

Sustainability Matters

15th February 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 Zealand's Climate Change Programme

"About New Zealand's climate change programme. Under the Paris Agreement, New Zealand has set a target to reduce greenhouse gas emissions by 11% below 1990 levels by 2030.

"We also need to adapt to climate change to address the changes we are already seeing and will continue to encounter (even with a global reduction in future emissions).

On 18th December 2017, Cabinet agreed to introduce a Zero Carbon Bill to Parliament in 2018. However before that occur³ it will be engaging in conversations with New Zealanders about the proposed framework.

"The work will on developing what's in the Bill, will include options for:

- A new 2050 target for greenhouses gas emissions
- An independent Climate Change Commission, and setting out its roles, powers and functions.

"Consultation will be with the public, including Māori, regions and industries, on the preferred options for the Bill in May/June 2018.

An Interim Climate Change Committee will be set up to progress key issues. As at 12th February it seems the committee members have yet to be announced.

"The Committee will progress key issues for climate change policy New Zealand, such as agriculture and renewable electricity. The Climate Change Commission will further advise the Government on these matters once the Bill passes into law.

"The transition to a low emissions and resilient economy. Transitioning to a low emissions economy aligns with a global shift and growing evidence that pursuing low-carbon, climate resilient growth can be progressed alongside other socio-cultural, environmental and economic goals. We're working to better understand this potential for New Zealand.

"A Transition Hub will lead government advice on how we transition our economy.

"We have set up a Transition Hub to provide the Government advice on transition pathways, what a 'just transition' could look like, and to assess the economic impact of a new 2050 climate target. The Hub will deliver advice to Cabinet in 2018 on the range of cost and benefits of policies available for the Government to reduce emissions.

"The Hub is made up of people from government agencies in the natural resources sector. However making the transition is not just about what government does – we all (individuals, businesses and organisations) need to take action and innovation and technology are key to the transition to a low carbon economy. The Hub will also connect and support others to reduce emissions.

More: www.mfe.govt.nz/node/23439

Source: SBN, 23rd January 2018. ❖

SUSTAINABILITY WORKING GROUP

At the time of formation of the Group a discussion paper was 'talk of the country'. It was *Sustainable Development in New Zealand: Here Today, Where Tomorrow* of November 2000. There's a link from 'Notes' at www.sustainabilitymatters.co.nz/resources/books-and-other-media/. ❖

New Focus of a New New Zealand Government

Speech – New Zealand Government

"Rt Hon Jacinda Ardern Prime Minister talks about wellbeing and the move whilst retaining GDP as a measure 'to take a different view of what constitutes a successful economy beyond a strong balance sheet and a strong economy – as important as that may be.'

"By Budget 2019 Grant [Minister of Finance] and I want New Zealand to be the first country to assess bids for budget spending against new measures that determine, not just how our spending will impact on GDP, but also on our natural, social, human, and possibly cultural capital too.

"It will no longer be good enough to say a policy is successful because it increases GDP if, at the same time, it also degrades the physical environment, or drives down wages or fractures a community.

"This is a challenging piece of work for Treasury, but it aligns with the direction I want the Government to head in over the coming year.

"There will of course be more to say on all of this in the future. For now, I hope you have been left with a sense of the priorities of this government, where we are heading, but also the kind of government we ultimately want to be.

"One that doesn't create a sense of who we are, but reflects back what we already believe to be true of ourselves. ...

RELATED:-

"..... While the Government may talk up the changes as world-leading, they follow decades of academic research into alternative measurements of economic progress as well as some significant steps taken by governments and central banks around the world.

"In 2008, the French Government under the leadership of President Nicholas Sarkozy commissioned economists Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi to investigate how the wealth and social progress of a nation could be measured without resorting to narrow metrics like GDP.

"Wellbeing Budgets, he said, would hardly make government easier.

"This doesn't do away with trade-offs, making policy is just as hard under this as it ever has been you spend money on one area and you can't spend it on another, you can spend your resources to improve longevity but you might have to take them away from kindergartens ... so at the central level they'll have to make the same decisions they have had to make before,' Grimes told Newsroom. ...

"Grimes also said that the Government's decision shouldn't be seen as an attempt to downgrade GDP. 'GDP will still be important. The infrastructure is there and it is internationally comparable,' he said.

More: <http://community.scoop.co.nz/2018/01/speech-ardern-the-100-day-plan-and-beyond/> plus www.newsroom.co.nz/2018/02/01/80182/what-2019s-wellbeing-budget-might-look-like and <https://pro.newsroom.co.nz/articles/2408-jacinda-and-grant-s-wellbeing-budget-for-2019-labour-jumps-in-poll-bill-has-the-numbers-to-stay>

Source: Graeme Coleman and Tim Marshal, 2nd February. ❖

'We Have To Change Capitalism' To Beat Climate Change, says Blackrock Vice-chair

"Two weeks ago [2nd week of January], Blackrock boss Larry Fink shook the corporate world with a letter demanding social responsibility in return for the support of his company, which manages around \$6 trillion in assets.

"On Wednesday, at the annual World Economic Forum in Davos, vice-chair Philipp Hildebrand expanded on that theme. 'Fiduciary duty – asset managers' legal responsibility to make clients the best return on their money – is often deployed as a reason not to consider how investments might impact the climate. But that concept was 'evolving', said Hildebrand.

"He called on academics to look more deeply at the issue. The European Commission recently launched a public consultation seeking for contributions from the financial world.

"We will hopefully demonstrate that at a minimum there is not a negative trade-off and there may even be better performance', said Hildebrand.

"That would mean funds like Blackrock could become duty-bound to consider environmental risks such as climate change while making investments. It would create a dramatic shift, he said, but warned it would take time.

"We have to be realistic, we also have an enterprise to run, we have shareholders. This is a complicated story. Nobody is served by reducing this to very simple, fast things that we have to do immediately. We have to change capitalism. This is really what's at stake here. And frankly we need a new contract between companies, investors and governments', said Hildebrand.....

More: www.climatechangenews.com/2018/01/24/change-capitalism-says-blackrock-vice-chair/ plus <https://www.nytimes.com/2018/01/15/business/dealbook/blackrock-laurence-fink-letter.html> from which the letter is linked

Source: Carbon News, 26th January 2018. ❖

Why Environmental, Social and Governance (ESG) Investment Matters and How To Respond

"The world's largest investment firm Blackrock sent a clear message when Larry Fink issued his annual letter to CEOs in January - ESG investment is now mainstream. More than ever before, there is now a succinct demand from investors for companies to disclose their ESG performance with a clear articulation of their purpose and value creation strategy. While Integrated Reporting is an effective way to respond to these information demands, it is one piece in a wider set of potential strategic responses. Engagement and action on shareholder and stakeholder interests is essential.

"Join us to find out from those on the front line what information ESG investors are looking for, why and how to engage effectively on shareholder and stakeholder interests.

When/Where: 5:30-7:30pm, Wed 28th Feb, Deloitte, Auckland

More: <https://www.eventbrite.co.nz/e/the-rise-and-rise-of-esg-investment-tickets-42849844037>

Source: Simon Harvey, LinkedIn, 8th February 2018. ❖

Practical Workshop on Measuring the Dollar Return on Investment of SHEQ* Training

"If you need to justify the cost of training your staff, this is the workshop for you. Clare Feeney, The Sustainability Strategist, will help you quantify in fully monetised terms the dollar return on investment (ROI) of your environment and sustainability training using a globally accepted professional training method. You'll also prepare a communications plan to get your budget across the line with the people who count. Suitable for people in business, government and service organisations who deliver environment & sustainability, health & safety and quality training.

When/Where: 9am – 5pm, 13th March 2018, Quality Hotel, Parnell Auckland. Early bird expires 23rd February

More: <http://www.clarefeeney.com/roi-workshop/>

Source: Clare Feeney, 2nd February 2018.

Editor: * SHEQ = Safety, Health, Environment and Quality, ❖

The Regenerative Practitioner

"Registrations are now open for *The Regenerative Practitioner Training*. Regenes Group, CABAL, Native By Nature and the Living Future Collaborative Aotearoa New Zealand warmly invite you to attend this course of training taking a deep dive into living systems field. A series of webinars and reading followed by a three day retreat.

"Designed for everyone from all sorts of industries including business leaders, cultural leaders, design, development, and planning professionals, researchers, artists, healers, facilitators, community activists, creative entrepreneurs, sustainability managers, permaculturists and community organisers. 2018 is almost full!

When/Where: Fri 2nd March to Fri 8th June 2018 online and 3 days at Waiheke Island

More: www.cabal.co.nz/advancing/the-regenerative-practitioner-2018

Source: Living Future NZ, 22nd January 2018. ❖

The Significance of Climate-related Risks and New Recommendations for Financial Disclosure

"In 2017, we saw some significant steps in Australia and New Zealand moving climate-related risks up the agenda for businesses;

- In its recommendations, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (FSB TCFD), chaired by Michael Bloomberg, provided a set of recommendations for organisations to disclose information about climate-related risks and opportunities.
- In December, France hosted the One Planet summit, convening world business leaders to explore the landscape two years after the Paris agreement, and many investors indicated their support for the TCFD recommendations and their intention to encourage companies to follow them.
- The Australian Prudential Regulation Authority declared 'some climate risks are distinctly 'financial' in nature and indicated they will be surveying their regulated entities on their awareness of the impact.
- New Zealand's new Prime Minister declared climate change 'the biggest challenge of our generation' and we have also seen the world's first litigation case on climate disclosure, between the Commonwealth Bank of Australia and its shareholders.

"Chartered Accountants Australia and New Zealand is offering you the opportunity to join this webinar, hosted by the Climate Disclosure Standards Board, to explore these latest developments. The webinar will provide an overview of why including climate change related-risks in financial disclosures is becoming more mainstream, and what this might mean for the accounting profession.

"Speakers:

- Simon Messenger, Managing Director, Climate Disclosure Standards Board
- Sarah Barker, Special Counsel Minter Ellison
- Paul Dobson, Partner Sustainability Services, Deloitte

".... opportunity to question the speakers]....

When/Where: 10:30am [NZ] Tues 27th Feb, 1 hour webinar

More: <https://cdproject.webex.com/cdproject/onstage/q.php?MTID=e597389515e7f1139aa8b69e7eb5dede5>

Source: Karen McWilliams, CA ANZ, 6th February 2018. ❖

Stronger than Steel, Able to Stop a Speeding Bullet – It's Super Wood!

University of Maryland scientists have developed a simple process to densify wood making it tough, impact-resistant; even transparent.

More: www.scientificamerican.com/article/stronger-than-steel-able-to-stop-a-speeding-bullet-it-s-super-wood/

Source: Malcolm Rands, Facebook link 8th February. ❖

Women in Environment, Conservation & Sustainability Leadership Summit

"The field of environmental management, conservation and sustainability is ripe with challenges and opportunities. Leaders have a critical role to play in the preservation, rejuvenation and governance of our natural resources. The future of society and business hinges upon those who are able to envision their leadership potential beyond the boundaries of their limitations.

"The Women in Environment, Conservation & Sustainability Leadership Summit assembles accomplished women from various backgrounds to share in the vision of environmental sustainability. Insightful case studies, interactive panels and expert commentaries will empower future leaders to actualise their ambitions. In reaching for a collective goal, this summit will create a space for emerging leaders to sow opportunities for success and reap the rewards of their endeavours

When/Where: Pre-Summit Workshop 17th April; Summit 18th & 19th April; Post-Summit Workshop 20th April; InterContinental, Wellington

More: http://liquidlearning.com/documents/WEC0418Z/WEC0418Z_Q2.pdf

Source: SBN, 8th February 2018. ❖

The 12 Dates which Shaped Accountancy

"From Enron to Excel, Mesopotamia to Bristol, *economia* takes a tour through the history of accounting, digging up key dates that shaped the profession. Think we've left off a vital event? Then Tweet us @economiamag, or leave us a comment below.

More: <https://economia.icaew.com/en/features/december-2017/the-12-dates-that-shaped-accountancy>

Source: Natural Capital Coalition, 24th January 2018.

Editor: The 12th date? That was 13th July 2016; 'The days of defining business success by financial metrics alone are over.' ❖

Social Impact and the Argument Against Unqualified 'Growth'

"In connection with business and the economy, we hear a lot about 'growth'.

"Economists argue the economy has to grow year on year. Investors claim businesses have to continually grow as the alternative is for them to stagnate and get overtaken in an increasingly competitive market. Even social enterprises are being pressed into 'growing their business' – usually in business terms such as increasing turnover, improving profits, increasing staff and, generally, expanding market share. It would appear the winners in the pervading and traditional economy are the enterprises which are growing and, if you are not growing, you join the losers.

"I want to challenge that idea when it is applied to 'social and community enterprises'. I shall argue that social economy organisations are different from mainstream businesses as their core 'business' is achieving an essentially social or community goal. Therefore, they should operate differently – making different decisions for different reasons – and ultimately judging their success or failure, not in terms of growth, but in terms of positive, qualitative social change.

"I suppose what I want to say about 'growth' is not particularly new. Barack Obama has said... 'Trade has been a cornerstone of our growth and global development. But we will not be able to sustain this growth if it favours the few and not the many. [Speech in Berlin, 24th July 2008.]

"He was talking fundamentally about sustainability. Interestingly, this contrasts significantly with Benjamin Franklin one of the Founders of the USA, who several centuries previously, stated... 'Without continual growth and progress, such words as improvement, achievement, and success have no meaning.'

"Indeed, the context was quite different in Franklin's time and the world was not hurtling towards climate change and potential environmental Armageddon. Thus, the historical context matters in how we consider concepts such as 'growth'.

More: <https://socialauditnetwork.wordpress.com/>

Source: SAN, 18th January 2018. ❖

A Good Life For All Within the Planet's Means

"A study led by the University of Leeds has found that no country currently meets its citizens' basic needs at a globally sustainable level of resource use.

"The research, published in *Nature Sustainability*, is the first to quantify the sustainability of national resource use associated with meeting basic human needs for 151 countries.

"Each country's resource use and well-being achievements have been made available as a website built by the academics involved in the study.

"...Almost everything we do, from having dinner to surfing the Internet, uses resources in some way, but the connections between resource use and human well-being are not always visible to us.

"We examined international relationships between the sustainability of resource use and the achievement of social goals, and found that basic needs, such as nutrition, sanitation, and the elimination of extreme poverty, could most likely be achieved in all countries without exceeding global environmental limits.

"Unfortunately, the same is not true for other social goals that go beyond basic subsistence such as secondary education and high life satisfaction. Meeting these goals could require a level of resource use that is two to six times the sustainable level.'

"...Our results suggest some of the United Nations Sustainable Development Goals, such as combatting climate change and its impacts, could be undermined by the pursuit of other goals, particularly those focused on growth or high levels of human well-being.'

"Our physical infrastructure and the way we distribute resources are both part of what we call provisioning systems. If all people are to lead a good life within the planet's limits then these provisioning systems need to be fundamentally restructured to allow for basic needs to be met at a much lower level of resource use.'

More: https://eurekaalert.org/pub_releases/2018-02/uol-aql020118.php plus www.nature.com/articles/s41893-018-0021-4.epdf, plus <https://goodlife.leeds.ac.uk/> and <https://theconversation.com/is-it-possible-for-everyone-to-live-a-good-life-within-our-planets-limits-91421>

Source: Carbon News, 8th February 2018

See also: *Doughnut Economics: 7 Ways to Think like a 21st Century Economist* which is being used by Greens' Co-Leader James Shaw in developing strategy for NZ; <https://www.kateraworth.com/>. ❖

Could this One Simple Idea Be the Key to Solving Farmer–Environmental Conflicts?

"A rural community finds that for groundwater pollution, farmers and townfolk understanding each other's constraints can make all the difference....

"Moving beyond business as usual was possible in Perham because the economic realities of farming were at the centre of the discussion and the proposed changes to nitrogen management were based on demonstration projects on area farms. Farmers were willing to try new nitrogen management practices when they had seen examples on fields they were familiar with and by peers they know and respect. Now decades after their work began, Perham is seeing improved drinking water quality with the concentration of nitrate declining...

"The part that was really critical to this community's success was the engagement of the community in the initial phases,' he says. 'If we want to be successful in other locations we have to replicate this engagement.'

"As farmers work to improve their efficiency, they ask those outside of agriculture to continue to try to understand their circumstances.

More: <https://ensia.com/articles/nitrogen-pollution/>

Source: Editor, 12th February 2018. ❖

Malaysian Institute of Accountants Adopts and Advocates <IR>

"The Malaysian Institute of Accountants (MIA) is a key advocate for integrated reporting in the Malaysian capital market.

"We have helped raise the profile of <IR> in Malaysia, since <IR> was identified as the way forward for effective disclosure of non-financial information in the Corporate Governance Blueprint 2011.

"While each organisation will have its own individual journey to <IR>, these are the lessons that we can share from our experience.

- One, the process was surprisingly much easier compared to producing a traditional and longer annual report. ...
- Two, tone from the top is critical. Right from the beginning, everybody in MIA's senior management was involved in the <IR> process. ...
- Three, we appointed a liaison from each business unit to champion <IR> and facilitate information gathering. ...
- Four, we believe our <IR> has genuinely enabled all stakeholders to understand MIA's narrative and purpose. ...

"Importantly, our <IR> is a two-way communications tool that helps us to engage with our stakeholders and strengthen our strategic collaboration and our brand recognition. We are pleased to receive feedback from our stakeholders, both compliments and constructive criticism. ...

More: <http://integratedreporting.org/news/mias-journey-to-integrated-reporting/>

Source: Editor, 12th February 2018. ❖

Read this Before You Go Sales Shopping: The Environmental Costs of Fast Fashion

"It's tough to love our clothes and keep wearing them for longer when we are faced with a tempting array of newness on offer in the shops. But before you head out into the January sales for those irresistible deals, spare a thought for the impact of fast fashion on the environment.

"Fast fashion focuses on speed and low cost in order to deliver frequent new collections inspired by catwalk looks or celebrity styles. But it is particularly bad for the environment as pressure to reduce cost and the time it takes to get a product from design to shop floor means that environmental corners are more likely to be cut. Criticisms of fast fashion include its negative environmental impact, water pollution, the use of toxic chemicals and increasing levels of textile waste.

"Vibrant colours, prints and fabric finishes are appealing features of fashion garments, but many of these are achieved with toxic chemicals. Textile dyeing is the second largest polluter of clean water globally, after agriculture.

"Textile waste is an unintended consequence of fast fashion, as more people buy more clothes and don't keep them as long as they used to. The international expansion of fast fashion retailers exacerbates the problem on a global scale. Wardrobes in developed nations are saturated, so in order to sell more products, retailers must tempt shoppers with constant newness and convince them the items they already have are no longer fashionable.

"Increasing disposable income levels over recent generations means there is less need to 'make do and mend', as it's often cheaper and more convenient to buy new than have an item repaired. Busy lifestyles make many people more time-poor than previous generations, and with the loss of sewing and mending skills over time, there is less impetus to repair our garments. The rise of supermarket fashion that can be purchased alongside the weekly shop and the regular occurrence of seasonal sales make clothing seem 'disposable', in a way it didn't used to be. There is interest in moving towards a more circular model.....

More: www.eco-business.com/opinion/read-this-before-you-go-sales-shopping-the-environmental-costs-of-fast-fashion

Source: eco-business.com, 3rd January 2018. ❖

Sustainability Professional Credential Program Turns One

"The International Society of Sustainability Professionals (ISSP), the world's leading professional association for sustainability professionals, is celebrating the one-year anniversary of launching its Sustainability Professional Credential Program. This milestone comes on the heels of the organisation joining forces with Green Business Certification Inc. (GBCI) to advance green and sustainable business practices through professional credentialing. Among the program's main findings is that the new credentials are helping holders make career and industry changes like MBAs have for years

"To date, more than 500 professionals have earned or started working towards ISSP's two credentials. These individuals have hailed from municipalities and universities all over the world, as well as from organisations as diverse as CarbonFund.org, CISCO Systems, Ernst & Young, General Electric, IBM, InterContinental Hotels Group, Proctor & Gamble, SolarCity, Sustainable Solutions Corporation, Walt Disney, and Xerox.

More: www.sustainabilityprofessionals.org/node/10843 plus www.sustainabilityprofessionals.org/sustainability-professional-certification

Source: Julian Crawford, 2nd February 2018

Editor: There are chapters in Australia; Julian Crawford (juliancrawford@ecosteps.com.au) and NZ; Lesley Stone (l.j.stone@auckland.ac.nz). ❖

Reform of NZ's Resource Management System – The Next Generation

"Environmental Defence Society (EDS) has released its first working paper as part of its Resource Management Reform Project. The project is taking a first principles look at how New Zealand's resource management system operates and will provide an evidence-based perspective on how it could be improved for the coming decades.

"The RM system had its genesis in the 1980s and New Zealand has undergone massive changes since then. That is why EDS is examining what fundamental reform of our system should look like. This is a first for New Zealand and is taking a quite different approach to the ad hoc amendments that have characterised RM reforms to date," said Gary Taylor, EDS CEO.

"Working Paper 1 [the first of three] lays out a novel approach for the project as a whole. Instead of arranging analysis by environmental domains, particular spaces, or specific sectors, it looks at all those things within a framework based on themes – the things the system as a whole needs to do. For example, it needs to be based on ethics and principles, be expressed through a suite of legislation, institutions, and participatory structures, and be implemented through tools like regulations, funding mechanisms and economic instruments.

"Most importantly, we've got to remember that ethics and principles are not just nice words. They carry real meaning, and it's our job to make sure that meaning isn't lost when they're translated to outcomes on the ground," Dr Severinsen concluded....

More: www.eds.org.nz/our-work/policy/media-statements/media-statements-2018/media-release-nbsp-eds-releases-first-working/ plus www.eds.org.nz/our-work/rm-reform-project/ and www.eds.org.nz/assets/Publications/RMLR%20Working%20Paper%201_WEB.pdf 72 pages, 9.03Mb

Source: Carbon News, 12th February 2018.

Editor: This excellent paper and the opportunities it provides merit in-depth consideration and uptake of the challenges raised. ❖

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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