

Sustainability Matters

18th 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.**

Creating an 'Architecture of Listening' in Organisations: The basis of engagement, trust, healthy democracy, social equity, and business

"..... An international research study has found that, with some notable exceptions, organisations overwhelmingly create an 'architecture of speaking' with their substantial investments in public communication, designed and used to disseminate their messages. Despite their claims for two-way communication, engagement, and dialogue, they listen sporadically, selectively, and sometimes not at all.

"When organisations do listen, it is predominantly for instrumental purposes to serve their own interests, such as gaining intelligence to 'target' potential consumers of products and services.

"The two-year research project involved analysis of 36 case studies in three countries – the US, UK and Australia – explored through 104 interviews with senior communication practitioners, analysis of more than 400 relevant documents such as communication and consultation plans and reports, and 25 experiments testing organisational response.

"This study also explored the reasons for the 'crisis of listening' in contemporary societies and the cultural, political, structural, resource, skill, and technological elements that are necessary to create an 'architecture of listening' in organisations.

"The study argues that there is an urgency to improve listening in government, political parties, corporations, and other types of organizations, and that there are major benefits from doing so, concluding that improved organizational listening is a key to citizen, customer, and stakeholder engagement; trust; healthy democracy; business sustainability; and social equity.

More: www.uts.edu.au/about/faculty-arts-and-social-sciences/what-we-do/research/reports/creating-architecture-listening, plus <https://www.uts.edu.au/sites/.../fass-organizational-listening-report.pdf>, 3.56Mb, 76 pages

Source: Tim Marshall, 4th February 2016. ❖

Sustainable Practice

"Sustainability is the future, and it's at the heart of everything we do at Central. Learn to drive lasting change and implement sustainable practices in your organisation or your life. ...

"Our sustainability programmes are accessible nationwide – to be truly sustainable we bring them to you through online study, block courses and short courses in many centres.

"We're passionate about changing the future – join us. [Details of programmes and short courses includes for instance Better Business Buying, Certificate in Sustainable Growing.]

More: <https://central.op.ac.nz/study/sustainable-practice/>

Source: Centre for Sustainable Practice update, 16th Feb. ❖

SUSTAINABILITY GROUP EVENTS

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



Announcements in 'due course'. ❖

Rod Oram: TPPA Honesty Pays The New Zealand government should be more realistic about the benefits of the Trans-Pacific Trade Agreement.

"TPPA will only deliver for us if we are honest about it. But our government and business leaders aren't.

"Yet, New Zealand needs them to be utterly clear-eyed and realistic about this trade and investment agreement.

"Rod Oram believes a lack of transparency over the TPPA could damage New Zealand's honest reputation.

"Only then can New Zealand be an honest broker helping to turn TPPA into the 21st century agreement we need it to be.

"Here are some of the major gaps between NZ's rhetoric and reality about the TPPA.

"It is a Free Trade Agreement. No, it isn't. Too many tariffs and other barriers remain for it to deserve the accolade. Rather, it is a 'managed trade' pact, argues Martin Sandbu, one of the best analysts at the Financial Times of London, in this article bit.ly/FTonTPPA.

"It will remove barriers to trade. But we already sell lots to middle class Americans and Japanese, which are said to be the big prize.

"While TPPA might help a bit, it will perpetuate agricultural subsidies, which are the far greater distorter of trade for our primary sector. It will also hinder the World Trade Organisation's efforts to push back against subsidies.

"It will make us wealthy. No, it won't. By 2030 it could lift our GDP by 0.9%. With TPPA, we'd hit that target by 1st January 2030. Without TPPA we'd hit the target three months later.

"Moreover, the government's forecast of 0.9% relies on heroic assumptions about easing non-tariff barriers. Analysis of this is coming thick and fast. Here's a recent example from Tufts University in the US, bit.ly/TuftsTPPA and this from the Petersen Institute, the most respected, most apolitical of Washington trade think tanks, bit.ly/PetersenTPPA.

More: www.stuff.co.nz/business/opinion-analysis/76580827/rod-oram-tppa-honesty-pays

Source: Malcolm Rands, Facebook link, 7th February 2016. ❖

The Why of Sustainability Reporting

"... 5. It takes a village to raise a responsible company.

"A network of accountability within the entire business ecosystem is required to sustain these shifts and ensure that stakeholders are effectively considered and communicated with. They include shareholders, creditors, suppliers, employees, customers, vendors, civil society organisations, governments, media and advocacy groups, offering checks and balances to increase the relevance, meaning and potency

of responsible practices. Responsibility and ownership remain with the leaders of the company, but the involvement of responsible and active stakeholders provide both structure and cause.

More: www.eco-business.com/opinion/the-why-of-sustainability-reporting/

Source: eco-Business.com. 20th January 2016. ❖

Financial Services Industry for 'The World We Want' Open Government Partnership

"The financial services industry across the globe is undergoing strategic transformation as the focus shifts from short term profitability to long term success. The sustainability challenge i.e. embedding environmental, social, economic and financial aspects in the organisation's DNA is now increasingly recognised as the most critical success factor for the financial institutions world-wide. In these times of historic change, when the increasing regulations, growing competitive pressures, widespread digitisation, volatile market conditions and rising environmental and social concerns are reshaping financial industry's landscape across the continents, there is undoubtedly a need for stakeholders to come together and jointly address the sustainability challenge.

"The overall objective of the Global Sustainable Finance Conference is to contribute in sustainability transformation of the financial services industry and discuss its role in implementing the 2030 Agenda for Sustainable Development. The conference provides an international forum to key stakeholders from across the world for sharing knowledge and experiences and for working together for a strong, fair, safe and resilient financial services sector that works in harmony with the natural environment.

"The conference aims to address the following issues:

- The 17 Sustainable Development Goals (SDGs) ratified by the UN member states on 25th September 2015
- The implications of the SDGs on the financial industry
- Creating Shared Value Financing and Investing for a Sustainable Future
 - Innovations in financing for large scale projects
 - Innovations in SME finance
 - Innovations in microfinance, financial inclusion and rural finance
 - Financing and investing in the fields of sustainable energy, green real-estate, biotechnology, organic agriculture, sustainable infrastructure and projects that contribute in our transformation to sustainable economy

When/Where: 14-15th July (tentatively) at Karlsruhe, Germany

More: <http://eosd.org/en/gsfci.html>

Source: Editor, 15th February 2016. ❖

Green Shops Make More Money

"A new study by the World Green Building Council shows retailers how to cash in on the clear link between sustainable store design and higher sales.

"Retail shop owners who include sustainable features such as natural light, greenery, and ample ventilation in their stores can expect happier staff and customers, and also higher profits, a new report by the World Green Building Council (WGBC) has found.

"Launched on Monday [1st February], the industry body's report, titled, *Health, Wellbeing and Productivity in Retail: The Impact of Green Buildings on People and Profit*, discovered while many retailers know that sustainable shop design and management can improve their business performance, they are slow to implement changes in their stores.

"The report is part of WGBC's 'Better Places for People' campaign, an initiative which aims to create demand for sustainable buildings by highlighting how they improve people's well-being and lives. 65 pages, 3.68Mb

More: www.eco-business.com/news/green-shops-make-more-money, plus www.worldgbc.org/activities/better-places-people/health-wellbeing-and-productivity-retail

Source: eco-Business.com, 10th February 2016. ❖

"How can government be open, more open, accountable and accessible to citizens?

"The government is currently consulting and feedback is due by 30 June.

"The OGP has set out 5 grand challenges and 4 principles for governments to work towards. New Zealand has committed to working towards 3 of the OGP's 5 grand challenges. These are:

- improving public services
- increasing public integrity, and
- managing public resources better.

"It also aims to meet the OGP principles of:

- transparency,
- accountability,
- participation, and
- innovation and technology.

More: <https://www.govt.nz/browse/engaging-with-government/ogp>

Source: Tieke: ECO Alerts & Events 20th January 2016

Editor: See posted comments. ❖

Plastic Microbead Ban Signed into Law, Wins Industry Support

"The [USA] plastics industry says it supports a new law that phases out plastic microbeads starting in 2017.

"US President Barack Obama last week signed the law, which bans personal-care products from containing microbeads and aims to help remove plastic pollution from water supplies.

"The law defines microbeads as 'any solid plastic particle that is less than 5 millimeters in size', and prohibits soaps, body washes, toothpaste and other personal-care products from containing the traditional plastic or bioplastic beads as of 1st July 2017. The law also prohibits the sale of products containing microbeads as of 1st July 2019.

"Nine states have already passed microbead laws but the new federal ban is stricter – and a welcome standard, according to the American Chemistry Council, which called the law ...

"In 2013, a study by environmental group 5 Gyres found microbeads – likely from personal-care products – are polluting the Great Lakes. The nonprofit presented this evidence to Procter & Gamble, Johnson & Johnson, L'Oreal, The Body Shop, Colgate-Palmolive and Unilever, prompting the brands to phase out the use of these tiny plastic beads.

"Other companies follow suit such as Adidas, which pledged to end the use of plastic microbeads across all its body care products by 31st December 2015.

More: www.environmentalleader.com/2016/01/04/plastic-microbead-ban-signed-into-law-wins-industry-support/

Source: *Environmental Leader*, 6th January 2016. ❖

Introduction to Groundwater: Principles and Practices – N Z

"The *Introduction to Groundwater: Principles and Practices* two-day training event is an introductory level groundwater school for both new entrants to the industry and for current professionals seeking to update their skills or to move from a related discipline.

"Introductory level... not basic! Designed and led by experienced groundwater experts, this Introduction course is more than just basic or low level.

"While assuming only minimal experience, this course will stretch your abilities

When: 12th-13th April 2016

More: www.srit.com.au/course_details.php?id=122

Source: SRIT 12th January 2016. ❖

What Does a Toilet which Recycles Poo Look Like?

"Researchers from Cranfield University's Cranfield Water Science Institute in the United Kingdom have built a portable toilet equipped with nanotechnology, which allows the treatment of waste onsite without using water and electricity.

"The 'Nano Membrane Toilet' was designed for households with up to 10 people who do not have clean water and toilets. Researchers consulted with potential users in Ghana in Africa, where sanitation and water access is still severely lacking.

"Users do not have to worry about smells as the waste is disposed of properly through a flush system which 'transport the mixture into the toilet without demanding water whilst simultaneously blocking odour', the researchers said on their website.

"Nanotechnology is the engineering of materials in molecular scale or nano sizes, one-billionth of a metre.

"The nano toilet was developed as part of the Bill & Melinda Gates Foundation's Reinvent the Toilet Challenge, an initiative that seeks sustainable solutions to water and sanitation challenges in developing countries.

"The toilets will be rented out to households and maintained by trained franchisees, Cranfield said.

More: www.eco-business.com/videos/what-does-a-toilet-that-recycles-poo-look-like/ See 3:40 video.

Source: eco-Business.com, 13th January 2016. ❖

\$2 School Uniforms, But at What Cost?

"Major Australian retailers Kmart and Target have come under fire for selling \$2 school uniforms while factory workers are paid below levels that can cover basic living expenses.

"The \$2 polo shirts that are the focus of Target's national 'Back to School' campaign are produced in Bangladeshi factories where wages can be as low as \$97 a month.

"This national minimum wage is up to 45% below the 'living wage' that allows workers to pay for basic food, water, shelter, clothing, and transport, according to Oxfam and international workers unions.

"Rival retailer Kmart is also selling \$5 button-up school shirts from factories in Bangladesh, while its \$2 polos are made in China.

"The retail cost of the polos is less than the wholesale amount paid by Best and Less, which was slammed in a 2015 Oxfam report for its transparency on factory conditions.

"The founder of ethical clothing brand, Etiko, Nick Savidis, said he was 'flabbergasted' by the pricing.

"I don't know how they could do that without ripping someone off', he said. 'It's not just the supply chain. It's where the fabrics are dyed and woven, where the cotton has grown. I have no idea how they could do it at that price, not to mention the cost of shipping it to Australia.'

"Target would not comment on how they produced the shirts in Bangladeshi factories at such a low cost but said that it was 'working towards', paying factory employees a living wage.

"A Kmart spokeswoman said Kmart had volume agreements that allowed them to 'provide prices as low as ethically possible for our customers without compromise to our suppliers and their workers.

More: www.smh.com.au/national/education/target-and-kmart-sell-2-school-uniforms-but-at-what-cost-20160112-gm4n1y.html, plus www.news.com.au/lifestyle/parenting/school-life/why-are-people-outraged-by-these-cheap-school-uniforms/news-story/0ec889e856ef0e16fb99cf0960e7c05c

Source: Karen McWilliams, 21st January 2016. ❖

People – Changes

Sophie Heighway most recently with AirNZ, is since February, Sustainability Initiatives Manager, Auckland Council.

Jamie Sinclair ex KPMG and more recently GM Strategy & Finance, Ngati Whatua Orakei Whai Maia Ltd is now the company's Acting CEO.

Penny Nelson CEO of Sustainable Business Council is to take up a role as deputy secretary responsible for sector strategy with the Ministry for the Environment.

She will be replaced by **Abbie Reynolds** who most recently has been Vodafone's head of sustainability.

Sources: Various. ❖

Geldof Sounds Off

"We live in historic times, says pop star, entrepreneur and humanitarian Bob Geldof. As we witness massive political and economic disruption, now is the time to make changes for the better, he argues.

"Bob Geldof acts while others talk. Rather than sit on the sidelines of Europe's refugee crisis, the popstar, entrepreneur and celebrated charity organiser – Live Aid, anybody? – has offered to house four Syrian refugee families in his homes in Kent and London.

"He also challenged other wealthy Britons to take personal responsibility for the humanitarian crisis on Europe's borders.

"The man who famously asked us all to 'feed the world' with 1984's *Do they know it's Christmas?* these days expresses a more sophisticated philosophical view. It's not that his concern for the world's helpless and dispossessed has faded, more that an older, wealthier and more politically connected Geldof – he has been knighted and his wedding to long-time partner Jeanne in September included Richard Branson and the Duchess of York on a star-studded guest list – now has the opportunity to speak in more than soundbites or catchy choruses.

"Ahead of a visit down under for the Chartered Accountants ANZ Leadership in Government Awards, Geldof told *Acuity* the refugee crisis lays bare the limits of power of the traditional nation state when confronted by problems of global proportions.

"We live in a new world of multi-level, multi-nodal *ad hoc* co-operation and competition which states and companies find difficult to deal with," he says.

"And he sees the prospect of a worldwide political disruption (similar to the disruption experienced in communications, social media and trade) as governments seek to work more closely together on the major issues of the 21st century such as global warming, immigration, and tax base erosion and profit shifting.

"Formal power resides in the nation state at the precise moment when the nation state is incapable of dealing with its own problems unilaterally", Geldof says.

"You cannot deal with climate change, nuclear proliferation, the global economy, epidemics or poverty etc, etc, on your own. That world has gone.'....

Climate Change Good Government....

"In general, things are much better now for some people [than when he was younger]. Other parts of the world are worse off.

"I do feel, though, that we are living in historic times where a fundamental shift in the global order and economy is taking place – which of course causes confusion.

"It is real and now and is setting the template for the next few hundred years, should we make it, and will be discussed in the history books of the future.'

More: <https://charteredaccountantsanz.com/en/Site-Content/Business-Trends-Insights/Acuity/December-2015/Geldof-sounds-off.aspx>

Source: *Acuity*, December 2015, pages14-17. ❖

Noiseless Shell-shaped Wind Turbine

"A super-efficient and completely soundless wind turbine developed by a Dutch company aims to enable every household to generate its own wind energy.

"Officially unveiled today [27th May 2014], the shell-shaped Liam F1 Urban Wind Turbine offers much better efficiency compared with conventional designs. Its shape, modelled after the perfectly logarithmic spiral of a Nautilus shell, allows the turbine to always position itself at the best angle towards the direction of the wind, achieving efficiency which is about 80% of what is theoretically possible.

"With an average speed of wind of about 5m/s, the turbine generates about 1,500 kilowatt-hours of energy – about half of the consumption of a regular household. believes in combination with efficient solar panels, the turbine can make every household completely energy self-sustainable. ...

"The company believes the low energy yield together with the unpleasant and constant noise of conventional wind turbines is the major obstacle preventing a more widespread uptake of wind as a renewable energy source among users in towns and cities. has already started developing a smaller version of the turbine for boats and lamp posts.

More: <http://eandt.theiet.org/news/2014/may/wind-turbine-Liam-urban.cfm#.VnusD0qZkuc.twitter>

Source: Malcolm Rands, Facebook post 26th Dec. 2015. ❖

Sydney – Getting Ready for Climate Change

"..... An important part of our Sustainable Sydney 2030 vision is a commitment to environmental leadership.

"The City of Sydney is Australia's first carbon neutral local government and aims to reduce carbon emissions by 70% by 2030 – one of the most ambitious targets set by any government in Australia.

"A suite of green infrastructure master plans have been developed to achieve the City's targets for energy efficiency, renewable energy, tri-generation, waste and water.

"The City's climate adaptation strategy is a landmark plan prepared with major science groups earlier this year to help deal with issues ranging from changing rainfall patterns and rising sea levels to more severe heat waves.

"To reach its target the City is 'showing by doing' and taking strong action to slash emissions and improve energy efficiency across its own buildings and operations. The City is working with businesses and residents to reduce emissions by inspiring and educating through workshops and programs.

More: www.sydneymedia.com.au/climate-action-gets-city-ready-for-future-challenges/, plus www.cityofsydney.nsw.gov.au/vision/towards-2030/sustainability

Source: Carbon News, 25th January 2016. ❖

Australia Legalising Medicinal Cannabis

"Australia's conservative Liberal-National federal government is introducing legislation to parliament to allow the cultivation and use of medicinal cannabis under a national framework.

"The move follows Victoria's state Labour government last year it will legalise the drug for medical use in 2017.....

More: <http://econews.com.au/49573/lib-nat-government-making-medicinal-cannabis-legal/>

Source: eco-News, 15th February 2016. ❖

After Living in Norway, America Feels Backward. Here's Why

[A lengthy and fascinating article.]

More: <http://billmoyers.com/story/after-living-in-norway-america-feels-backward/>

Source: Malcolm Rands, Facebook link 1st February 2016. ❖

Outraged by CEO Salaries? It was Your Shares that Approved Them

"People often talk of capitalism, and of plans to reform or replace it. But we seldom ask who are the capitalists, on whose behalf the system is supposedly run.

"If we did, the answer might surprise us. I would bet most of the people reading this article who are over 30 also ultimately own shares in the giant transnational companies that sit at the heart of the capitalist system.

"That is not the way the situation is usually portrayed. Often, we assume those who own our leading companies are the super rich. And indeed if you look at the share registers of those companies, you will, on occasion, find their names. But the overwhelming majority of shares are held by institutional investors, such as BlackRock, L&G, Aviva and Vanguard.

"The funds these institutions invest do not belong to them. It is money that you and I have set aside to pay for our pension, or some other future contingency, and which we have given to the institution to manage on our behalf. It is on our behalf that these shares were purchased, it is on our behalf that the powers that those shares confer should be used. Therefore, in a real sense, we are the capitalists. And so, in theory, when a chief executive says their company aims to generate value for its shareholders, that should mean value for us.

"That may seem fanciful. Millions people in the UK hold private or workplace pensions that will be invested in shares of companies from all over the world, just as British companies are owned by global investors. Indeed, some years ago, one large British company tried to calculate how many people benefited when it paid a dividend. It went through its shareholder register, from fund manager to beneficiary, and reckoned there were over 200 million. "The opportunity comes from the power that those shares confer.

"But all these initiatives are tiny in comparison with the opportunity because there is, as yet, little recognition of the influence we, the citizen investors, might bring to bear. If a fund manager receives more than a couple of emails asking them to intervene in a company whose shares they manage, that will be a lot. Most people don't feel like 'citizen owners', so they don't behave like them

"If we could raise that citizen voice, it offers a huge opportunity to steer our capitalist institutions in a socially responsible direction. But it also presents a challenge. Because the reason our pensions are invested in these companies is because they make a profit. In that context, we can't simply rail against profits, and condemn any institution that has a profit goal. We need to engage in the difficult trade-off that companies need to make. We need to take seriously the question of what 'responsible capitalism' might mean.

"That might be the framework within which we think about the reform of capitalism. If we are the capitalists, what do we want from the system? And how can we nurture and support the institutions that can give us voice?

More: www.theguardian.com/sustainable-business/2015/nov/18/power-make-companies-responsible-share

Source: SumOfUs, 26th 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 Phone: +64 (09) 443 0773 Web: www.sustainabilitymatters.co.nz