

# Sustainability Matters

4<sup>th</sup> February 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.**

## Survey of Corporate Responsibility Reporting 2015

"I am pleased to announce KPMG's ninth edition of the *Survey of Corporate Responsibility Reporting*. This edition marks 22 years since the first report on the survey was published in 1993.

"The biennial report is widely acknowledged as the most comprehensive global view of corporate responsibility ('CR') reporting and this year covers a record 45 countries.

"As in prior years, the survey assesses CR reporting rates and approaches among the 100 largest companies in each of the 45 countries (N100) and the top 250 largest companies listed on the Fortune 500 listing (G250).

"This year the report also includes analysis of the quality of carbon reporting among the G250 – a topical issue given the upcoming UN Climate Talks (COP21) in Paris from 30 November to 11 December 2015.

### "Key findings of the survey include:

- Only half the G250 (53%) state carbon reduction targets in their company reports and, of these, two thirds provide no rationale to explain why those targets were selected.
- There is a lack of consistency in the carbon information published. This makes it almost impossible to accurately compare one company's carbon performance with another's.
- The rate of CR reporting among N100 companies worldwide continues to grow, although more slowly than in previous periods as reporting levels get closer to 100%.
- Over the past four years the Asia Pacific region has gone from being a laggard, with a CR reporting rate below 50%, to having the highest regional rate of CR reporting in the world.
- New Zealand's N100 CR reporting rate has increased from 47% in 2013 to 52% in 2015.
- Since 2011 there has been a global increase in the percentage of N100 companies that include CR data in their annual reports, rather than producing a separate CR report – 20% in 2011 to 56% in 2015.
- There has been no significant growth in the proportion of companies stating they produce Integrated Reports.
- The Global Reporting Initiative(GRI) remains the most popular voluntary reporting guideline worldwide but use of GRI declined among the world's largest companies.

48 pages 1.94 Mb

**More:** <https://home.kpmg.com/xx/en/home/insights/2015/11/kpmg-international-survey-of-corporate-responsibility-reporting-2015.html>

**Source:** Gabrielle Wyborn, KPMG, 26<sup>th</sup> November 2015. ❖

## SUSTAINABILITY GROUP EVENTS

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



Announcements in 'due course'. ❖

## Welsh Town Moves 'Offshore' to Avoid Tax on Local Business

"When independent traders in a small Welsh town discovered the loopholes used by multinational giants to avoid paying UK tax, they didn't just get mad.

"Now local businesses in Crickhowell are turning the tables on the likes of Google and Starbucks by employing the same accountancy practices used by the world's biggest companies, to move their entire town 'offshore'.

"Advised by experts and followed by a BBC crew, family-run shops in the Brecon Beacons town have submitted their own DIY tax plan to HMRC, copying the offshore arrangements used by global brands which pay little or no corporation tax. ....

"Crickhowell residents want to share their tax avoidance plan with other towns, in a bid to force the Treasury into legislation to crack down on loopholes which allowed the likes of Amazon to pay just £11.9m of tax last year on £5.3bn of UK internet sales. A town dominated by independent businesses, some of which have been passed down three generations, Crickhowell traders recently fought off a high street planning application from a large supermarket chain.

"In the BBC2 documentary, *The Town that Went Offshore*, the residents express their anger at companies including Caffé Nero, which has not paid corporation tax in the UK since 2008, despite recording sales worth £1.2 billion. ....

"Until now, these complicated offshore tricks have only been open to big companies who can afford the lawyers' fees. But we've put our heads together, and worked out a way to mimic them. It's jolly clever."

"Mrs Carthew said the traders had a 'very good meeting' with HMRC when they submitted their offshore tax plan for approval. 'It's a threat to the Government because if they don't act this could be rolled out to every town. Everything we have proposed is legal.'.....

"The Crickhowell traders are sick and tired of shouldering the burden for the entire system. They don't get invited to cosy chats with HMRC top brass like the major corporations but they are the backbone of the British economy.'...

"Steve, a Crickhowell coffee shop owner said: 'I have always paid every penny of tax I owe, and I don't object to that. What I object to is paying my full tax when my big name competitors are doing the damndest to dodge theirs.' One of the town's traders discovered that he paid seven times more in corporation tax than Facebook, which paid less than £5,000 in the UK last year.

"Made by Renegade Pictures, the documentary will be [made and] screened in 2016 as part of BBC Two's Britain's Black Economy season, which explores how different levels of society are finding loopholes in the system.

**More:** [www.independent.co.uk/news/uk/crickhowell-welsh-town-moves-offshore-to-avoid-tax-on-local-business-a6728971.html](http://www.independent.co.uk/news/uk/crickhowell-welsh-town-moves-offshore-to-avoid-tax-on-local-business-a6728971.html)

**Source:** CSEAR Newsletter. page 9. 9<sup>th</sup> December 2015. ❖

## Stakeholder Engagement Standard AA1000 Upgraded

"On November 16, 2015, AccountAbility released the new *AA1000SES Global Standard in Stakeholder Engagement*. 'The new AA1000SES provides a comprehensive framework and best practice guidance for conducting high-quality stakeholder engagement projects and programs.' – Mr. Robert Herz, Accountability Advisory Board member and former Chairman of the Financial Accounting Standards Board.

"The AA1000 Stakeholder Engagement Standard (AA1000SES) is a generally applicable framework for Assessing, Designing, Implementing and Communicating stakeholder engagement. AA1000SES builds on, and is consistent with, AccountAbility's AA1000 Series, particularly the AA1000 AccountAbility Principles Standard (2008) and the principle of Inclusivity.

"The purpose of the Standard is to establish the benchmark for good-quality stakeholder engagement....

"[It] provides practical guidance on how to assess, design, implement and communicate effective stakeholder engagement. .... [And] can be used as a tool to support risk management, protect the license to operate, enhance the brand, and provide the foundation for improving the overall sustainability performance of the organisation.

**More:** [www.accountability.org/standards/aa1000ses.html](http://www.accountability.org/standards/aa1000ses.html)

**Sources:** Calum Revfem and Stefan Rueegg 2<sup>nd</sup> & 4<sup>th</sup> Dec. ❖

## Understanding Three Sets of Guidance Associated with Voluntary Reporting

"TORONTO, July 28, 2015 – A new publication from Chartered Professional Accountants of Canada (CPA Canada) discusses the evolving corporate reporting landscape, especially as it relates to addressing sustainability issues.

"The CPA Canada briefing, *An Evolving Corporate Reporting Landscape: A Briefing on Sustainability Reporting, Integrated Reporting, and Environmental, Social and Governance (ESG) Reporting*, assists public companies in understanding three current sets of guidance associated with voluntary reporting produced by the:

- Global Reporting Initiative (GRI)
- International Integrated Reporting Council (IIRC)
- Sustainability Accounting Standards Board (SASB)

"Reporting on sustainability is addressed in different ways in the three sets of guidance outlined. While largely voluntary in Canada, beyond what securities regulators call for regarding certain social and environmental issues, sustainability and integrated reporting are either already mandatory or may become so in some other countries and regions.

"Reporting changes occurring internationally call for business enterprises to provide a broader array of information relating to the entity's value, performance, prospects and impacts – calls which sooner or later may become more evident in Canada,' says Alan Willis, independent advisor to CPA Canada and a co-author of the publication. 'This clearly highlights why organisations need to keep up to speed with the emergence of new voluntary reporting proposals and guidance as well as ever-changing regulatory requirements.'

"The briefing also outlines how the three forms of voluntary guidance relate to the principles and disclosure framework set out in another CPA Canada publication, *Management's Discussion and Analysis – Guidance on preparation and disclosure*. ....

**More:** [www.cpacanada.ca/en/connecting-and-news/news/media-centre/2015/july/changing-corporate-reporting-landscape](http://www.cpacanada.ca/en/connecting-and-news/news/media-centre/2015/july/changing-corporate-reporting-landscape)

44 pages, 310Kb

**Source:** "CSEAR Newsletter, page 10, 9<sup>th</sup> December 2015. ❖

## NZ Delegation to GRI Conference Amsterdam May 2016

Calum Revfem of Envirostate is partnering with the Global Reporting Initiative (GRI) to form a New Zealand delegation to the Global Sustainability Reporting Conference in Amsterdam, May 18-20.

"As an attendee at previous conferences I was both informed and inspired by the global community of sustainability managers, forward thinking CEO's and world leaders driving the sustainability agenda, through transparency and reporting.

**More:** Contact Calum [calum@envirostate.co.nz](mailto:calum@envirostate.co.nz)

**Source:** Calum Revfem, 26<sup>th</sup> January 2016. ❖

## Climate Change Conference: *In the Eye of the Storm*

"This conference aims to bring together the leading minds across a range of disciplines, and includes presentations from:

- His Excellency Anote Tong, *President of the Republic of Kiribati*
- Bill McKibben, [350.org](http://350.org) (via video presentation)
- Chris Mooney, *The Washington Post energy and environment reporter*
- Professor William Steffen, *Australian National University Climate Change Institute director*
- Kosi Latu, Secretariat of the Pacific Regional Environment Programme director general
- Koreti Tiumalu, 350.org Pacific outreach coordinator
- Rod Oram, business journalist and commentator
- Dayle Takitimu, Indigenous rights and environmental lawyer
- Professor James Renwick, *Victoria University Professor of Physical Geography*
- Professor Tim Naish, *Antarctic Research Centre director*

**When/Where:** 15-17 February 2016, Wellington

**More:** [www.victoria.ac.nz/vicpasifika/our-community/events/climate-conference](http://www.victoria.ac.nz/vicpasifika/our-community/events/climate-conference)

**Source:** Tieke: ECO Alerts & Events, 20<sup>th</sup> January 2016. ❖

## Key Trends in Business and Human Rights for 2016: What Business Needs to Know

"Momentum in the business and human rights agenda continues to build, and growing pressure is being put on businesses to know and show that they are respecting and human rights. This webinar will examine current business and human rights trends, continuing challenges and what the developing landscape means for businesses operating both in Australia and offshore.

"Speakers will include:

- **Ben Walker**, Head of Sustainable Development, ANZ Bank
- **Bill Anderson**, Head of Social and Environmental Affairs, Asia Pacific, Adidas
- **Ariel Meyerstein**, Vice-President, Labour Affairs, Corporate Responsibility and Corporate Governance, US Council for International Business
- **Vanessa Zimmerman**, Group Advisor Human Rights, Rio Tinto and Chair, GCNA Human Rights Leadership Group (Facilitator)

**Webinar:** Thurs 11<sup>th</sup> February, AEDT noon to 1:00pm

**More:** [www.unglobalcompact.org.au/events/key-trends-in-business-and-human-rights-for-2016/](http://www.unglobalcompact.org.au/events/key-trends-in-business-and-human-rights-for-2016/)

**Source:** Misplaced .... ❖

## Obsolescence - the Other Side of CES In 2016, Let's Hope for Better Trade

"In our kitchen we have a refrigerator. This is a familiar first world luxury. It's 15 years old. Within any reasonable tolerance it does exactly what we bought it for and, barring the need to change the light bulb (IoT not required), it works just fine.

"Fast forward to CES; refrigerators that open at the brush of a foot but sensitive enough to know the difference between human and canine paws. Refrigerators with cameras, sensors, tablets and WiFi that alert you to freshness and quantity and re-order when stocks are low.

"It seems probable that one or more of these features won't last 15 years. Any combination of hardware or software failure, or indeed the expiration of any of the dependent apps could lead to a significant reduction in the utility expected. This will lead to either buyer's remorse or the desire to replace the refrigerator which, in all probability is still performing its core purpose.

"Extend that thought to other sectors, and for that matter the new as well as the old. The press release from the 2015 JD Power Automotive Initial Quality Score Survey includes the following statement:

"Entertainment and connectivity systems remain the most problem-prone area for a third consecutive year, with voice recognition and Bluetooth pairing continuing to top the problem list. [Links to JD Power report on cars in the US.]

"At the same time as quality scores relating to core functionality are up; scores relating to connectivity and IoT are down. For us Subaru owners it's possible that our desire to keep our cars for 200,000 miles maybe somewhat compromised if the telematics are as good as redundant when the odometer hits 50,000. It seems likely that this phenomena of ownership being undermined by failure of systems on the periphery of core functionality could be widespread. Perhaps degrees of disappointment as well as the level of desire will be equal drivers of purchase frequency. The smart phone business now operates on a two year (or shorter) replacement cycle, PCs and tablets between two and four years and video displays at around 5 years.

"All this leads to four broad possible conclusions:

- ROPO (Return On Planned Obsolescence) is now a business model.
- There will be a continuing shift to lease based purchasing of any product that has any significant technology built in as a hedge against dissatisfaction
- That for all our collective protestations regarding environmental sensitivity we are collectively colluding to a massive increase in technojunk and its effect on the world around us.
- That there is an imperative to develop strategies that recycle functional products to people to whom need is greater than want.

"Just because things are inevitable does not mean they are good. Our connected future may advance the cause of personal happiness for some and even for a time their efficient use of resources, but looked at through a wider aperture perhaps the picture is less attractive.

"Of the multitude of things I saw at CES I can't think of a single one that was designed to last longer than that which replaced or increased the life expectancy of something already in

**More:** [www.linkedin.com/pulse/obsolescence-other-side-ces-rob-norman](http://www.linkedin.com/pulse/obsolescence-other-side-ces-rob-norman)

**Plus:** [www.linkedin.com/pulse/lets-thomas-midgely-africa-rob-norman](http://www.linkedin.com/pulse/lets-thomas-midgely-africa-rob-norman) It begs an important question that every consumer and shareholder should ask 'does the value and utility of what we consume reflect and justify the social and human costs of manufacturing'."

**Source:** LinkedIn *Pulse*, 13<sup>th</sup> January 2016.

**Editor:** Perhaps our 1988, 332,500km, 2litre, S/W is not such a bad bet after all! ❖

## Agreements – and the Death of TPP: Joseph Stiglitz

"..... The most controversial geo-economic decisions last year concerned trade. Almost unnoticed after years of desultory talks, the World Trade Organization's Doha Development Round – initiated to redress imbalances in previous trade agreements that favored developed countries – was given a quiet burial. America's hypocrisy – advocating free trade but refusing to abandon subsidies on cotton and other agricultural commodities – had posed an insurmountable obstacle to the Doha negotiations. In place of global trade talks, the US and Europe have mounted a divide-and-conquer strategy, based on overlapping trade blocs and agreements. ....

"The US concluded secret negotiations on what may turn out to be the worst trade agreement in decades, the so-called Trans-Pacific Partnership (TPP), and now faces an uphill battle for ratification, as all the leading Democratic presidential candidates and many of the Republicans have weighed in against it. The problem is not so much with the agreement's trade provisions, but with the 'investment' chapter, which severely constrains environmental, health, and safety regulation, and even financial regulations with significant macroeconomic impacts.

"In particular, the chapter gives foreign investors the right to sue governments in private international tribunals when they believe government regulations contravene the TPP's terms (inscribed on more than 6,000 pages). In the past, such tribunals have interpreted the requirement that foreign investors receive 'fair and equitable treatment' as grounds for striking down new government regulations – even if they are non-discriminatory and are adopted simply to protect citizens from newly discovered egregious harms.

"While the language is complex – inviting costly lawsuits pitting powerful corporations against poorly financed governments – even regulations protecting the planet from greenhouse gas emissions are vulnerable. The only regulations that appear safe are those involving cigarettes (lawsuits filed against Uruguay and Australia for requiring modest labeling about health hazards had drawn too much negative attention). But there remain a host of questions about the possibility of lawsuits in myriad other areas.

"Furthermore, a 'most favoured nation' provision ensures corporations can claim the best treatment offered in any of a host country's treaties. That sets up a race to the bottom – exactly the opposite of what US President Barack Obama promised.

".....Obama repeatedly said the TPP would determine who – America or China – would write the twenty-first century's trade rules. The correct approach is to arrive at such rules collectively, with all voices heard, and in a transparent way. Obama has sought to perpetuate business as usual, whereby the rules governing global trade and investment are written by US corporations for US corporations. This should be unacceptable to anyone committed to democratic principles.

"Those seeking closer economic integration have a special responsibility to be strong advocates of global governance reforms: if authority over domestic policies is ceded to supranational bodies, then the drafting, implementation, and enforcement of the rules and regulations has to be particularly sensitive to democratic concerns. Unfortunately, that was not always the case in 2015.

"In 2016, we should hope for the TPP's defeat and the beginning of a new era of trade agreements that don't reward the powerful and punish the weak. The Paris climate agreement may be a harbinger of the spirit and mindset needed to sustain genuine global cooperation.

**More:** [www.theguardian.com/business/2016/jan/10/in-2016-better-trade-agreements-trans-pacific-partnership](http://www.theguardian.com/business/2016/jan/10/in-2016-better-trade-agreements-trans-pacific-partnership)

**Source:** Malcolm Rands, Facebook share, 16<sup>th</sup> January. ❖

## CFO – All Good Organics (Wayfairer Ltd)

Chris Morison and the team are seeking a Chartered Accountant with at least 6 years relevant experience across a full range of activities typical of those of CFO's leading small financial teams with international exposure. The appointee will need to be willing to 'get their hands dirty' to get done what needs to be done. Ideally commence about 1<sup>st</sup> April 2016.

For all the low down contact Managing Director, Chris Morrison

**More:** [chris-morrison@xtra.co.nz](mailto:chris-morrison@xtra.co.nz), Mob (0275) 481 293

**Source:** Chris Morrison, 29<sup>th</sup> January 2016. ❖

## TransCanada: If we Can't Build Keystone, we Want \$15 billion

"TransCanada isn't taking no for an answer. In November, President Obama rejected the company's plans to build the Keystone XL pipeline. Now the company is fighting that decision, just as it had threatened to do: It's suing America and seeking \$15 billion in damages.

"On Wednesday, TransCanada filed suit in a U.S. court in Texas, arguing that Obama didn't have constitutional authority to deny a permit for the pipeline. It also announced its intention to file a claim under the North American Free Trade Agreement, seeking monetary compensation. As The *Wall Street Journal* explains, "The company, which has spent \$3.1 billion on the project already including on pipe and payments to landowners, said the \$15 billion damage claim includes compensation for foregone tolls and other profit it otherwise would have earned." Perhaps the money would also compensate the company for hurt feelings, those long nights searching the internet for stock photography to fill out the website keystone-xl.com, and faded dreams of the sound of oil sludge traveling from the Canadian tar sands down to the Gulf of Mexico, which, before the price of oil tanked a year ago, would have sounded like a thousand cash registers ringing in unison.

"Of course, oil prices are so low today that it doesn't make much financial sense to mine the Alberta tar sands anymore. Obama might actually have done TransCanada a favour in rejecting its plan — if it had gotten the approval it wanted, it would have a very expensive pipeline on its hands, and probably fewer customers than expected on either end.

"Trade experts say TransCanada's NAFTA claim is a long shot. If the company wins in arbitration, it will be the first time the U.S. has lost a case filed under NAFTA's Chapter 11.

"But even if TransCanada doesn't win this one, this claim could be a sign of more to come. Obama has made the passage of another NAFTA-style trade agreement, the Trans-Pacific Partnership (TPP), a key priority of his last term. The TPP includes a lot of nations that are home to corporations that, like TransCanada, have significant investments in the United States. Environmentalists are warning that under these types of trade deals, any tightening of environmental regulations could lead to damage claims and huge demands for money.

"The suit is a reminder that we shouldn't be signing new trade agreements like the Trans-Pacific Partnership that allow corporations to sue governments that try and keep fossil fuels in the ground", Jason Kowalski of 350.org told Reuters.

**More:** <http://grist.org/article/transcanada-if-we-cant-build-keystone-we-want-15-billion>

**Source:** Geoff Bennett, 8<sup>th</sup> January 2016. ❖

## Quote of the Week

"When the power of love is greater than the love of power then the world will know peace."

**Source:** Marie Barrett, Facebook share, 22<sup>nd</sup> Nov. 2015. ❖

## Sustainability: A Global Conversation

"We [CAANZ] have been members of the Accounting Bodies Network (ABN) of the Prince of Wales' Accounting for Sustainability (A4S) Project for over 8 years. In December 2015 Senior Manager Policy and Thought Leadership, Karen McWilliams [CAANZ, Sydney], attended their Annual Summit in London.

"The Summit opened with a session at the Crystal, a sustainable cities initiative by global telecommunications equipment supplier, Siemens. The interactive networking event explored examples of how businesses, which are members of A4S's CFO Leadership Network, are successfully using sustainability to drive innovation, reduce risk and improve efficiency.

"At this session, the ABN released some case studies which explore the business case for sustainability. The publication included examples from Australian and New Zealand organisations, such as Westpac and New Zealand Post Group.

"Key takeaways from the conference included the need for sustainability to be embedded into all projects within an organisation, rather than placing reliance on only certain individuals. Resilience will be critical for organisations in the future and it's more important than ever for finance team members to have the skills to deal with ambiguity and uncertainty. The challenges now faced in everyday work are not black and white and require flexibility to analyse the range of possible solutions, as well as the ability to think outside the box.

"The Summit closed with the A4S Forum, where HRH the Prince of Wales shared his thoughts on the role CFOs and the finance community will need to play to achieve a sustainable economy. During his session, Prince Charles touched on recent major international events, including the UN Climate Change Conference in Paris. A video of this session can be viewed on YouTube.

"A [panel of finance leaders](#) was then challenged by the audience on how to achieve a sustainable future..... The panel was chaired by Emma Howard Boyd, Environment Agency Pension Fund Investment Committee and Deputy Chair, Environment Agency. The panellists were:

- Euan Munro, CEO, Aviva Investors
- Geraldine Matchett, CFO and Member of the Managing Board, Royal DSM
- Richard Howitt MEP, European Parliament Rapporteur on Corporate Social Responsibility.

"During this session Karen asked: '*How can we ensure the voice of future generations, who currently don't have a vote, is heard and has real influence in the political debate about climate change and sustainability?*' There clearly is no simple answer to this question but it remains an important one we should keep in mind. – [See the video for the response!]

**More:** [www.charteredaccountantsanz.com/en/Site-Content/Business-Trends-Insights/Technical-information/Sustainability-is-a-global-conversation.aspx](http://www.charteredaccountantsanz.com/en/Site-Content/Business-Trends-Insights/Technical-information/Sustainability-is-a-global-conversation.aspx),

Also, [www.accountingforsustainability.org/wp-content/uploads/2015/12/ABN-The-Business-Case-for-Sustainable-Business-Models-.pdf](http://www.accountingforsustainability.org/wp-content/uploads/2015/12/ABN-The-Business-Case-for-Sustainable-Business-Models-.pdf) 36 pages – case studies

With more at [www.accountingforsustainability.org/wp-content/uploads/2015/12/A4S-BOOKLET.pdf](http://www.accountingforsustainability.org/wp-content/uploads/2015/12/A4S-BOOKLET.pdf) 44 pages and [www.youtube.com/watch?feature=player\\_embedded&v=c0i6FcBI9DE](http://www.youtube.com/watch?feature=player_embedded&v=c0i6FcBI9DE) 15 minutes

**Source:** Karen McWilliams, 21<sup>st</sup> January 2016. ❖

Contributions and feedback are welcomed.

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

eMail: [ray@sustainabilitymatters.co.nz](mailto:ray@sustainabilitymatters.co.nz) Phone: +64 (09) 443 0773 Web: [www.sustainabilitymatters.co.nz](http://www.sustainabilitymatters.co.nz)