

14 November 2018

His Royal Highness
The Prince of Wales, KG, KT, GCB, OM, AK, CD, QSO, PC
Clarence House
London
SW1A 1BA

Your Royal Highness,

We have the honour to write on the occasion of Your Royal Highness's 70th birthday. We write as active participants in and partners of The Prince's Accounting for Sustainability Project (A4S).

In the 13 years since Your Royal Highness established it, A4S has gone from strength to strength: it is becoming active across the globe, and ever-increasing numbers of investors and preparers know about and understand the concepts of integrated thinking and integrated reporting. From North America to Asia, in developed economies and the poorest developing countries, finance leaders are driving the needed 'fundamental shift towards resilient business models and a sustainable economy.' It is becoming recognised that Sustainability is no longer an 'environmentalists' issue', nor is it a 'nice to have': it is something that should concern the Board of Directors and senior executive management daily. Boards are talking about sustainability and the term has become part of common business language. Investors, asset managers, and asset owners are beginning to recognise that identifying and managing sustainability risks is fundamental to the success of the companies in which they invest, and are starting to demand that those companies are managed with a long-term, sustainable value-creation focus.

As a small organisation, A4S has truly 'punched well above its weight', a leader and visionary in this area, engaging stakeholders effectively, inspiring them and driving change. Your Royal Highness's support has been critical in achieving momentum. This in turn has inspired the team at A4S: they are a passionate, engaged and committed staff who have really driven the organisation and its core aims forward.

Deloitte chose to involve itself in the work of A4S for a number of reasons. First, we recognised that climate risk was not well understood and, consequently, not being addressed in companies' business models. We realised that this, in turn, posed a significant threat to companies and entire sectors of the world financial system, and that, if not addressed and managed effectively, fiscal disaster could result. Secondly, the Chief Financial Officer has always been a key role in a company, but we realised that the role is constantly evolving. We recognise that, in future, the CFO will be seen as the custodian of value for a broader group of stakeholders, and (as memorably described by Professor Mervyn King SC) the Chief Value Officer. Consequently, businesses, and the finance functions in those businesses, have an important role to play: a responsibility to promote long-term sustainable value creation and thus contributing to creating a sustainable world.

Deloitte is proud to have a representative on the A4S Advisory Council (and the IIRC Council), and to partner with A4S and the Institute of Chartered Accountants in England and Wales to deliver the Finance for the Future Awards. We use the Deloitte network to encourage applications from outside the UK, and the 2018 Awards had a record number of such applications. We are leveraging our Global network to help support A4S in going global, actively supporting the establishment/ operation of CFO Chapters in Canada, Japan, Singapore, and U.S. More locally, within Deloitte UK, we have incorporated a new session into our CFO Next Generation development programme, with the support of Jessica Fries and some of the superb A4S CFO Leadership Network. We are pleased to report that we have had a positive response from participants, and the session continues to be a real success. Finally, we are looking forward to collaborating with A4S at the World Economic Forum in January 2019, hosting an event at the Deloitte Green House at Davos.

We recognise that in this complex environment, there is no silver bullet. Long-term success is about learning, inspiring and innovating. In addition, aligning investor-focused metrics for Environmental, Societal and Governance (ESG) reporting is an important step that is required for the evolution of corporate reporting, something long recognised by Your Royal Highness's 'measure what matters' campaign. A significant development earlier this month

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was the release of the Sustainability Accounting Standards Board's codification: investor-focused metrics designed for integration into a company's financial reporting system and thus placing them squarely within the CFO's responsibility. Together with the recommendations of the FSB's Task Force on Climate-related Financial Disclosures, Deloitte believes that there are now suitable tools available to companies and investors to measure significant climate and ESG matters and to provide relevant, reliable and comparable information to all stakeholders.

Looking to the future, Integrated Thinking, Integrated Reporting, and ESG metrics should be part of the main syllabus of business schools and professional accounting qualifications, and we are working with the academic community and professional institutes to further this ambition.

It is unlikely that these developments would have happened so quickly without Your Royal Highness's foresight and commitment. For that, we and many others in the global financial system are most grateful.

We have the honour to remain, Sir,
Your Royal Highness's most humble and obedient servants



D J O Cruickshank
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