



International Accounting  
Standards Board

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His Royal Highness The Prince of Wales  
Clarence House  
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3 September 2018

Sir,

Upon the occasion of Your Royal Highness's 70<sup>th</sup> birthday, I wish to send my congratulations and well wishes – and also to take this opportunity to celebrate the successes of A4S.

When the A4S initiative was established in 2004, there was relatively little focus in the accounting community on sustainability matters. But as concerns about climate change mounted, the business climate changed with it. Almost fifteen years on, sustainability has become a topic at the centre – rather than at the fringes – of business and finance.

The leadership provided by Your Royal Highness through the identification early on of how vital it is that businesses adopt sustainable and resilient business models, and the momentum created by A4S, has played an important role in helping to raise awareness of this important topic. It has created engagement among academia, business leaders, the accounting profession and other stakeholders.

In 2011, I became chairman of the International Accounting Standards Board (Board), which is responsible for setting IFRS Standards that are used by listed companies in more than 140 jurisdictions around the world for the preparation of their financial statements. When I started in this role, the possible financial relevance of sustainability issues was not yet subject to the Board's consideration. However, the work of A4S and the establishment of initiatives such as the International Integrated Reporting Council have contributed to discussions about the Board's role in this field.


Historically, our focus has been on the more traditional financial information used by investors rather than broader information such as environmental impact and the sustainability of companies' businesses. While the financial statements will remain our central focus, we increasingly recognise that such issues can have financial relevance as an element of long-term value creation.

A lot of broader financial information cannot be adequately captured in financial statements, especially information of a forward-looking nature. Nevertheless, reporting on other key matters in a clear and understandable way is important to facilitate investment decisions that incorporate broader considerations and that support better understanding of a company's strategy to deal with long-term challenges. The environmental impacts of a company's business model can be one such consideration.

The fact that the financial statements cannot capture everything is one of the reasons why the Board is currently developing new guidance that will facilitate better communication of companies' business models and factors affecting a company's ability to generate long-term value. With time, we hope that this will help progress companies' reporting and better inform financial decision making.

I value Your Royal Highness' engagement in these matters and would like to take this opportunity to wish A4S continued success in the future.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Hans Hoogervorst', written in a cursive style.

Hans Hoogervorst

Chair, International Accounting Standards Board