



Friday 19 October

**Private & Confidential**

HRH The Prince of Wales  
Clarence House  
London SW1A 1BA

Sir

Many congratulations on your 70<sup>th</sup> Birthday. Winston Churchill once said 'I can't understand how a wee laddie can turn 70.' I used to think that was a ridiculous statement but I'm sure we both know now EXACTLY what he was saying!

As Your Royal Highness looks back over so many years of public service, I'm sure that one of the major successes of which Your Royal Highness would be rightly proud, would be the impact Your Royal Highness has had on integrated and sustainability reporting. I first became aware of the externalities imposed by businesses on others, several decades ago when reading the report of a group called Social Audit which criticised the Avon Rubber Company showing that the emissions from its factory chimneys not only caused a great deal of pollution but, to the great consternation of nearby housewives, deposited smuts on the washing hung out in their gardens - for which of course there was no compensation. In those days no one ever considered reporting the effects companies had on the environment or the public. Your Royal Highness did much to change that.

Integrated reporting and sustainability reporting has increased exponentially in recent years, largely as a result of the push Your Royal Highness gave the initiative in its early stages. Far more people than ever before are interested in sustainability and integrated reporting. Such reporting moves outside the traditional financial reporting model and encompasses society at large and affects public policy. It looks not simply at value created but also that destroyed by companies in the course of their business practices. The aim is to bring a broader public interest perspective to the activities of our major corporations. Traditional financial reporting struggles to cope with this. The increased size in corporate reports is largely due to the additional information given by integrated and sustainable reporting. Companies are now under pressure to disclose more about their activities, and since such disclosures will receive public scrutiny, obviously take these into account in determining their policies and objectives. The new reporting practices are a force for good.

One reform which I very much regret that I did not have the opportunity to accomplish while Chairman of the International Accounting Standards Board, and which I know was supported by Your Royal Highness, was the question of incoming taxation. If countries would agree that corporations should disclose the taxes paid to governments throughout the world we should



have been able to discover the amount of taxes paid into corrupt regimes and gauge the level of corruption by comparing the taxes paid by multi-nationals to those recorded as received by individual countries. I think we were both disappointed by the fact that we knew many countries would refuse to accept international financial reporting standards requiring such information and thereby exposing corruption. I do hope this is an area where your influence and prestige can be brought to bear in the future to enable such rules to become international practice.

There is still much to do but Your Royal Highness should be heartily congratulated on what has been achieved.

With all good wishes.

Yours sincerely

Sir David Tweedie