ACCOUNTING FOR SUSTAINABILITY

**Private and Confidential**

From: The Chairman of the Executive Board of The Prince's Accounting for Sustainability Project

25th September, 2009

Dear Sir / Madam,

I am writing in response to your Reporting Framework Exposure Draft and Invitation to Comment.

As you may know, in 2007 The Prince's Accounting for Sustainability Project developed the Connected Reporting Framework (CRF) to provide a model of how to present organisational performance in a connected way. The premise of the framework is that material sustainability information is set alongside more conventional financial information, to give a more rounded and balanced picture of an organisation's performance.

There is a need to report the link between sustainability, financial performance and strategic direction more explicitly within mainstream financial reports, as our development of the CRF this year seeks to demonstrate. We believe your Framework builds on the CRF and provides useful guidance to assist companies in the process of identifying and reporting materially relevant information in respect of climate change.

Those using the CRF to report can draw upon techniques similar to those presented in your Framework and apply them to other, material, environmental, social and governance impacts. We believe that disclosure of these wider material impacts is critical, and that companies must consider their disclosure in a connected manner, rather than focusing on climate change alone. However, if disclosure on other key impacts were as detailed as that proposed in the Exposure Draft for climate change, there is a danger of an overload of information within mainstream financial reports.

We therefore recommend that the final CDSB Framework:

- includes reference in the Executive Summary to the need for more connected reporting in mainstream financial reports, perhaps referencing the CRF;
- should encourage these reports to present a balance in the level of detail reported for carbon with the need for disclosure of other material sustainability impacts; and
- should encourage less material information to be reported via websites or supplementary channels.

Please do not hesitate to contact the project at accountingforsustainability@royal.gsx.gov.uk if you have any queries with respect to the above comments. We would be pleased to arrange some time to discuss this with you further.

Yours faithfully,

**Paul Druckman**

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