

# Sustainability Matters

21<sup>st</sup> January 2016

A fortnightly selection of topical **news and views** about economic, social and environmental issues.  
Designed especially for accountants and those who use the services of accountants.

## Sustainability Matters is;

- Compiled and published by Ray Skinner of *Sustainability Matters*, providers of specialist services relating to sustainability and business support. **Business achieving a tomorrow for tomorrow's children.**

## Review of NZ's Corporate Governance Reporting Requirements

"On 2<sup>nd</sup> November 2015, NZX released a discussion document to commence a review of the corporate governance reporting requirements within the NZX Main Board Listing Rules. The discussion document can be viewed here:

"[Discussion paper - Review of corporate governance reporting requirements within NZX Main Board Listing Rules](#)

"... Following requests from interested parties the closing date for submissions has been **extended to 5.00pm, Friday 26<sup>th</sup> February 2016.**

**More:** [www.nzx.com/regulation/consultation](http://www.nzx.com/regulation/consultation)

**Source:** Editor, 18<sup>th</sup> January 2016

**Editor:** See especially Question 19; "Should NZX introduce any additional recommendations or best practice commentary in relation to non-financial reporting matters, including ESG disclosures? If so, which issues (and metrics) should be reported?" ❖

## Two Energy Related Consultations Closing Soon

"There are currently two consultation processes underway which Auckland Council will provide submission on:

- Ministry for the Environment – New Zealand Emissions Trading Scheme Review 2015/2016 due 19<sup>th</sup> February 2016; [www.mfe.govt.nz/publications/climate-change/new-zealand-emissions-trading-scheme-review-2015-16-discussion-document](http://www.mfe.govt.nz/publications/climate-change/new-zealand-emissions-trading-scheme-review-2015-16-discussion-document)
- Electricity Authority – Implications of evolving technologies for pricing of distribution services due 2<sup>nd</sup> February 2016; [www.ea.govt.nz/development/work-programme/transmission-distribution/distribution-pricing-review/consultations/#c15642](http://www.ea.govt.nz/development/work-programme/transmission-distribution/distribution-pricing-review/consultations/#c15642)

"There are potential trade-offs and synergies between the two in terms of issues being addressed and possible benefits.

**Source:** Michelle Dawson, Auckland Council, 5<sup>th</sup> Jan. 2016. ❖

## An Economy for the 1%

"Oxfam's new report, *An Economy for the 1%*, shows the wealth of the poorest half of the world's population has fallen by a trillion dollars since 2010, a drop of 41%. This has occurred despite the global population increasing by around 400 million people during that period. Meanwhile the wealth of the richest 62 people has increased by more than half a trillion dollars to US\$1.76 trillion. ... As a priority, Oxfam calls for an end to the era of tax havens. ... Tax havens are unjust .....

**More:** [www.oxfam.org.nz/news/62-people-own-same-wealth-half-world](http://www.oxfam.org.nz/news/62-people-own-same-wealth-half-world)

**Source:** Oxfam 18<sup>th</sup> January 2016. ❖

## SUSTAINABILITY GROUP EVENTS

Next event – Date of webcast yet to be 'sorted'.



Announcements in 'due course'. ❖

## Failing to Prepare for Climate Change Trumps all Other Concerns in Global Risk Assessment for Next Decade

"A World Economic Forum survey has identified the failure to prepare for climate change as having the potential to cause the most harm among risks facing the global economy over the next decade.

"The survey, published before this week's forum meeting at the Swiss resort of Davos, also identifies weapons of mass destruction, water crises, large-scale migration flows and severe energy price shocks among its top five medium-term global risks.

"Climate change is exacerbating more risks than ever before in terms of water crises, food shortages, constrained economic growth, weaker societal cohesion and increased security risks," said Cecilia Reyes, chief risk officer at Zurich Insurance, which helped to produce the report.

"Meanwhile, geopolitical instability is exposing businesses to cancelled projects, revoked licences, interrupted production, damaged assets and restricted movement of funds across borders.

"These political conflicts are in turn making the challenge of climate change all the more insurmountable - reducing the potential for political co-operation, as well as diverting resources, innovation and time away from climate change resilience and prevention."

"But when it came to near-term risks - those with the potential to create the most impact in the next 18 months - the panel put large-scale voluntary migration ahead of climate issues.

"Events such as Europe's refugee crisis and terrorist attacks have raised global political instability to its highest level since the Cold War", noted John Drzik, president of global risk and specialties for Marsh, which is a forum partner.

"The report noted the number of people forcibly displaced in 2014 stood at 59.5 million according to United Nations refugee agency UNHCR, almost 50% more than in 1940 at the beginning of World War II. ....

"Since then there has been unprecedented movement of refugees from the Middle East to Europe and elsewhere.

"Other near-term risks identified included extreme weather events, inter-state conflict with regional consequences and major natural catastrophes. ....

**More:**

[www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=11575337](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11575337) plus

[www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=11574027](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11574027) as well as

[www.weforum.org/reports/the-global-risks-report-2016](http://www.weforum.org/reports/the-global-risks-report-2016) and [www.weforum.org/agenda/2016/01/what-are-the-top-global-risks-for-2016](http://www.weforum.org/agenda/2016/01/what-are-the-top-global-risks-for-2016)

**Source:** NZ Herald, 18<sup>th</sup> January, page B1. ❖

## Z Energy Pushes for Broader Company Reporting in NZX Governance Review

"Z Energy, the petrol station chain seeking to takeover rival Chevron New Zealand's brands, wants more in-depth company reporting on non-financial measures including workplace safety, and more fulsome executive pay disclosure, which would bring the local market's obligations in line with Australia.

"In a 17<sup>th</sup> December submission to the NZX's review of corporate governance reporting requirements, Z called for 'significant change' in non-financial reporting measures, which it claims would give investors a better idea of how the Wellington-based company generates long-term value. The petrol retailer also wants greater disclosure in senior executive remuneration and company specific health and safety performance.

"Z's view is that investors and stakeholders should have visibility into all material risks facing a company, including non-financial risks, and issuers should also be required to disclose how they manage or intend to manage such risks,' the company said. 'Z supports a recommendation that issuers specifically report on material economic, environment and social sustainability (or ESG) risks,' it said, referring to environmental, social and corporate governance. ....

"That would put their financial performance in a wider social and environmental context, provide a picture of the social value it generates, explain how they generate value in the short-, medium-, and long-term, increase accountability on their non-financial impact, and provide investors with information to assess a company's longer term prospects.....

**More:** [www.scoop.co.nz/stories/BU1601/S00204/z-energy-pushes-for-broader-company-reporting.htm](http://www.scoop.co.nz/stories/BU1601/S00204/z-energy-pushes-for-broader-company-reporting.htm)

**Source:** NZ Herald, 18<sup>th</sup> January, page B3. ❖

## Honours and Awards

**2016 New Year Honours** – Member Order of New Zealand (MNZM);

- Peter Lawrence Hays, Auckland, for services to accounting and the community. Peter is a Life Member of CAANZ and a Past President. Peter led the Sustainability Working Group's remit to the then ICANZ in 2001 arising from which Institute's Taskforce on Sustainable Development Reporting was established.
- Malcolm Stewart Rands, Auckland, for services to business, conservation and philanthropy. Leader and with his wife Melanie founder of EcoStore Co. Ltd. Creators and manufacturers of products which are healthier for people and the environment; annual turnover \$30M.

**CAANZ Fellowships** – FCA

Among 58 fellowships conferred by the Council of CAANZ in December were;

- Rachel Baskerville who was involved with the Sustainability Working Group from its beginnings at which time she was with University of Auckland. In 2004 Rachel returned to her 'home territory' at Victoria University where she is professor at the School of Accounting and Commercial Law. She was at the University of Exeter for two years from 2007.
- Ray Skinner, a co-founder of the Sustainability Working Group and editor of *Sustainability Matters*.

**More:**

[www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=11567591](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11567591) plus, with links to bios, [www.dpms.govt.nz/honours/lists/ny2016-list](http://www.dpms.govt.nz/honours/lists/ny2016-list) and [www.charteredaccountantsnz.com/~media/Caanz/Files/Fellowship%20recipients%202015.ashx](http://www.charteredaccountantsnz.com/~media/Caanz/Files/Fellowship%20recipients%202015.ashx)

**Source:** NZ Herald, pages A14/15, 31<sup>st</sup> December, CAANZ letter 7<sup>th</sup> December 2015, CAANZ *Insight*, 21<sup>st</sup> Dec 2015. ❖

## SGX Seeks Public Feedback on Sustainability Reporting

"Singapore Exchange, the city-state's regulator for listed companies, has published its proposed guidelines that will form the basis of sustainability reporting starting financial year 2017 and is inviting the public to comment on them.

"The new set of sustainability reporting rules - an update of the voluntary Sustainability Reporting Guide (the Guide) first introduced in 2011 - will be enforced on a 'comply or explain' basis, giving the more than 800 public companies in Singapore some flexibility to report in a way which best suits their industries and circumstances, SGX said on Tuesday.

"The proposed rules are the result of a six-month dialogue with listed companies, investors and sustainability consultants that started in May last year.

"Specifically, companies will have to include five components in their sustainability reports:

- Identification of material environmental, social and governance (ESG) factors
- Policies, practices and performance of the company in relation to each of the material ESG factors
- Targets for the forthcoming year
- A chosen reporting framework to guide the disclosure of information
- A statement by the board confirming compliance or description of alternative practice

"..... So it's not just about doing good, it's about doing business," Yeo added. ....

"Some sustainability experts have previously noted it was high time mandatory sustainability reporting is implemented in Singapore, given the city's status as one of Asia's financial hubs.

"Other jurisdictions in Asia have been requiring companies to report for several years. For example, since 2007, Bursa Malaysia has required listed companies to disclose CSR activities and practices. In 2012, all state-owned enterprises in mainland China have been required to release CSR reports....

"The Indonesia Bapepam requires listed companies disclose specific ESG information. In February last year, the Taiwan Stock Exchange announced specified listed companies will have to comply with mandatory CSR reporting annually and adhere to Global Reporting Initiative (GRI) G4 principles. ....

**More:** [www.eco-business.com/news/sgx-seeks-public-feedback-on-sustainability-reporting](http://www.eco-business.com/news/sgx-seeks-public-feedback-on-sustainability-reporting)

**Source:** eco-Business.com, 6<sup>th</sup> January 2016. ❖

## What Makes a Good Life? Lessons From the Longest Study on Happiness

"What keeps us happy and healthy as we go through life? If you think it's fame and money, you're not alone – but, according to psychiatrist Robert Waldinger, you're mistaken. As the director of a 75-year-old study on adult development, Waldinger has unprecedented access to data on true happiness and satisfaction. In this talk, he shares three important lessons learned from the study as well as some practical, old-as-the-hills wisdom on how to build a fulfilling, long life.

**More:** TEDxBeaconStreet · Filmed November 2015. 12:46 minutes with. 3,100,900 views and 342 comments as at 20<sup>th</sup> January 2016  
[www.ted.com/talks/robert\\_waldinger\\_what\\_makes\\_a\\_good\\_life\\_lessons\\_from\\_the\\_longest\\_study\\_on\\_happiness](http://www.ted.com/talks/robert_waldinger_what_makes_a_good_life_lessons_from_the_longest_study_on_happiness)

**Source:** Tim Marshall, 13<sup>th</sup> January 2016.

**Editor:** Presents some key results of a 75 year longitudinal study of two groups of males from their teenage years to old age. ❖

## Five Questions for Bill McKibben on the Paris Climate Agreement

### "1. What do you think was the most important outcome of the Paris talks?

Probably the 1.5-2 degree target. The world's leaders have said what they're aiming for, so I guess we better take them at their word for now – though noting that their actual plans would warm the planet

### "2. Do you think the activist campaigns by 350.org and others had a real impact on what was agreed on?

Copenhagen failed because there was no movement that could hold leaders accountable. Obama could come home with nothing and pay no political price. That's no longer the case – a strong movement has started to change the zeitgeist around climate.

### "3. What should be the focus of climate activism campaigns going forward?

Pace, speed, velocity: If we go at the rate that the world's leaders find comfortable, we'll overheat the planet long before we make the necessary transition off fossil fuel. At 350.org, we'll be working hard to keep fossil fuels in the ground. In May, we'll have massive demonstrations at many of the world's biggest carbon deposits. And I think it's key as well that we continue to understand [the role Exxon played in all of this](#).

### "4. What signal does the Paris agreement send to the world's business community about future investment in fossil fuels?

That investors should follow the smart money that's already exiting fossil fuels.

### "5. Did Paris leave you with any optimism about the future for climate?

I think that while it didn't save the planet, it may have saved the chance to save it – that is, it didn't foreclose the possibility. Actually getting anywhere will now require massive organising to hold leaders to their promises.

#### More:

[http://e360.yale.edu/digest/five\\_questions\\_for\\_bill\\_mckibben\\_on\\_the\\_paris\\_climate\\_agreement/4613/](http://e360.yale.edu/digest/five_questions_for_bill_mckibben_on_the_paris_climate_agreement/4613/)

Source: *Yale Environment 360*, 18<sup>th</sup> December 2015. ❖

## How Climate Change Affects Children

- 4 million children indoor air pollution related deaths
- 20 million children live in crisis-torn countries
- 50 million children live with families making less than \$3.10/day
- 70 million children in at risk areas do not have access to clean water
- 160 million children live in areas with high risk of flooding.

"The humanitarian situation in East Africa is deteriorating at an alarming rate due to El Nino-induced weather patterns caused by climate change. Following the failure of the seasonal rains earlier this year, the typically strong June through September rains have failed in some areas for the first time since 1989.

"With over 80% of the population dependent on rain to grow crops for food and income, millions of families and children are at risk of extreme hunger and malnutrition. This urgent crisis has already exceeded levels not seen since the Horn of Africa drought of 2011 and is projected to be far more severe in 2016.

#### More:

[www.savethechildren.org/site/c.8rKLIXMGIpI4E/b.9353925/k.80C2/Climate\\_Change.htm](http://www.savethechildren.org/site/c.8rKLIXMGIpI4E/b.9353925/k.80C2/Climate_Change.htm)

Source: Save the Children, 18<sup>th</sup> January 2016. ❖

## The Business of Lifting Living Standards Workshop – Report and Presentations

### *Making sustainable decision-making real in the private and public sectors*

#### "Purpose of Workshop

"On 7<sup>th</sup> December 2015 [NZ] Treasury in partnership with Statistics NZ, Deloitte and EnviroState, welcomed 80 invited participants from business, Government, academia, NGO's and social enterprises to the *Business of Lifting Living Standards* workshop. The purpose of the workshop was to present the Treasury's *Living Standards Framework* and compare with sustainability frameworks used in the private sector and by others so that opportunities for use development and collaboration could be identified.

#### "The Living Standards Framework

"Treasury developed the *Living Standards Framework* as an aide for policy analysis and development. It aims to be focused, practical and measurable. The framework serves several key purposes: Enhancing the quality of policy advice; increasing collective wellbeing on a sustainable basis; integrating economic, environmental and social policy advice; facilitating collaborative / joined-up advice across government agencies and encouraging focus on complementarities, instead of tradeoffs. The framework has been used as a measurement tool to better understand New Zealand's living standards; as a policy-assessment tool to highlight the implications and tradeoffs and to analyse Defence force impact on living standards. The framework considers sustainability in terms of maintaining and enhancing natural, human, social and economic capitals for future generations.

#### "Sustainability Frameworks

"A number of sustainability frameworks were presented and identified as in use in New Zealand during the workshop. Feedback indicated use of the term 'sustainability framework' could be strengthened as it currently encompasses a wide range of concepts including frameworks, methodologies, indices, reporting frameworks, standards and certifications, guidance, principles and agreements. A total of 58 frameworks in use were identified. Core elements of widely used frameworks included clear definition of what success or desired state is, guiding principles or operating criteria and strategic planning and reporting components..... [12 pages]

More: Workshop presentations [203 slides, 32Mb]

[www.livingstandardsworkshop.com/#!presentation-and-report/vreix](http://www.livingstandardsworkshop.com/#!presentation-and-report/vreix) plus

[www.treasury.govt.nz/abouttreasury/higherlivingstandards](http://www.treasury.govt.nz/abouttreasury/higherlivingstandards)

Source: Dora Livas, Treasury, 22<sup>nd</sup> December 2015. ❖

## 170 Top Economists Pen Letter Backing Bernie Sanders' Plan to Break Up the Biggest Banks

"In our view, Sen. Bernie Sanders' plan for comprehensive financial reform is critical for avoiding another 'too-big-to-fail' financial crisis. The Senator is correct that the biggest banks must be broken up and that a new 21st Century Glass-Steagall Act, separating investment from commercial banking, must be enacted. Wall Street's largest banks are now far bigger than they were before the crisis, and they still have every incentive to take excessive risks. ....

"These are the names of the intellectuals who place the betterment of our nation over the ravenous greed of hypercapitalism and the demands of American oligarchy: ...

More: [www.occupydemocrats.com/170-top-economists-pen-letter-backing-bernie-sanders-plan-to-break-up-the-biggest-banks/](http://www.occupydemocrats.com/170-top-economists-pen-letter-backing-bernie-sanders-plan-to-break-up-the-biggest-banks/)

Source: Malcolm Rands, Facebook 'Like', 16<sup>th</sup> January. ❖

## Sustainability Incorporated: Integrating Sustainability into Business

"Many companies claim that sustainability sits at the heart of their business, yet the reality is that very few corporations have fully integrated sustainability into their business model.

"In this report, we highlight five pathways that sustainability practitioners can use to further integrate sustainability into their businesses. We also present case studies of leadership within those five pathways, a discussion of the role of leadership, and learnings from South Africa and key Asian markets.

"..... The five pathways detailed in the report are:

- Employing business model thinking: Build an understanding of how the business creates value by creating a visual map of the business model
- Putting materiality to use: Focus and act upon key issues in ways directly tied to core business activity
- Applying a sustainability lens to products and services: Add a sustainability lens at decision-making points in product and service design life cycles
- Tapping into culture: Understand aspects of the company's culture that can drive sustainability outcomes
- Leveraging transparency: Use transparency – and integrated reporting specifically – to drive and reflect integrated thinking

**More:** [www.sustainability.com/library/sustainability-incorporated](http://www.sustainability.com/library/sustainability-incorporated)

**Source:** Sustainability, 11<sup>th</sup> Dec. 2015. 121 pages 10.2Mb

**Editor:** See for instance pp96-99 about integration lessons. ❖

## The Well-being of Future Generations (Wales) Act 2015

"This act became law in Wales on 29 April 2015.

**"Purpose.** The act strengthens existing governance arrangements for improving the well-being of Wales to ensure that present needs are met without compromising the ability of future generations to meet their own needs.

**"Benefits.** The act:

- Identifies goals to improve the well-being of Wales
- introduces national indicators, that will measure the difference being made to the well-being of Wales
- Establishes a Future Generations Commissioner for Wales to act as an advocate for future generations
- Puts local service boards and well-being plans on a statutory basis and simplifies requirements for integrated community planning.

**Details of the Act** are at [National Assembly for Wales](http://National Assembly for Wales)

**Downloads:**

[Future Generations Bill - Administrative impact appraisal \[542KB\]](#)

[The Well-being of Future Generations \(Wales\) Bill - Combined Impact Assessments \[File size: 407KB\]](#)

**A good deal more at:**

<http://gov.wales/legislation/programme/assemblybills/future-generations/?lang=en>

**Plus:** An excellent 17:15 video featuring Peter Davies at International Conference *Making Decisions for a better tomorrow* at [www.youtube.com/watch?v=UNK-vPQGcWg](http://www.youtube.com/watch?v=UNK-vPQGcWg)

**Latest:** Future Generations Commissioner Appointed per [www.fdsd.org/sophie-howe-appointed-first-future-generations-commissioner-for-wales/](http://www.fdsd.org/sophie-howe-appointed-first-future-generations-commissioner-for-wales/) of 4<sup>th</sup> November 2015

**Source:** Graeme Colman, 10<sup>th</sup> December 2015. ❖

## SASB: Forestry and Logging Research Brief

"SASB's Industry Brief provides evidence for the disclosure [reporting] topics in the Forestry and Logging industry. The brief opens with a summary of the industry, including relevant legislative and regulatory trends and sustainability risks and opportunities.

"Following this, evidence for each disclosure topic (in the categories of Environment, Social Capital, Human Capital, Business Model and Innovation, and Leadership and Governance) is presented. SASB's Industry Brief can be used to understand the data underlying SASB Sustainability Accounting Standards.

"For accounting metrics and disclosure guidance, please see SASB's Sustainability Accounting Standards. For information about the legal basis for SASB and SASB's standards development process, please see the Conceptual Framework.

"SASB identifies the minimum set of disclosure topics likely to constitute material information for companies within a given industry. However, the final determination of materiality is the onus of the company.

**More:** [www.sasb.org/approach/our-process/industry-briefs/renewable-resources-alternative-energy-sector-industry-briefs/](http://www.sasb.org/approach/our-process/industry-briefs/renewable-resources-alternative-energy-sector-industry-briefs/) 31 pages, 373Kb

**Source:** SASB, 17<sup>th</sup> December 2015.

**Editor:** Includes reference to NZ and could impact NZ's forestry sector via USA-based owners.

**SASB** = Sustainability Accounting Standards Board (USA). ❖

## Leading for Well-being

"NCS, with my colleague Dr. Michael Pirson of Fordham University, is convening corporate leaders, international experts, academics, faith leaders, government leaders, and the media to create the Leading for Well-being Coalition. This coalition will integrate the emerging practice of Humanistic Management with sustainability. Doing this can enable those now driving the crisis to become its agents of positive and profitable change.

"We are inviting thought and action leaders to join this collaborative learning journey to create practices and tools to help humanity to innovate itself out of crisis. Specifically, through this project we will:

1. Counter the narrative of the current economic system that counts only enhanced shareholder value, austerity in government, shareholder dominance, and resource extraction;
2. Establish well-being as a pragmatic alternative to unsustainable business practices and an economy dependent on cons
3. umption, which results in people struggling to find meaning and purpose in their lives, inequality that is soaring and the very basis for life on earth is imperiled.
4. Create a community of practice to set standards for managing human dignity and well-being;
5. Distribute pragmatic solutions that companies, governments and others can implement through cutting edge executive education;
6. Create metrics by which the business case for enhancing human dignity and progress towards it can be measured.

**More:** <http://natcapsolutions.org/leading-for-wellbeing/>

**Source:** Hunter Lovins, 11<sup>th</sup> December 2015. ❖

Contributions and feedback are welcomed.

Send your news items, handy hints, case studies, suggestions, comments and questions to Ray Skinner of *Sustainability Matters*.

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