

Sustainability Matters

18th January 2018

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.**

New Year Honours – Rachel Brown

Rachel Brown CEO of SBN has become an Officer of the New Zealand Order of Merit for services to sustainable business development.

“Ms Rachel Brown is a pioneer of sustainable business development and had nearly 20 years' experience in the field.

“Ms Brown was Project Manager for Cleaner Production at Waitakere City Council for four years where she oversaw the Council's transition to more sustainable business practice. In 1999 she was appointed Director of the newly-revived Auckland Environmental Business Network. Within the first three years she grew the network to 130 member businesses and 200 affiliates. Within this role she negotiated the Network's merger with both Triple B and New Zealand Businesses for Social Responsibility, leading to the foundation of what is now the Sustainable Business Network (SBN) in 2002. Ms Brown has since held the position of CEO of SBN.

“SBN's membership includes major companies such as Kiwibank, NZI Insurance and Air New Zealand, as well as more than 500 other members including small and medium enterprises, district health boards, city councils and universities.

“In 2009 she joined an elite group of international presenters to be part of the Climate Reality Project broadcast, which reached more than three million people worldwide. SBN runs the NZI Sustainable Business Awards and has formed relationships with global sustainability organisations, including Forum for the Future in the United Kingdom, giving SBN's members access to global examples and strategies of sustainable business models.

More: www.dpmc.govt.nz/honours/lists/ny2018-onzm plus www.nzherald.co.nz/business/news/article.cfm?c_id=3&objiectid=11966799

Source: *NZ Herald*, pages A16 and C5, 30th December 2017.

Editor: 30th December 2017. ❖

Leadership in Sustainable Business

Now into its third year SBN's Leadership in Sustainable Business course runs over 6 months, with monthly sessions starting 15th February 2018. It covers five practical elements of leadership.

Time between workshops allows participants to test and apply key learnings. Meet (face to face or remotely) with other participants between workshops to reflect on learning and each other on implementing new skills and tools. There is an online platform to share ideas.

No prior requirement of sustainability or leadership is required.

More: <https://sustainable.org.nz/leadership-sustainable-business-course/>

Source: SBN, 19th December 2017. ❖

SUSTAINABILITY GROUP EVENTS

The most recent event was 5th December 2012

Five years ago! How time flies!!

Date of next event ❖



CA ANZ Signs up to Financial Stability Board's Task Force on Climate-related Financial Disclosures

“Rick Ellis CA ANZ's Chief Executive Officer has signed the *Accounting Bodies Statement of Support* for the recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD), in collaboration with The Prince of Wales's Accounting for Sustainability Project (A4S).

“By signing this Statement of Support with 12 other CEOs of accounting bodies across the globe, we commit to working together with other accounting body CEOs and other business leaders to support all our members, representing 2,392,947 accountants in 181 countries, to adopt the TCFD recommendations.

“Why is this important?”

“Climate change is one of the biggest social and economic risks the world faces today, and companies and investors are already being affected by the transition to a low carbon economy and the physical impacts of climate change. The TCFD recommendations provide a framework for disclosing climate related risks and opportunities, going beyond current practices in two significant ways:

1. Inclusion in mainstream financial filings; and
2. Using scenario analysis to inform business strategy.

The role of accounting bodies

More: www.charteredaccountantsanz.com/news-and-analysis/news/ca-anz-supports-the-fsb-tcfd-recommendations

www.charteredaccountantsanz.com/news-and-analysis/insights/opinion/the-important-role-of-cfos-ensuring-transparency-around-climate-related-risks

www.fsb-tcfd.org/publications/final-recommendations-report/

www.accountingforsustainability.org/en/activities/tcfd.html

www.princeofwales.gov.uk/media/speeches/speech-hrh-the-prince-of-wales-the-a4s-annual-summit

Source: CA ANZ, 20th December 2017. ❖

Integrated Reporting and More in Dutch Coy's

In an evaluation of the 2017 AGM season Eumedion, a Dutch governance forum, reports a 50% increase in the number of listed companies which have adopting Integrated Reporting to 28, with more pending. This is being incentivised by the new edition of the Dutch corporate governance code.

The report also canvases a number of other interesting facets of company governance including climate change, board effectiveness, shareholder participation and more.

More:

<https://eumedion.nl/en/public/knowledgenetwork/publications/2017-proxy-season-evaluation.pdf>

Source: CSEAR, 7th December 2017, page 10. ❖

Most Ocean Plastic Pollution From 10 Rivers

“The equivalent of one garbage truck full of plastic waste is dumped into the world's oceans every minute, equal to 8 million tons a year. New research suggests 90% of that waste gets into the oceans through 10 major river systems. ...

“It is estimated 5% of plastic is recycled effectively. ...

More: www.voanews.com/a/ninety-percent-of-ocean-plastic-pollution-carried-by-10-rivers-4134909.html

Source: Avaaz, 21st December 2017. ❖

Creating Value – CFO Leadership

In collaboration with the International Federation of Accountants (IFAC), the IIRC has published the latest in its Creating Value series - this time focusing on the leadership of CFOs in Integrated Reporting.

“Chief financial officers (CFOs) occupy influential leadership roles in their organisations. They are ideally placed to drive momentum of Integrated Reporting <IR> as a means to understand and communicate how their organisations create value over time.

“Integrated Reporting is not about more reporting but rather about achieving better outcomes from reporting. Through enabling better connectivity, it allows an organisation to better understand how value is created, thereby improving board and management information and decision making. Ultimately, organisations implementing <IR> develop strategies and business models better tailored to creating value over the short, medium, and long term.

“The International <IR> Framework provides principles and concepts to understand and communicate a clear, concise, integrated story that explains how all of an organisation’s capitals and resources create value in the context of external trends, risks and opportunities, and the business model. <IR> responds to current challenges in corporate reporting that have been driven by a compliance focus that does not provide sufficient clarity on how value is, and will be, created by organisations given the complex, competitive, and resource constrained world in which they operate.

“Successfully implementing <IR> requires CFO leadership. The finance professional is ideally placed to work with the governing board and executive management, and across the organisation to identify relevant matters driving value that need to be built into setting organisational objectives and targets, managing risk and opportunity, undertaking project and investment appraisals, aligning performance to objectives with relevant performance measures, and establishing information collection systems and key metrics.

“This publication sets out how <IR> supports the CFO agenda. We intend it to be a resource for CFOs themselves and also for those who seek to update and influence their CFO on the <IR> agenda.

“The emergence of <IR> is particularly timely for CFOs, who are now expected to act as strategists and changemakers in their organisations, playing a bigger part in helping to achieve business goals and improve performance. <IR> provides them with the framework they need to meet the expectations of their CEOs, operating units, investors and wider stakeholders. <IR> also plays to the existing strengths of finance leaders, who can use their professional skills and experience to make sure <IR> delivers on its promise.

“CFOs who embrace the spirit of <IR> and set out to implement it within their organisation have the opportunity to make a major impact – not only on how the organisation is perceived and understood, but how it performs in the short, medium and long term. In doing so they can also enhance their own reputations as true strategic leaders.

More: http://integratedreporting.org/wp-content/uploads/2017/09/1440_IR_CreatingValue_IIRC.pdf 24pages, 1.79Mb

Source: CSEAR, 7th December 2017, page 10. ❖

GRI Standards and <IR> Courses – February

“Get ready to join the growing number of organisations reporting their sustainability performance in 2018. We’re proud to announce New Zealand’s first <IR> approved training course on 28th February; or join us for the Certified GRI Standards Sustainability Reporting course on 14th February 2018.

“...Our last GRI Standards course sold out and we expect interest in these courses to remain high. So, please reserve your place in plenty of time to avoid disappointment. ...

When/Where: 28th February 2018, Auckland.

More: www.proxima.global/courses/

Source: Proxima, 19th December 2017. ❖

World Congress of Accountants

“World Congress of Accountants is coming to Sydney on 5-8th November 2018 – uniting over 6,000 members of our profession from across the globe;

- Over 6,000 accountants from 130 nations will converge on Sydney for World Congress of Accountants in 2018
- The event theme ‘Global Challenges | Global Leaders’ addresses issues that are highly relevant to our profession
- This is a unique opportunity to be part of a world class event rarely held in our region.

“The event theme, *Global Challenges | Global Leaders*, speaks to the future of the profession as finance, business and accounting leaders from across the globe are looking for new ways to turn challenges into opportunities

“Congress themes;

- Protecting the public interest and building prosperity;
- Safeguarding the future of the accounting profession;
- Building trust and confidence in financial advice;
- Leadership addressing the challenges challenge;
- Technology embracing disruptive technologies;
- Ethics and integrity the core of the profession;
- Sustainability integrated reporting and transparency;

More: <https://wcoa2018.sydney/about-wcoa-accounting-conference/>

Source: CA ANZ, 20th December 2017. ❖

Low Carbon Auckland – 2017 Annual Update

“Auckland Council’s Low Carbon Auckland action plan in 2014 set out a vision for the region’s transformation toward a better, brighter, low-carbon future.

“Auckland aims to reduce overall emissions by 40% by 2040, and the third annual update on the region’s progress is available now.

“By focusing on transport, energy, waste, the built environment and forestry, the 2017 Low Carbon Auckland Annual update shows we are heading in the right direction, but need to pick up the pace.

“The need to accelerate our emissions reduction effort is clear, as between 2009 and 2015 Auckland’s net emissions rose by 2.1%. However, it is promising to see Auckland has made progress with emissions decoupling from our population and economic growth.....

“The report shows we’re getting some real work done on the ground, yet it’s clearly time to pick up the pace, scale, and ambition, both to avoid costly impacts and lost opportunities and to deliver greater gains to public health, wellbeing, and economic prosperity.

More:

<http://ourauckland.aucklandcouncil.govt.nz/articles/new/2017/12/low-carbon-auckland-report/> 13 pages, 9.14Mb

Source: John Mauro, Chief Sustainability Officer, Auckland Council, 21st December 2017. ❖

New Zealand's Role in Depleting the Western Sahara

“New Zealand is the second largest importer in the world of phosphate rock from Western Sahara, and the amount we are importing is dramatically increasing. It is used here to produce superphosphate to spread all over our farms.

“It is very valuable, but also fast disappearing – it is estimated to all be gone, globally, within 50 years. We know how damaging agricultural practices including the use of fertilisers have been to the New Zealand environment. Yet what do we know about the devastating impact of this phosphate mining on the peoples of the Western Sahara? The complex situation has been revealed by the artist Matthew Galloway. [Very long article.]

More: <http://pantograph-punch.com/post/invisible-and-indivisible>

Source: Tieke: *ECO Alerts & Events*, 20th December 2017. ❖

Impact Investment Case Study: Waipa Catchment, Waikato, New Zealand

“Contributed by Nigel Bradley of Envirostrat Consulting Ltd.

“What Is It? A study has recently been undertaken in the Upper Waipā Catchment to investigate the feasibility of impact investment approaches and the opportunities to address significant environmental challenges in the catchment whilst delivering a positive financial return on investment. The work was initiated and funded through a grant from the Waikato River Authority and Waikato Regional Council.

“The work has been focused on a target area of ~130,000 hectares of mostly agricultural land that suffers particularly from sediment loss and nutrient-related water quality problems. The approach to impact investment seeks to transform land use in a way that provides environmental change whilst delivering a financial return on investment. Sediment and nutrient reduction, biodiversity improvement and climate adaptation are core impacts under consideration.

“What It Entailed. “Geospatial analysis of the watershed and its key economic drivers was followed by identification of environmental ‘hotspots’ to target priority areas for future investment. These hotspots were assessed against the current land use and a range of potential land use changes and mitigation interventions were considered and costed, including conversion of conventional intensive dairying to low input organics, afforestation of sheep and beef farms. Revenue streams from carbon sequestration and Manuka honey were factored in as well. Economic analysis was carried out to understand the impact on farm profitability of the change in land use and environmental mitigations measures.

“This work has attracted significant interest and the project is currently building a detailed investment blueprint and the related due diligence to facility landscape level transformation to ensure future land use has a reduced environmental footprint, is able to adapt to climate impacts and delivers a positive return on investment.

“Outcomes. The feasibility study shows by investing in land use change in only 5% of the target area (3,484 ha of beef and sheep and 3,055 of dairy land), a reduction in sediment output of up to 17,000 tonnes per year could be achieved. In both cases, the net present value is positive and internal rate of return is within normal parameters for global conservation impact investment.

“The investment will lead to new revenue streams in the honey, forestry and organic dairy sectors and provide new employment opportunities in rural communities....

More: <http://agro-ecological.com/impact-investment-case-study/>

Source: *AE Ecological Intelligence*, 21st December 2017. ❖

Plastic – Graphics of How Much

“The total volume of all plastic ever produced has been calculated at 8.3 bn tonnes (the equivalent of 25,000 Empire State Buildings, or a billion elephants)

“For the last couple of months, there is an ongoing campaign against plastic pollution, featuring shocking images such as the ‘seas of plastic’ or those of wildlife trapped in plastics and of course drawing attention to the dreadful scenario that by 2050, there could be more plastics than fish in the oceans. Marine life is facing ‘irreparable damage’ from the millions of tonnes of plastic waste which ends up in the oceans each year, warns the UN, with UN oceans chief Lisa Svensson recently telling BBC that ‘this is a planetary crisis... we are ruining the ecosystem of the ocean’. And all of this because plastic, that as we know it has only really existed for the last 60-70 years, was originally designed to last and as a result nearly all the plastic ever created is still out there in some form today as it can take hundreds of years to biodegrade.

“Out of an estimated 8.3bn tonnes of virgin plastic produced to date, some 6.3bn tonnes is now waste – and 79% of that is in landfills or the natural environment....

More: www.thecivilengineer.org/news-center/latest-news/item/1498-the-plastic-pollution-problem-in-charts

Source: LinkedIn, Environmental Consulting Professionals, 25th December 2017. ❖

Purpose 2018

“... We face a set of global issues which are harming our environment and ourselves in alarming ways. The great challenge of our time is to build and nurture sustainable enterprises which satisfy our needs and aspirations without diminishing quality of life for future generations.

“With every great challenge, there is great opportunity. The time to transform capitalism as we know it is here. We are already reinventing business models, shifting corporate cultures, changing our understanding of value and reworking the role of business in society. Because we have to.

“Twenty-first Century capitalism is about purpose. And *Purpose* is about how organisations create sustainable, meaningful and lasting value that makes the lives of humans and our whole planet better.

“In 2015 we realised the momentum behind purpose-driven business had reached the point where a place for this community to connect was needed. In its first year, *Purpose* was a runaway success and is a steadily growing community of like-minded businesses. Now in its third year, *Purpose*’s set of offerings cater to those that are re-writing 21st century business is refined every year.

Speakers include: Paul Hawkin and Malcolm Rands

When/Where: 27th – 28th February 2019, Surry Hills, Sydney

More: <http://purpose.do/>

Source: Malcolm Rands, *Facebook* share, 14th Jan. 2018. ❖

Why Climate Change Isn’t Our Biggest Environmental Problem, and Why Technology Won’t Save Us

Richard Heinberg; August 17, 2017.

“Our core ecological problem is not climate change. It is overshoot, of which global warming is a symptom. Overshoot is a systemic issue. Over the past century-and-a-half, enormous amounts of cheap energy from fossil fuels enabled the rapid growth of resource extraction, manufacturing, and consumption; and these in turn led to population increase, pollution, and loss of natural habitat and hence biodiversity. The human system expanded dramatically, overshooting Earth’s long-term carrying capacity for humans while upsetting the ecological systems we depend on for our survival. Until we understand and address this systemic imbalance, symptomatic treatment (doing what we can to reverse pollution dilemmas like climate change, trying to save threatened species, and hoping to feed a burgeoning population with genetically modified crops) will constitute an endlessly frustrating round of stopgap measures that are ultimately destined to fail.

“The ecology movement in the 1970s benefitted from a strong infusion of systems thinking, which was in vogue at the time (ecology – the study of the relationships between organisms and their environments – is an inherently systemic discipline, as opposed to studies like chemistry that focus on reducing complex phenomena to their components). As a result, many of the best environmental writers of the era framed the modern human predicament in terms that revealed the deep linkages between environmental symptoms and the way human society operates. *Limits to Growth* (1972), an outgrowth of the systems research of Jay Forrester, investigated the interactions between population growth, industrial production, food production, resource depletion, and pollution. *Overshoot* (1982), by William Catton, named our systemic problem and described its origins and development in a style any literate person could appreciate. Many more excellent books from the era could be cited.

“However, in recent decades, as climate change has come to dominate environmental concerns, there has been a significant shift in the discussion. Today, [Lengthy article plus extensive comments.]

More: www.postcarbon.org/why-climate-change-isnt-our-biggest-environmental-problem-and-why-technology-wont-save-us/

Source: Post Carbon Institute, 1st September 2017. ❖

Seven Charts Explain the Plastic Pollution Problem

"Marine life is facing 'irreparable damage' from the millions of tonnes of plastic waste which ends up in the oceans each year, the United Nations has warned.

"This is a planetary crisis... we are ruining the ecosystem of the ocean,' UN oceans chief Lisa Svensson told the BBC this week.

"But how does this happen, where is most at risk and what damage does this plastic actually do?

"Why is plastic problematic?

"Plastic as we know it has only really existed for the last 60-70 years, but in that time it has transformed everything from clothing, cooking and catering, to product design, engineering and retailing.

"One of the great advantages of many types of plastic is that they're designed to last - for a very long time.

"And nearly all the plastic ever created still exists in some form today.

"How much plastic is there? [7 very graphic graphics.]

More: www.bbc.com/news/science-environment-42264788

Source: Craig Fisher, LinkedIn, 10th January 2018. ❖

Our Money, Our Future

"The author of the [UK] Social Value Act, Chris White has written this review of the Act's effect on public sector spending. In this report he recommends:

- The Act needs to be extended to all public spending, and also to decision making.
- The Act needs to be strengthened requiring commissioners to 'account for' not just 'consider' social value.
- Social value needs to be included in devolution deals.
- These changes need to be supported by clearer statutory guidance by central government.
- A biennial State of Social Value Audit conducted independently but with the support of the Government.

"[Page 3] When the Social Value Act became law at the start of 2013, it was largely charities and social enterprises which greeted it with open arms and viewed it as an opportunity – in short, to change how public sector money could be spent to secure wider value, not just cheapest price. Just five years later, we are in a completely different landscape, and social value (and the Act) is no longer of interest to just one sector; and nor should it be.

"Instead, social value is getting to the heart of our thinking and planning as a country. The only way we will overcome the biggest problems we face is through using the resources we have more effectively. It doesn't matter whether you think Brexit is the biggest challenge, or a lack of investment in cities outside London; it could be that you think jobs is the challenge of our age, or housing should be top of our national priorities. Whichever it is, social value needs to be at the centre of our thinking.

"Imagine

"[Page 4] We estimate social value is already shaping £25bn worth of public sector spend - delivering training, apprenticeships, improving the environment, supporting local businesses, supporting charities and social enterprises, supporting British Steel manufacturers, helping people with disabilities into work, employing ex-offenders, tackling homelessness, reducing food waste and more. In short, the taxpayer is getting more for their money.

"Yet the Act is still only scratching the surface of what is possible....

More: www.socialenterprise.org.uk/our-money-our-future plus <https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=64e3d07b-ef79-42b1-bc5e-064d5e51fb91> 31 pages, 2.01Mb

Source: SAN, 18th December 2017. ❖

NZX Guidance Note: Environmental, Social and Governance

"NZX has today [11th December] published a guidance note relating to environmental, social and governance (ESG) reporting designed to accompany the NZX Corporate Governance Code (the Code), which came into effect on 1st October 2017.

"This guidance note provides a resource to NZX issuers to understand the benefits of ESG reporting, provide information about global frameworks, and support the effective communication of ESG opportunities and risks to investors and other stakeholders.

"The guidance note also includes information on green bonds, which is an important emerging element of green finance that compliments transparent sustainability reporting, and supports the exchange's commitment to collaborate and grow environmental and energy markets in New Zealand as outlined in NZX's recently released strategy.

More: www.nzx.com/announcements/311692 plus link from www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code 19 pages 569kb

Source: Proxima, 19th December 2017. ❖

Improving Working Conditions in the Supply Chain

Established in 2002 by the European industry body the Foreign Trade Association [recently renamed "amfori" and based in Brussels], the Business Social Compliance Initiative (BSCI) aims to establish a common, cross-industry platform for monitoring social compliance in global supply chains.

"BSCI has a large membership base, especially among European retailers. Unlike many industry-driven initiatives, BSCI evaluates the progress of its member companies through audits. BSCI works with more than 2,000 participating company members in 37 mainly European countries, and a combined turnover of 1 trillion. The vast majority of these companies are European, with Germany having the largest number of members. There are 22 Australian, members and one from NZ..

"BSCI coordinates thousands of audits every year, reaching millions of workers. Many audits take place in East and South Asia.

"From a number of perspectives there is criticism of its operations, a lack of visibility and transparency.

Amfori provides a number of tools such as its '*Comprehensive System of Improving Working Conditions in the Supply Chain*' which could be very useful to buyers and others responsible for making purchasing decisions.

More: www.amfori.org/content/we-are-amfori
www.ethicalconsumer.org/researchhub/ethicalaccreditation/businesssocialcomplianceinitiative.aspx
www.amfori.org/node/223/field_resource_type/tools-134?
www.amfori.org/sites/default/files/BSCI-2015-12-14-EasyGuide_final.pdf, 3.23Mb, 26 pages

Source: *ReportAlert*, 16th January 2018. ❖

Net Positive Is a Move in the Right Direction

".....'Net negative' isn't working. Net negative is where we are today. Our current trend towards making our environment [and societies?] poorer has got to change and doing 'less bad' will not cut it. 'Neutrality' won't cut it, either. We need to evolve sustainability's focus from mitigation and management of impacts to something more restorative and regenerative.

More: www.greenbiz.com/article/counterpoint-net-positive-move-right-direction

Source: Simon Harvey, LinkedIn, 11th January 2018.

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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