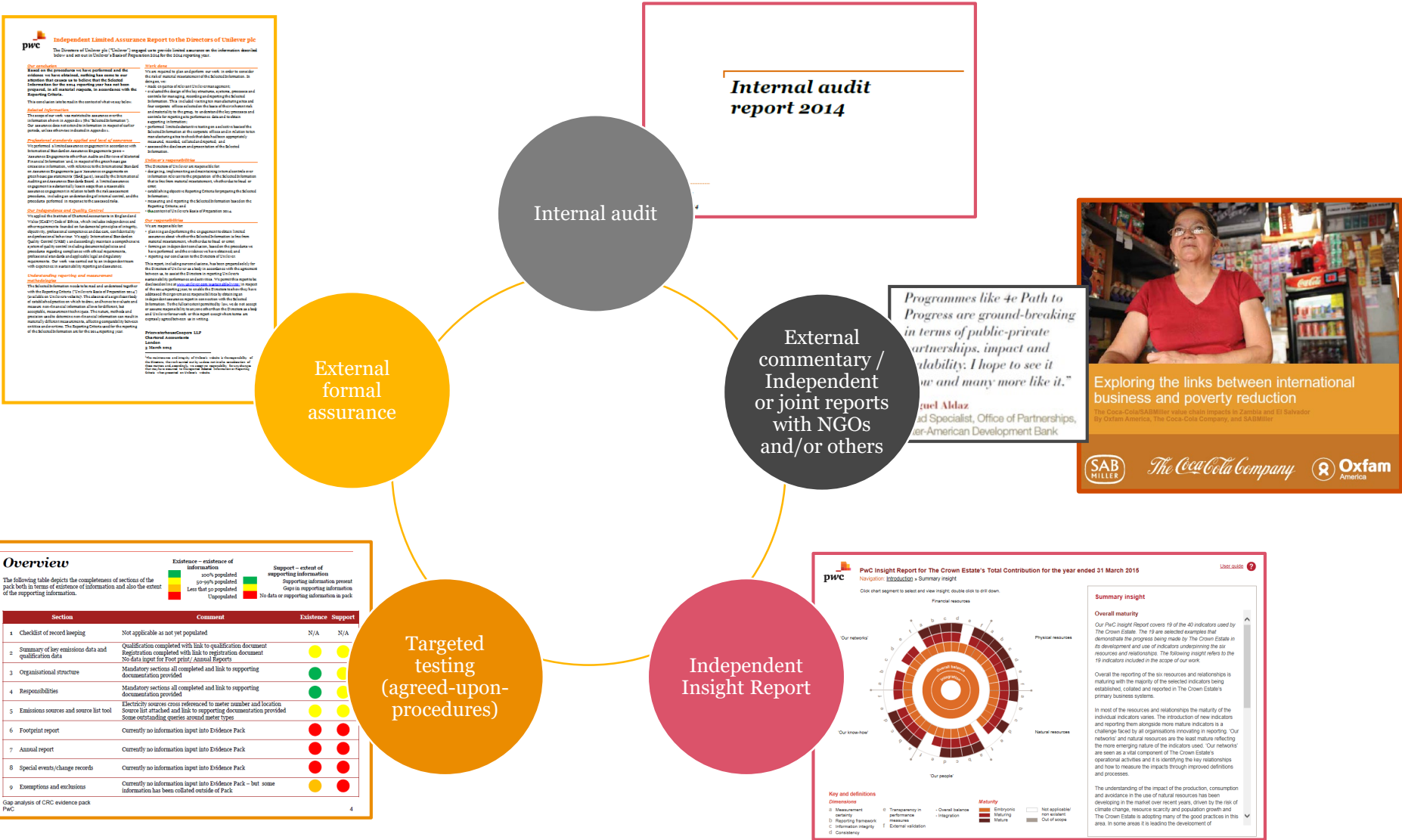
The IIRC's Global Conference
May 2019



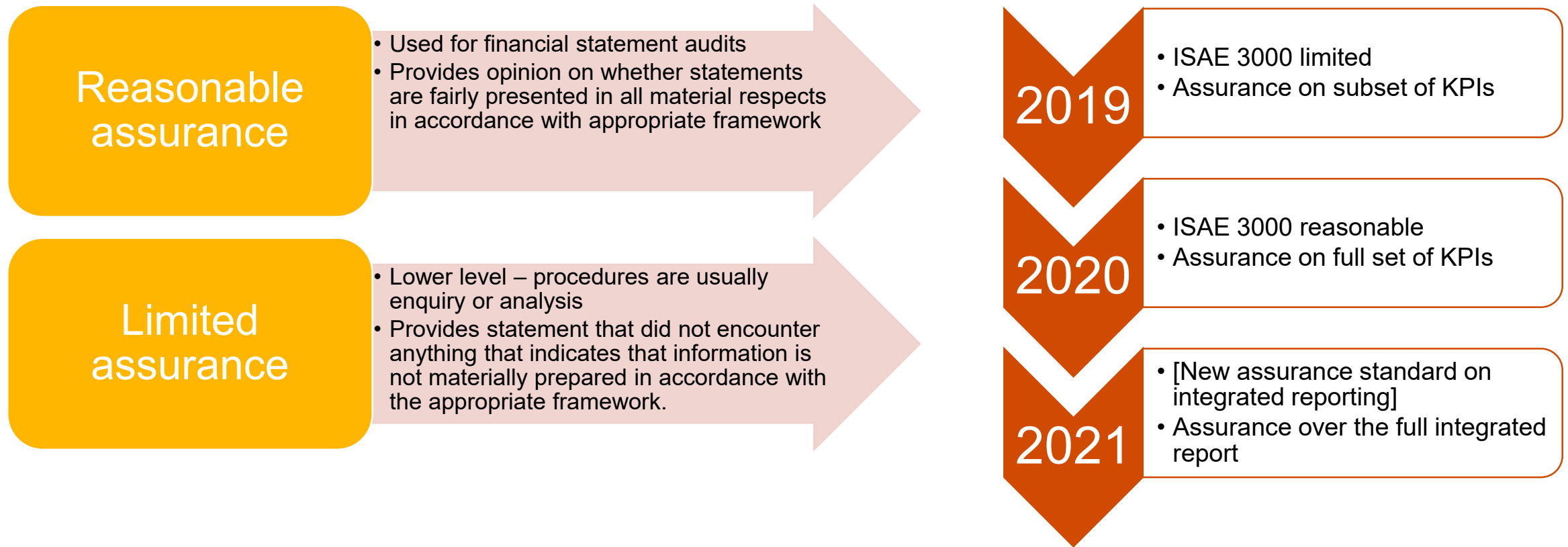
Assurance demand



Approaches to credible reporting and building trust



Roadmap to assurance



Case study - The Crown Estate

Do you recognise these challenges?

Building trust with your stakeholders

Responding to demands from internal and external stakeholders for greater insight into how you manage and report performance

Achieving greater transparency into your performance

Exploring new types and sources of performance data

Building confidence internally and externally in what and how you measure and report



Values:

Commercialism

Integrity

Stewardship

What we do

1. Investment management

We buy and sell

2. Development management

We plan, construct and refurbish

3. Asset management

We manage our assets to increase their value

4. Property management

We add value for customers, visitors and communities

What we rely on

We draw upon our capitals as inputs to our business model and are constantly transforming them through our activities.



Financial resources
– available to us to run and grow our business



Our people
– the skills, competences and experience of our employees



Physical resources
– property, plant and equipment we own and use



Our know-how
– our collective expertise and processes



Natural resources
– that we manage and use



Our networks
– our relationships with all of our stakeholders including customers, communities and business partners

The value we've created

We consistently create significant value for the UK taxpayer, and tangible, long-term value for all of our stakeholders. We measure this for each of our capitals.

See below for the net economic values (direct) generated for our capitals once Total Contribution methodology has been applied – based on the average of three years' data (2013/14 – 2015/16).

£320m
Financial resources

£118m
Physical resources

£27m
Natural resources

£1m
Our people

£370m
Our know-how

£15m
Our networks

All figures are rounded. More detail on pages 18-21. For information on indirect and enabled contribution see online at www.thecrownestate.co.uk/TotalContribution.

Investment into the business

We access capital to invest in our portfolios via strategic partnerships and sale of non-core ex-growth assets.

Our contribution to HM Treasury

Our annual net revenue profit is paid to HM Treasury.

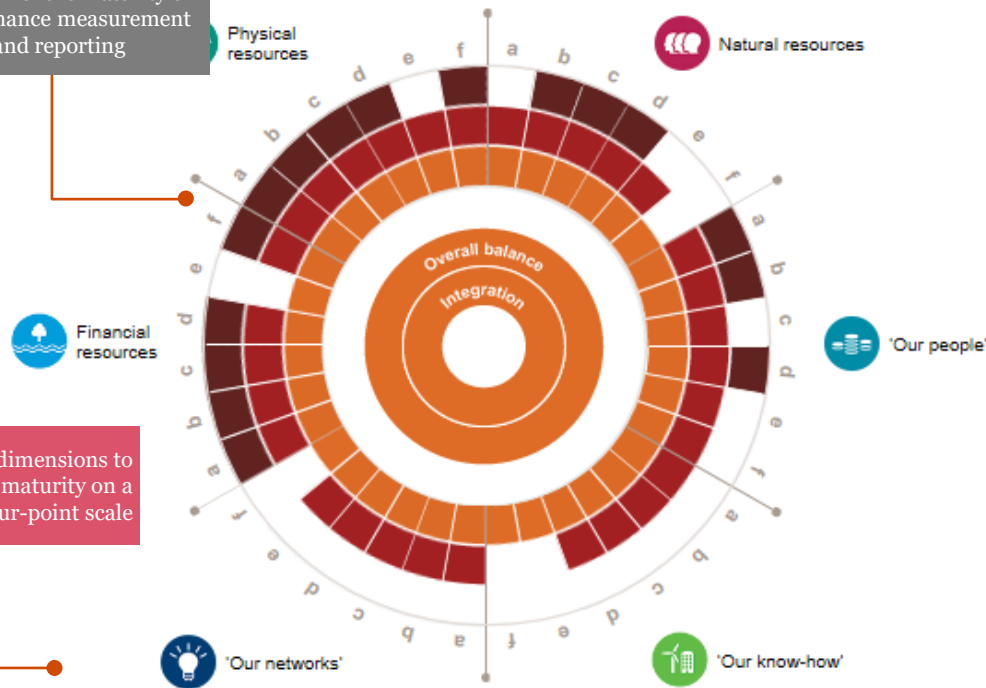
Total Contribution Report 2017

The Crown Estate – independent insight report

Click chart segment to select and view insight;
 double-click to drill down.

Provides an at a glance overview of the maturity of performance measurement and reporting

Uses six dimensions to assess the maturity on a four-point scale



Key and definitions

Dimensions

- a Measurement certainty
- b Reporting framework
- c Information integrity
- d Consistency
- e Transparency in performance measures
- f External validation

- Overall balance
- Integration

Maturity

- Embryonic
- Maturing
- Mature

- Not applicable/ non-existent
- Out of scope

Detailed insight at a summary level and for individual indicators

Summary insight

Overall maturity

Our PwC Insight Report at the indicator level covers 21 of the 35 indicators used by The Crown Estate, whilst 10 indicators are covered for maturity assessment over their economic valuation methodology. The selected examples demonstrate the progress being made by The Crown Estate in its development and use of indicators underpinning the six capitals. The Crown Estate has shown its commitment to transparency by asking PwC to provide insight on more indicators than the prior year, along with insights on the economic valuation methodology for 10 indicators.

Overall the reporting of the six capitals is maturing with the majority of the selected indicators being established, collated and reported in The Crown Estate's primary business systems.

The maturity of the individual indicators varies within each of the capitals. The introduction of new indicators and reporting them alongside more mature indicators is a challenge faced by all organisations innovating in reporting. 'Our know-how' and 'Our networks' are the least mature reflecting the more emerging nature of the indicators used. 'Our networks' is seen as a vital component of The Crown Estate's operational activities and it is identifying the key relationships and how to measure the impacts through improved definitions and processes.

The understanding of the impact of the production, consumption and avoidance in the use of natural resources has been

Assurance for the fourth industrial revolution

A close-up photograph of a hand wearing a white nitrile glove. The hand is holding a thin, dark, pointed tool, likely a precision screwdriver or probe, and is carefully working on the internal components of a disassembled smartphone. The phone's internal parts, including the circuit board, battery, and various connectors, are visible. The background is a plain, light-colored surface.

Stakeholder assurance

Trust sits at the heart of a sustainable business but trust in business is in decline.

Management serious about addressing a growing trust deficit must be sensitive to the fact that their stakeholders need increased confidence in the commitments made to them.

At PwC we can act as catalysts for that confidence, providing credible and respected stakeholder assurance over the processes, controls and reporting that underpin those commitments.

Our reports are characterised by the expertise, rigour and insight that make us distinctive in the market, equipping management to communicate with greater transparency, build trust and unlock commercial advantage.

Thank you

Jessica Taurae
Partner
PwC

Jessica.Taurae@pwc.com

pwc.com

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Jessica Taurae
Partner
PwC

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

INTEGRATED ASSURANCE

Prof. Mervyn E King SC

INTEGRATED THINKING

- Every company dependent on relationships and sources of value creation and functions
- Mindset change at board & senior management level
- Symphony of resources, relationships and functions
- Knowledge of stakeholders' legitimate NIE's
- Agenda items:
 - Inputs to outcomes
 - Stakeholder relationships
 - IT governance and cybersecurity
 - Integrated functions



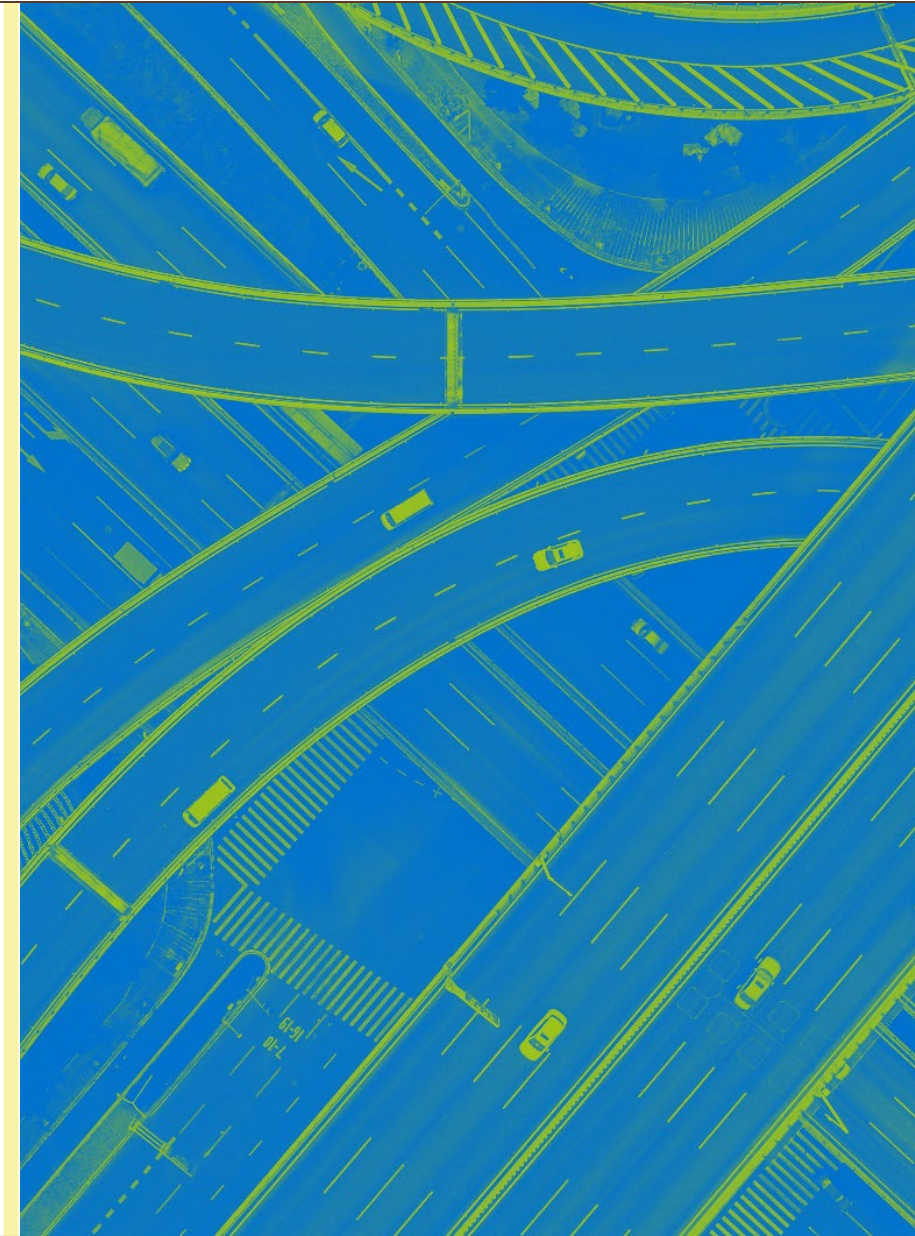
DEFINITION OF INTEGRATED THINKING:

The active consideration by an organisation of the relationships between its various operating and functional units and the capitals that the organisation uses or affects



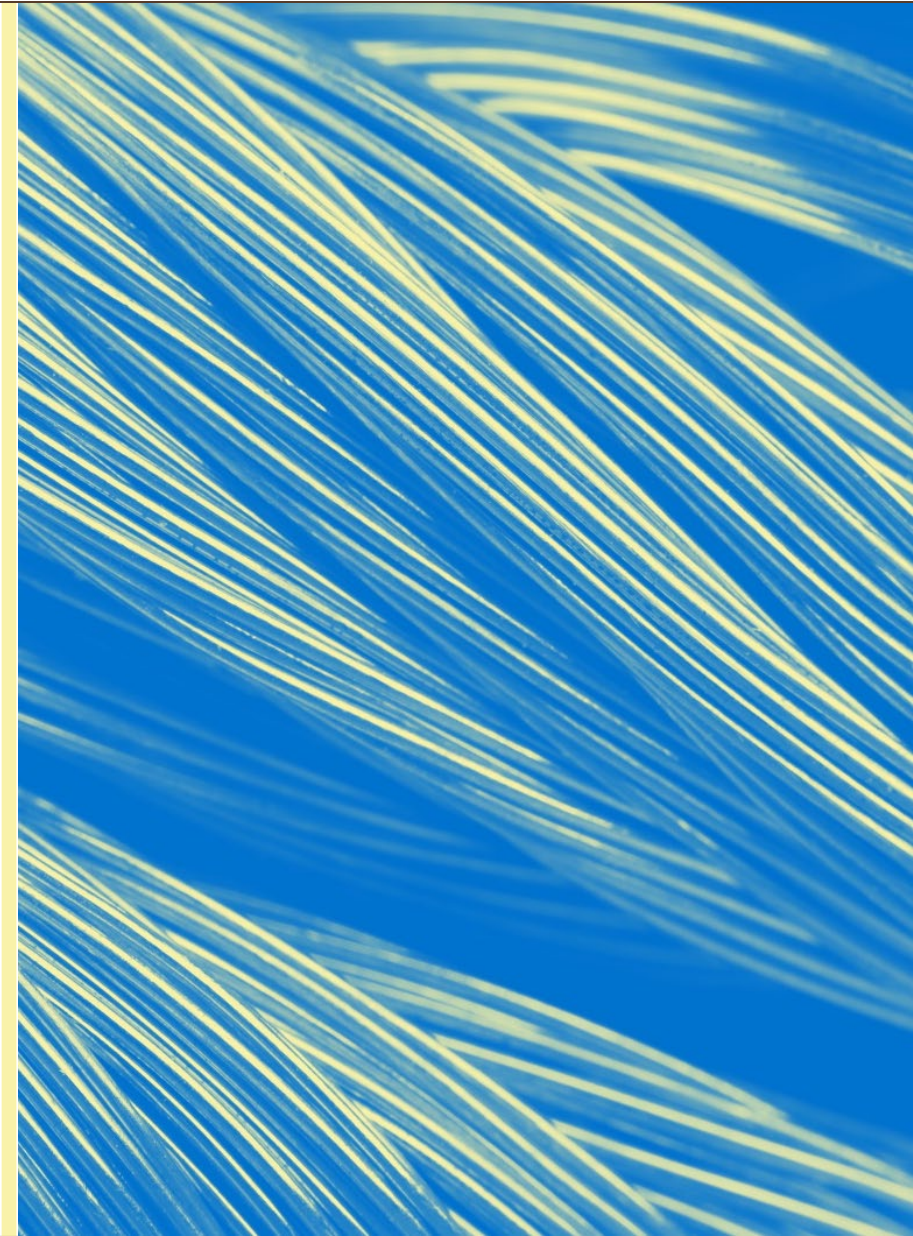
AN INTEGRATED REPORT

An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time



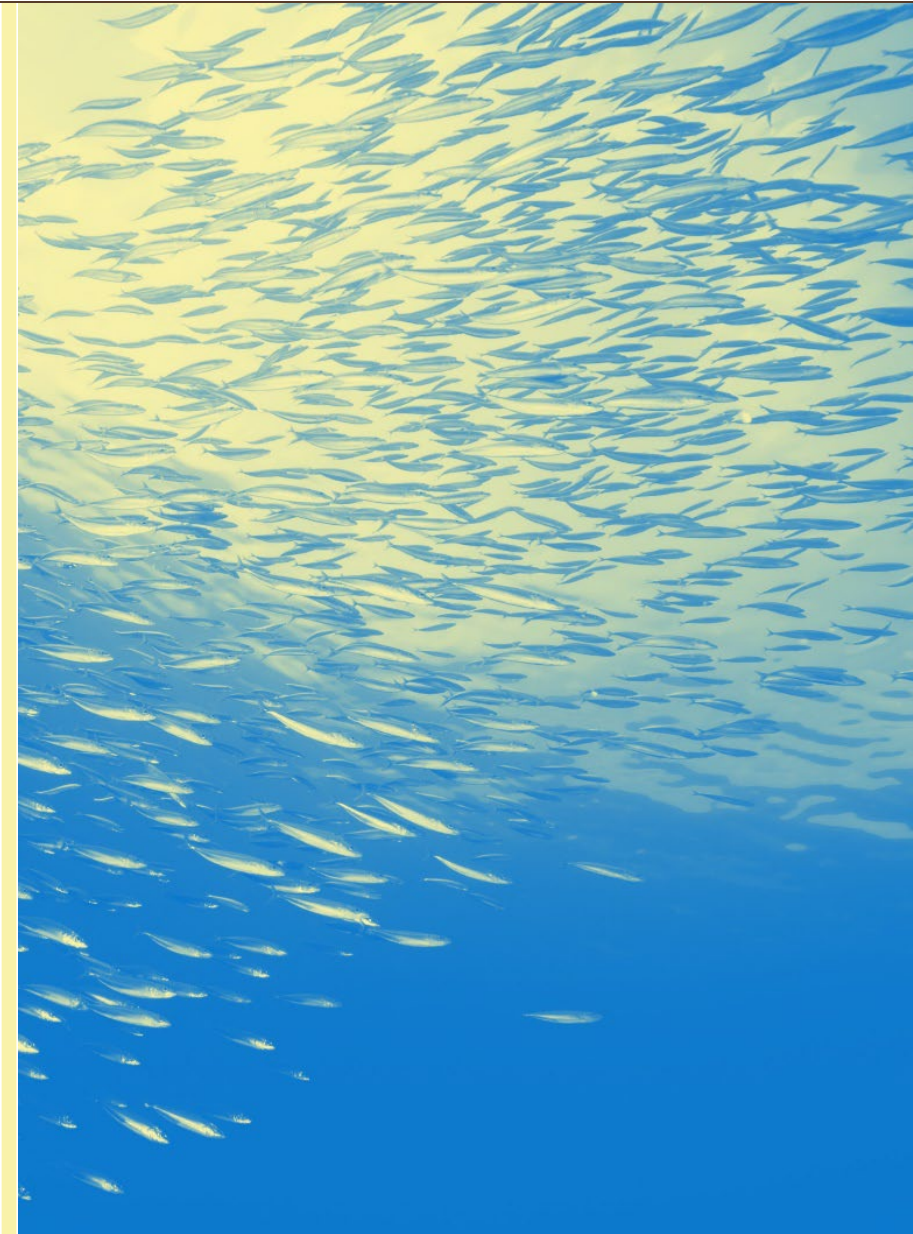
GRC

- Acronym – The Open Compliance and Ethics Group
- To include work done in silos by:
 - Internal audit
 - Compliance and risk
 - Legal
 - Human resource
 - IT governance and cybersecurity.



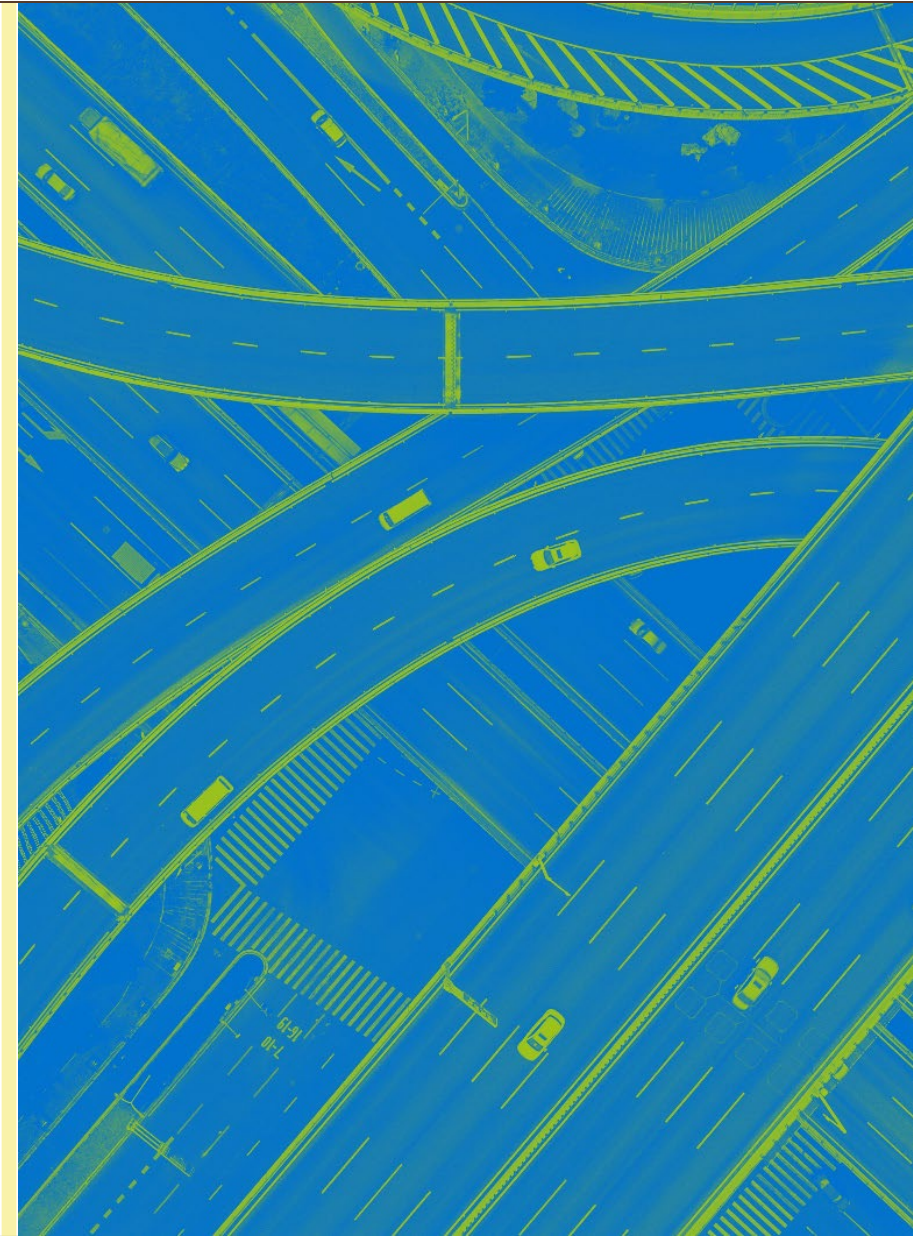
INTEGRATION AND OUTCOMES

- Reporting – thinking and reporting
- Strategy – integrated from inputs to outcomes
- SDG's are said to be “indivisible and integrated” – outcomes based
- Integrated functions outcomes based?



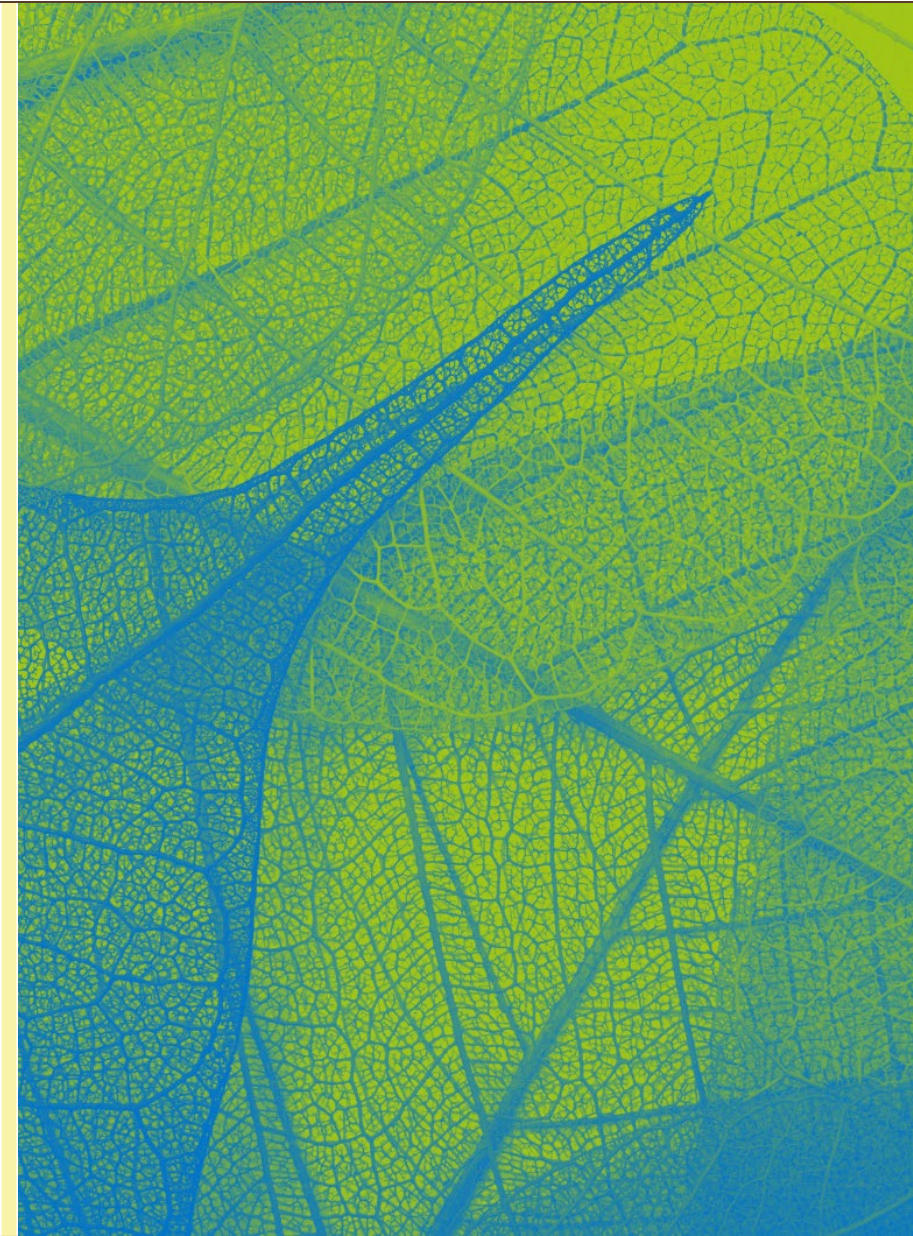
GRC IN THE PAST

- Companies were governed
- Risk and compliance were managed
- But were not integrated
- Nor outcomes based
- Risk
- Compliance
- CSR and CSI
- Internal audit team
- Company secretarial team
- All were in silos



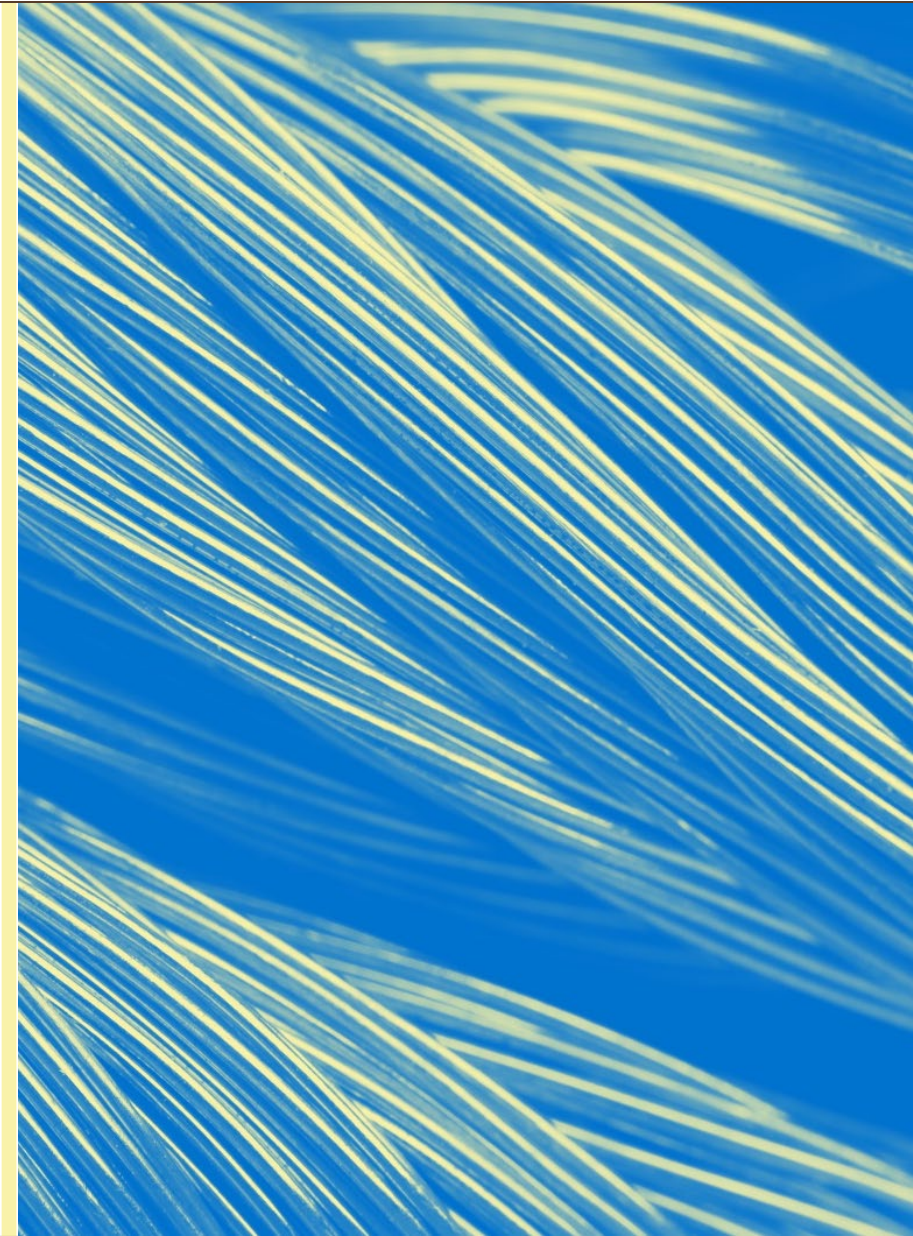
OCEG SURVEY

“It has been demonstrated that while many companies are on the road to improving GRC integration, the base and scope of those efforts is slow”... notwithstanding ... “the general consensus on the adverse impacts of siloed operations and evidence of overwhelmingly positive outcomes for those who have integrated GRC capabilities”.



OCEG'S INTEGRATED APPROACH

- Ensures the right people get the right information at the right time
- The right objectives are established
- The right actions and controls are put in place
- In OCEG findings when silos of the past are integrated, one achieves the following outcomes:
 - Reduced costs
 - Reduced duplication of activities
 - Greater information quality
 - Gather information more quickly and efficiently
 - Consistency in functions



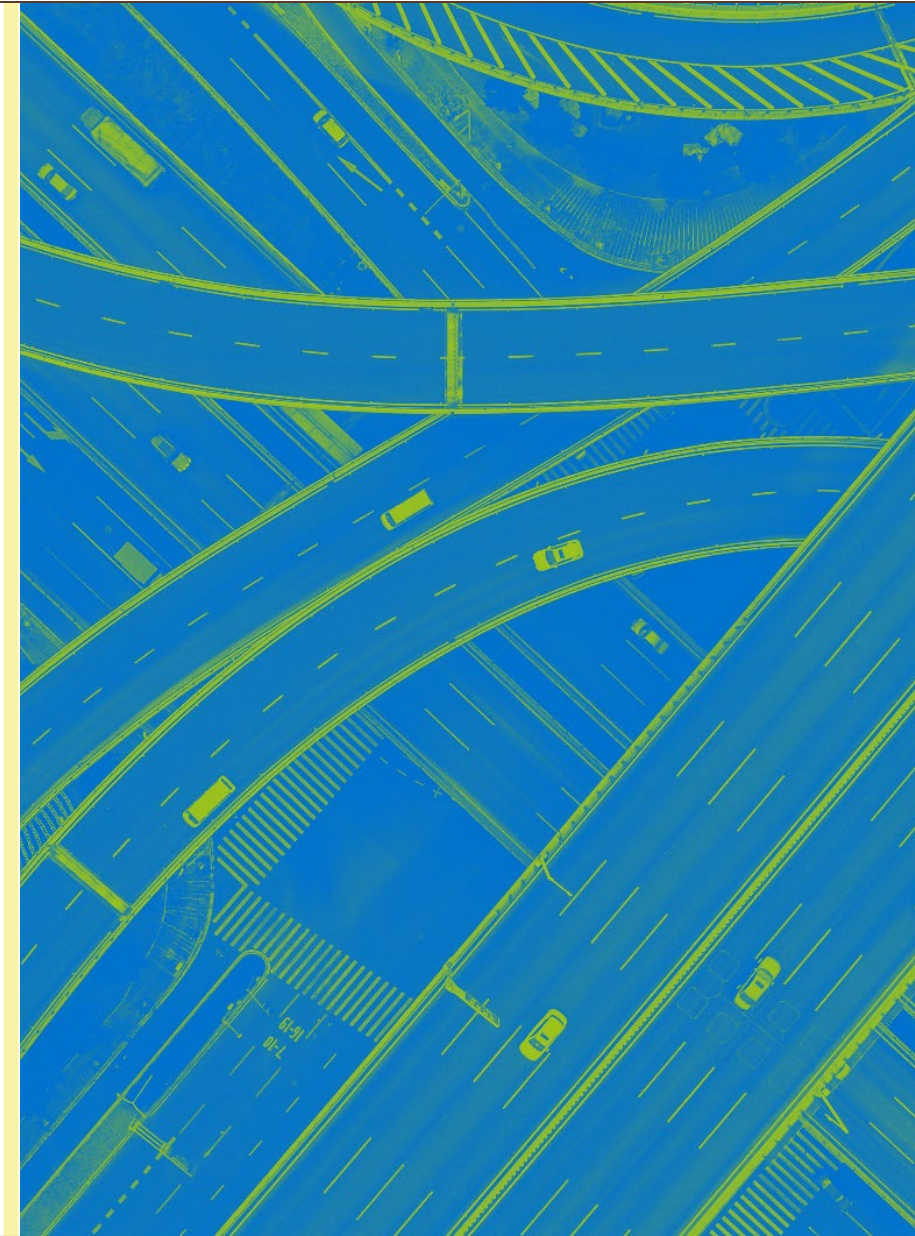
IMAGINE NO INTEGRATION

- CRO discovers major risk
- Not communicated to CAE
- CAE does not communicate it to CS
- CS does not amend risk matrix or heat pad in board pack



DEBATE

- Senior GRC officer? CSRO established
- Or, GRC committee
- The how is open for debate
- The what of each communicating and integrating their functions has been shown to be valuable
- Always intended by IIRC to be integrated with the whole value creation process



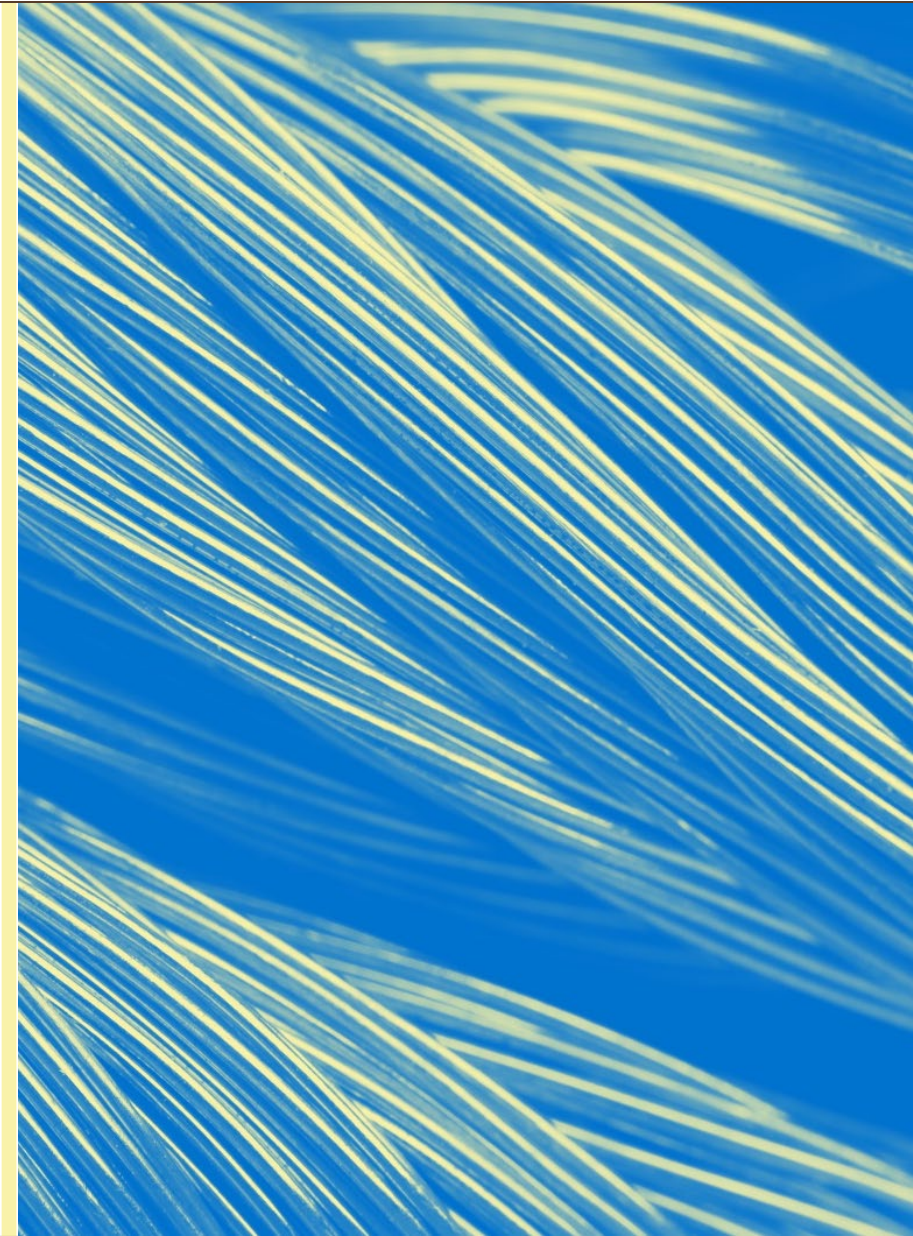
GRC TECHNOLOGY

- Technology advances in regard to GRC functions
- Technology such as block chain already in use
- Part of agenda item IT governance and cybersecurity
- CIO or the service provider should report technology advancements in the GRC functions



CONCLUSION

- The world is not what it used to be
- Inclusive capitalism
- Revolutionary immensity of integrated thinking
- The integration of functions and asking whether the OCEG outcomes are being achieved



THANK YOU

Prof. Mervyn E King SC