

## Strategic report (continued)

### Going concern

The company's business remains largely unaffected by the ongoing situation in Ukraine and inflationary/cost of living challenges being encountered in many countries. The directors closely monitor the impact of external factors on the company and act pro-actively to mitigate risks on the business.

The company has performed a going concern assessment under multiple scenarios, including a review of the cash flow forecast until December 2024. That forecast considers a conservative estimate of the future expected demand for services from Member Firms, cash collection and the subcontractors' ability to provide those services. The directors are confident that alternative steps could be taken to manage the company's cost base if there is an unexpected and significant reduction in demand for services from Member Firms. On this basis the directors are comfortable that the company has sufficient expected cash flows and is well placed to manage risks and uncertainties. Accordingly, the directors have concluded that the company remains a going concern and are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

### Section 172 statement

During the period ended 30 June 2023, the company's directors acted in a way that they considered, in good faith, would most likely promote the success of the company for the benefit of its members as a whole and, in doing so, have had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when performing their duties and making decisions.

In the performance of their duty to promote the success of the company, the directors had regard to a number of matters, consistent with the size and complexity of the business and its purpose. They had also considered, as appropriate, the views of the company's key stakeholders, as described in more detail below.

#### *Key decisions of the company*

As a result of the company's activity, the decisions of the board mainly relate to the provision and the procurement of Global Delivery Services to the Member Firms and other EY entities. The principal decisions taken in the period include the determination of the Global Delivery Services to be provided and preparation and approval of the company's annual budget and rate cards for these services.

In the period, the company also paid a dividend equal to \$185m.

In taking these decisions, the directors have focused, among other things, on what they considered may have an impact on the business of the company and the delivery of Global Delivery Services to the Member Firms in the long term.

#### *Culture and strategy*

The company's approach to business ethics and integrity reflects EY shared values as embedded in the EY Code of Conduct and other EY Global Policies.

#### *Stakeholder engagement*

The directors recognise the importance of engaging with the views of the company's key stakeholders to understand and consider their views and issues when making decisions and in maintaining a reputation for high standards of business conduct.

The main categories of stakeholders with whom engagement takes place and how such engagement takes form are described below.

- Ultimate shareholders and customers: the Member Firms are the company's customers and ultimate owners. The company creates value for the Member Firms by coordinating the provision of Global Delivery Services subcontracted to its subsidiaries. Engagement with the Member Firms and their evolving needs mainly takes place within the relevant EY network governance arrangements.
- Subcontractors: engagement with subcontractors is required for the provision of Global Delivery Services to the Member Firms and to provide such services in accordance with applicable policies, procedures and contractual framework. Subcontractors include the companies' subsidiaries.

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- **People:** the quality of the Global Delivery Services that the company provides and procure to the Member Firms is central to the sustainability of the business of the company in the long term. Accordingly, the professionals who are responsible for the delivery of such services are an important part to the success of the company. The company's engagement and communication with these professionals (who primarily work for the companies' subsidiaries) have been conducted in conjunction with the relevant service line and Talent leaders of its subsidiaries. Wherever the directors are not directly involved in these initiatives and activities, they are still able to access the outcome of this engagement and to consider it in the board decision-making process.
- **Community and Environment:** the company assists its subsidiaries in their engagement with the environment and local communities through a series of initiatives which are part of the EY global Corporate Responsibility programme, which encourages the participation of EY professionals in opportunities which have a social or environmental impact, and contribution toward Member Firm sustainability targets.

### Non-financial and sustainability information statement

This financial year's Strategic Report includes climate-related financial disclosures for the first time, following the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and drawing from the Task Force on Climate-Related Financial Disclosures ("TCFD") framework.

#### *Governance*

The Board has direct responsibility and oversight of the company's climate-related risks and opportunities. The Board has received information about the mandatory climate-related financial disclosures required from this reporting year in the May 2023 meeting. The Board reviewed and approved the results of the climate scenario assessment, details of which are set out later in this report, and the disclosures presented in this section. The Board plans to consider the results of an updated climate scenario assessment on a biennial basis or as necessary.

Board members who have responsibility for climate-related matters have broad relevant professional experience and full access to numerous internal sustainability and climate change e-learning available to people within the EY network.

#### *Risk Management*

The environment in which the EY network entities, including the company, operate creates a broad range of diverse risks. Effective management of these risks is critical to safeguarding the company and the EY network overall, and delivering on the EY purpose, NextWave strategy and ambition. The company Board oversees its risk management directly.

The company leveraged specialists from Ernst & Young LLP's (the UK Member Firm) Climate Change and Sustainability Services ("CCaSS") team to provide scenario assessment for physical and transition climate risks, and relevant opportunities. The assessment built upon the results of the previous work for the EY network that has identified and quantitatively modelled five separate climate risks and two opportunities applicable to the EY network globally. The analysis is published in the first EY Global TCFD report for 2022.

The CCaSS team conducted quantitative scenario analysis, utilising methodologies and findings from the previous analysis for the EY network under two key climate scenarios to identify and assess climate-related risks and opportunities for the company. The same scenarios and time horizons were used; however, adjustments were made to ensure applicability to the company's business and context. The scenario assessment has covered climate impacts on the value chain where the company participates, including EY Member Firms and other EY entities as its clients, and its subsidiaries to which services are subcontracted. These climate impacts would in turn affect the company's financial performance. The impact on the value of the company's investment in subsidiaries was also considered but recognised as negligible due to no identified impact from climate risks on the value of the subsidiaries, and these investments being immaterial for the company as a whole.

An EY network climate change risk assessment tool was used for physical risk assessment, and custom-built models were utilised for transition risks and opportunities. Climate-related risks and opportunities were