

# Sustainability Matters

Compiled and published by Ray Skinner, FCA

Business achieving a tomorrow for tomorrow's children

28<sup>th</sup> May 2020



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## The Economics of Ignoring Climate Change

"Perspective from Dr Ganesh Nana, Research Director at Business and Economic Research Limited (BERL).

"In Brief;

- In the face of climate change and global pandemics, the way we operate in business must change
- Exploiting our resources could lead to losing our social licence to operate
- Those working in the primary sector, including accountants and finance professionals are privileged to be in a position of guardianship over our natural resources.

"Economists and businesses must consider how their operation models relate to larger global issues like climate change, the ageing population, access to clean water and the COVID-19 pandemic. We, including the primary sector, must all do our part to adapt and innovate to help meet global demands....

**More:** [www.charteredaccountantsanz.com/news-and-analysis/news/the-economics-of-ignoring-climate-change](http://www.charteredaccountantsanz.com/news-and-analysis/news/the-economics-of-ignoring-climate-change)

**Source:** CA ANZ, 25<sup>th</sup> May 2020.

## Budget Too Weak on Climate – Commission

"The Climate Change Commission has written to the government saying the Budget doesn't do enough to solve climate change. [Link]

"We need to do more', commission chair Rod Carr wrote to Climate Change minister James Shaw yesterday [19<sup>th</sup> May].

"The independent commission has the job of setting New Zealand on a workable path to becoming carbon neutral. It said it was encouraging to see announcements in research, forestry, improving bush and wetlands and tightening the Emissions Trading Scheme, as well as rail and insulating homes.

"These investments go some way to helping us achieve our climate change goals, however our concern is this Budget does not take us far enough', said the letter.

"As the Government's independent climate change advisor, we believe it is our responsibility to provide feedback on the Budget and consider how it will impact the country's ability to achieve our climate goals', it said.

"We have reached the point where climate change needs to be the focus for New Zealand's investments.'

**More:** [www.stuff.co.nz/environment/climate-news/300016641](http://www.stuff.co.nz/environment/climate-news/300016641) plus <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/Uploads/19-May-2020-Letter-to-Minister-James-Shaw-Budget-2020.pdf>

**Source:** Editor 21<sup>st</sup> May 2020.

## Are Electric Cars Worse for the Environment? Myth Busted

"Electric cars are touted as a solution for reducing emissions and improving the environmental impacts of transportation, but are electric cars actually any better for the environment than gasoline cars? This video looks to answer three main questions: ....

**More:** <https://youtu.be/6RhtiPefVzM> 13:46, 31<sup>st</sup> Oct 2018, with 1.35M views and 13,000 comments

**Source:** Craig Skinner, Facebook, 25<sup>th</sup> May 2020.

## Insights on New Zealand Sustainability Professionals

Oxygen Consulting, in conjunction with the Sustainable Business Network, Sustainable Business Council and Auckland University of Technology, are launching the results of their research undertaken earlier this year investigating the role of the sustainability professional in New Zealand

"Facilitated by Rod Oram, this event will include a panel Q&A with the research partners – Sarah Holden (Director, Oxygen Consulting), Rachel Brown (CEO Sustainable Business Network), Mike Burrell (Executive Director, Sustainable Business Council) and Marjo Lips Wiersma (Professor of Ethics and Sustainability Leadership, Auckland University of Technology).

**When/Where:** Thursday 28<sup>th</sup> May, Noon 1:00pm; Online

**More:** <https://sustainable.org.nz/sustainable-business-events/insights-on-new-zealand-sustainability-professionals/>

**Source:** SBN, 20<sup>th</sup> May 2020.

## A Near Horizon: Seizing Opportunities and Managing Risks in the Transition to Net Zero

"The McGuinness Institute, Simpson Grierson, and the Climate Disclosure Standards Board (CDSB) are delighted to invite you join a virtual roundtable discussion to hear the perspectives of some of the world's thought leaders on climate change and finance:

- Mark Carney (United Nations Special Envoy for Climate Action and Finance and former Governor of the Bank of England)
- Adrian Orr (Governor of the Reserve Bank of New Zealand)
- James Shaw (Minister for Climate Change, Minister for Statistics and Associate Minister for Finance).

"To manage Aotearoa New Zealand's transition to a low-carbon future, every professional financial decision must take climate change into account. How do we manage this transition? How essential is disclosure in achieving this?

"For the first part of the roundtable, the panellists will discuss pathways to rapidly achieving this goal in the near future with a particular focus on the *Recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD).

"The second part will be a Q&A between the panellists and Angela Mentis (CEO, Bank of New Zealand); Matt Whineray (CEO, NZ Super Fund); Mardi McBrien (CEO, CDSB); and Martijn Wilder (founding partner, Pollination Group).

**When/Where:** Thursday 28<sup>th</sup> May 2020 at 7.00pm NZST; online and will be recorded

**More:** [www.mcguinnessinstitute.org/upcoming-events/](http://www.mcguinnessinstitute.org/upcoming-events/)

**Source:** Karen McWilliams, CA ANZ, 21<sup>st</sup> May 2020.

## Car Powered by Salt Water: 760HP, Top Speed 186/Mph, 621 Miles/Tank

The Quant 48Volt has two tanks of liquid with dissolved metallic salt which gives them opposite charges. Astonishingly it can take us a greater distance than our gasoline vehicles

**More:** [www.scifront.com/this-car-is-powered-by-salt-water-760hp-top-speed-186-mph-621-miles-tank/](http://www.scifront.com/this-car-is-powered-by-salt-water-760hp-top-speed-186-mph-621-miles-tank/)

**Source:** Malcolm Rands, Facebook, 25<sup>th</sup> May 2020.

## **Behavioural Change for Sustainability Success**

“Join Toitū Envirocare’s Sustainable Development Goals Expert, Sophia White and Thea Knight, Behavioural Change Specialist from PwC, to learn more about how behavioural science can be used to nudge employee engagement and behaviour change, supporting your organisation’s Sustainable Development Goals.

“Learn from real examples and there will be the chance to ask questions directly to the experts. ...

**When/Where:** Tues. 9<sup>th</sup> June, 11:00 – 11:45am; Online

**More:** <https://www.toitu.co.nz/news-and-events/training-events/behavioural-change-sdg-webinar>

**Source:** Bronwyn Cook, Toitū, 25<sup>th</sup> May 2020.

## **Sustainability Professionals Must Shine Brighter than Their Peers – Here's How**

“Here is a bit of career advice for those in environmental/sustainability professions: Be better. Yes, that’s right. This is an unfortunate reality, but you need to be better than your colleagues in the same room representing different professions.

“I am not a minority, and I have pretty much never experienced any form of discrimination or bias in my life. But over the years, as a sustainability professional, in my work environment, I have repeatedly found myself the butt of jokes, the subject of eye-rolling, the target of misinformation campaigns, and the aim of many belittling, demeaning or just plain annoying antics.

“Now believe me, compared to the plight of women, immigrants, people of colour, the LGBTQ community and other minorities, this little professional bias is nothing. It is not my intent to even complain about it here. However, I am identifying it because it is a serious hurdle to the ultimate goal of our work, namely presenting real, tangible, thoughtful and analytical solutions to a variety of policy and organisational challenges. In other words, this behaviour on the part of others can prevent your message from being received. It can cloud your message and discredit your conclusions.

“Is it your fault? No, of course not. Do you need to acknowledge it is there and be realistic about its impacts to your work and career? Yes, without a doubt. So, in order to achieve your goals, you need to counter. The only way I see it right now is to work harder and smarter, to be better. But first, let’s look at why we face this uphill battle. ....

**More:** [www.greenbiz.com/article/sustainability-professionals-must-shine-brighter-their-peers-heres-how-do-it](http://www.greenbiz.com/article/sustainability-professionals-must-shine-brighter-their-peers-heres-how-do-it)

**Source:** Editor, 23<sup>rd</sup> May 2020

**Editor:** Seems little has changed in 20 years! Recommended.

## **Two-pronged Approach Needed for Coronavirus Recovery**

“The New Zealand Government and local businesses have a once-in-a-century opportunity to help reset rather than restart the economy write Sustainable Business Council and Sustainable Business Network members Toitū Envirocare and thinkstep-anz for Stuff (read full article).

“A two-pronged approach is put forth by Becky Lloyd, CEO of Toitū Envirocare and Barbara Nebel, CEO of thinkstep-anz, for better recovery in post-virus New Zealand. The approach urges the Government to prioritise sustainable procurement strategies and stimulus projects in line with the Living Standards Framework to set a new business-as-usual moving forward.

**More:** [www.thinkstep-anz.com/resrc/news/two-pronged-approach-needed-for-coronavirus-recovery/](http://www.thinkstep-anz.com/resrc/news/two-pronged-approach-needed-for-coronavirus-recovery/)

**Source:** Matthias Nebel, thinkstep, 26<sup>th</sup> May 2020.

## **Future-Fit Business Benchmark**

“Imagine if companies used comparable measurements which covered all the relevant aspects of their sustainable performance. Then you’d know which organisations are really making a difference. And, imagine if those metrics were based on solid science about what is actually required to achieve a sustainable society, like Planetary Boundaries and Doughnut Economics. Would that add authenticity and credibility?

“The Future-Fit Business Benchmark is not only all that, but provides insights businesses need to make the right decisions about how to advance sustainability in ways that reduce risk, address the most important impacts and build their social licence.

“Oh, and Future-Fit is mapped to the Sustainable Development Goals so you can talk meaningfully about which goals you’re contributing to and how.

“And, if impact is your thing, the Future-Fit Positive Pursuits provides a simple framework for impact reporting based on the internationally recognised Impact Management Project. That means you can talk about the good stuff you do in meaningful and authentic terms.

“Best of all, its free! The Future-Fit Foundation is committed to open source sharing; which means you can access all the guides, resources, tools and supporting information completely free of charge. ....

**When/Where:** Thurs, 18<sup>th</sup> June, 1:00 – 2:30pm; Online

**More:** [www.eventbrite.co.nz/e/an-introduction-the-value-of-the-future-fit-business-benchmark-tickets-105934918192](http://www.eventbrite.co.nz/e/an-introduction-the-value-of-the-future-fit-business-benchmark-tickets-105934918192) plus <https://www.linkedin.com/company/proxima-global/>

**Source:** Simon Harvey, Proxima, 21<sup>st</sup> May 2020.

## **Despite EU Guidelines 78% of Europe’s Largest Companies are Falling Short of Adequately Reporting Environmental and Climate-related Risks**

“The findings from the latest analysis of environmental and climate-related disclosure by Europe’s major companies reveal that current corporate reporting practices could fall short on delivering on the objectives of the European Green Deal and the 2050 climate neutrality target.

“Launched today [20<sup>th</sup> May], the Climate Disclosure Standard Board’s (CDSB) *Falling short?* report analyses the 2019 environmental and climate-related disclosures of Europe’s top 50 largest listed companies, with a combined market capitalisation of US\$4.3 trillion.

“The review was based on company environmental and climate-related reporting in line with the EU’s Non-Financial Reporting Directive (the Directive) and progress in implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

“While the findings show some improvement in company disclosure compared to 2018, current reporting practices often still fail to provide investors with a clear understanding of a company’s development, performance, position and impact despite the current requirements laid out by the Directive.

“A key weakness for 78% of the companies reviewed was principal risk disclosure despite this being a core content category within the Directive and a key emphasis for the TCFD. ....

**More:** [www.eco-business.com/press-releases/78-of-europes-largest-companies-falling-short-of-adequately-reporting-environmental-and-climate-related-risks-despite-eu-guidelines/](http://www.eco-business.com/press-releases/78-of-europes-largest-companies-falling-short-of-adequately-reporting-environmental-and-climate-related-risks-despite-eu-guidelines/) plus [www.cdsb.net/falling-short](http://www.cdsb.net/falling-short) 34 pages, 4.1MB

**Source:** eco-Business.com, 20<sup>th</sup> May 2020.

## The Big Dry: 18 Reasons Why an Auckland Drought Became a Water Crisis

"For the first time since 1994, Aucklanders are being asked to restrict water as the region suffers its worst drought. Storage dams are down to 43% and we face the prospect of a dry winter and spring. Plans to boost supply by taking more water from the Waikato River are mired in process and the need for infrastructure.

"Did it have to be this way? With climate change and population growth, could we not have better predicted and prepared for the water shortage?

"In his analysis, Simon Wilson offers 18 reasons why things are now so bad.

"Did an Auckland drought have to become a water crisis?

"It's the worst drought on record and, when summer comes, it's almost certainly going to get much worse again.

"And it's hard to avoid the conclusion that it's meant to happen. That our water supply has been designed not to cope with a major drought.

"Did the Big Dry have to become a crisis? There are so many reasons why it didn't. ...

### More:

[www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=12333838](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12333838)

**Source:** *NZ Herald*, pages A11-A13, 23<sup>rd</sup> May 2020

**Editor:** Changing climate is one of several key aspects. The online version differs from the printed version.

## Investing in a Climate-Positive Future: Hanon Armstrong

"Hannon Armstrong is the first U.S. public company solely dedicated to investments in climate change solutions. We embody a deep commitment to a sustainable and resilient future through the implementation of our investment strategy and conduct of our business operations.

"Since IPO in 2013, we have invested \$7 billion in assets which have cumulatively avoided over 3 million metric tons of carbon emissions and saved over 3 billion gallons of water on an annual basis – all while generating superior risk-adjusted returns for our shareholders. ...

### "2019 Impact Report Highlights:

- Financed \$1.3 billion in climate change solutions
- Became one of the few U.S. public companies with a female Lead Independent Director
- Incorporated enhanced quantitative TCFD scenario analysis into our financial filings
- Committed to becoming a signatory of the UN-supported Principles for Responsible Investment (PRI)
- Completed inaugural issuance of \$500 million in unsecured green bonds
- Signed the CEO Action for Diversity and Inclusion Pledge
- Received Ethical Corporation's Responsible Investment Award, American Council on Renewable Energy's Renewable Energy Leadership Award, and CR Magazine's Responsible CEO of the Year Award – ESG Leadership
- Joined the UN Global Compact's Business Ambition for 1.5°C: Our Only Future Campaign
- Launched employee clean transportation incentive for the purchase or lease of a zero-emissions electric vehicle ..

**More:** [www.3blmedia.com/News/Investing-Climate-Positive-Future](http://www.3blmedia.com/News/Investing-Climate-Positive-Future) plus [www.hannonarmstrong.com/ESG/](http://www.hannonarmstrong.com/ESG/) 33 pages, 3.15MB

**Source:** ReportAlert, 21<sup>st</sup> May 2020.

**Editor:** Interesting report which also includes SDG's, PRI, TCFD and Global Compact.

## 'We Need Radically Different Accountancy to Value Companies in a Post-Pandemic World'

"For more than 50 years now, numerous actors from the accounting profession and outside have been calling for a change in the way we account for performance and value-creation. A major step forward was taken when integrated reporting [IR] was tested, written and published between 2010 and 2013. For the first time, a new vocabulary insisted on different capitals (six according to the framework) to be taken into account, as well as long-term value creation, and connectivity.

"Since then, over 1,500 reports have been published worldwide, with two countries leading the way (South Africa and Japan). The Big Four accountancy firms, as well as pioneering companies such as The Crown Estate, or Kering, have innovated and created different types of multi-capital accounts. According to the Value Balancing Alliance, over 300 of them have been tested in different companies worldwide (about 40 are public).

"The Covid-19 crisis has called for these experiments to be taken a step further. Why would multi-capital accounting become even more crucial now than a few weeks ago? The crisis has revealed several key features that are requested from the new accounting that all organisations, not just a handful, should implement.

"Of course, accounting should be multi-capital. It should also be connected (through system thinking), long-term and future oriented (in opposition to current accounts), and rooted in Kate Raworth's Doughnut Economics model, which integrates social and planetary boundaries. As John Elkington argues elsewhere in this issue of Ethical Corporation: 'Covid-19 has temporarily weakened what Milton Friedman called 'the tyranny of the status quo', creating a context in which radical, systemic change is suddenly possible.'

"It's high time to call for a radical new accounting and a radical new accounting profession.....

"Few reports today allude to planetary boundaries, let alone apply them in multi-capital accounting. Two examples are the Olam integrated impact statement, which has been published for the last two years, and the Tourism Holdings Limited report [NZ], which uses the Future Fit Framework. A good way to start with this new accounting would be to look at Kate Raworth's Doughnut Economics model. ...

"System value can only be created when the outcomes of a business model maintain capital stocks and flows within the thresholds of their carrying capacities, according to r3.0, a global common good not-for-profit platform, which published a number of open access blueprints to help develop a new economy and society:

"To build, drive and implement this new accounting, we need new accountants. Hybrid accountants with the capacity to see 360° and not just 60°. We need a new education system for accountants, new roles as well, such as the chief value officer, described in the eponymous 2016 book by Mervyn King and Jill Atkins. [*Chief Value Officer: Accountants Can Save the Planet*]

"This is the only way that we will raise to a new standard of governance of our organisations and stewardship of our commons. Let's step up and raise to the challenge.

**More:** [www.ethicalcorp.com/we-need-radically-different-accountancy-value-companies-post-pandemic-world](http://www.ethicalcorp.com/we-need-radically-different-accountancy-value-companies-post-pandemic-world) and [www.r3-0.org/nbp-2/](http://www.r3-0.org/nbp-2/) plus [www.r3-0.org/wp-content/uploads/2019/08/R3\\_Academic-Alliance\\_Invitation\\_July-2018-FINAL.pdf](http://www.r3-0.org/wp-content/uploads/2019/08/R3_Academic-Alliance_Invitation_July-2018-FINAL.pdf) 2 pages

**Source:** Ethical Corp, 20<sup>th</sup> May 2020

**Editor:** Mention of NZ's Tourism Holdings and the FutureFit management approach.

## International <IR> Framework 2020 Revision

"During 2020 the International Integrated Reporting Council is revising the International <IR> Framework – find out how you can input into this process.

"To ensure integrated reporting continues to meet the wider goals of financial stability and sustainable development, the IIRC is refreshing the <IR> Framework.

'Market feedback is essential to this process and we want to hear from businesses, investors, regulators, standard setters, the accounting profession, academia and NGOs.

"On 21 May 2020, the IIRC will publish a Consultation Draft of the International <IR> Framework and will open a 90 day comment period.

"As well as responding through an online survey, our partners around the world are hosting virtual roundtables through which you can share your thoughts.

"The IIRC will also host a webinar on 27<sup>th</sup> May 2020 to share insights into the consultation.

"The Consultation Draft has been informed by the 300 responses we received on select topics earlier this year – thank you to all those that participated.

"The New Zealand Integrated Reporting Network, will be holding an online Regional focus group to discuss the Consultation Draft.

"The NZ session will be facilitated by CPA Australia using Zoom on Wednesday 24<sup>th</sup> June from 10am to 12pm. If you wish to receive an invitation to this virtual meeting eMail [kayne.bell@cpaaustralia.com.au](mailto:kayne.bell@cpaaustralia.com.au) by Friday 5<sup>th</sup> June; doing so will also help planning and to ensure CPA {NZ} has sufficient attendees across the various stakeholder groups.

**More:** <https://integratedreporting.org/2020revision/>

**Source:** Rick Jones, CPA (Auckland), 18<sup>th</sup> May.

**Editor:** Consultation document (42 pages, 2.65MB), plus Companion Document (44 page 892KB) and an online survey are now available at the website as of 27<sup>th</sup> May.

## S&P Launches ESG Scores Based on 20 Years of Corporate Sustainability Data

"S&P Global has announced the launch of its S&P Global environmental, social, and governance (ESG) Scores with coverage of more than 7,300 companies, representing 95% of global market capitalisation. ...

"S&P states its Global ESG Scores provide a new tool to address growing market demand to integrate ESG factors into corporate investment and business strategies. They are derived from a methodology developed over 20 years from an investor practitioner's perspective and are based on engagements with corporates across the globe.

"ESG has become an important benchmark as of late when it comes to investing. Early this year, it was reported funds with 'above average' or 'high' sustainability ratings outperformed comparable funds with lower ratings in sustainability. That was according to Barron's fourth annual ranking of ESG investing. Of the 189 funds which met the ESG criteria in 2019, 41% outperformed the S&P 500 index for the year. That's compared to just 29% of big-cap equity funds overall that beat the index, Barron's reported.

**More:** [www.environmentalleader.com/2020/05/sp-launches-esg-scores-based-on-20-years-of-corporate-sustainability-data/](http://www.environmentalleader.com/2020/05/sp-launches-esg-scores-based-on-20-years-of-corporate-sustainability-data/)

**Source:** *Environmental Leader*, 20<sup>th</sup> May 2020.

## The Price of Peace: Money, Democracy, and the Life of John Maynard Keynes

"In the spring of 1934, Virginia Woolf sketched an affectionate biographical portrait of her great friend John Maynard Keynes. Writing a full two years before Keynes would revolutionise the economics world with the publication of *The General Theory*, Woolf nevertheless found herself unable to condense her friend's already-extraordinary life into anything less than twenty-five themes, which she jotted down at the opening of her homage: 'Politics. Art. Dancing. Letters. Economics. Youth. The Future. Glands. Genealogies. Atlantis. Mortality. Religion. Cambridge. Eton. The Drama. Society. Truth. Pigs. Sussex. The History of England. America. Optimism. Stammer. Old Books. Hume.'

"Keynes was not only an economist, as he is remembered today, but the preeminent anti-authoritarian thinker of the twentieth century, a man who devoted his life to the belief that art and ideas could conquer war and deprivation. A moral philosopher, political theorist, and statesman, Keynes immersed himself in a creative milieu filled with ballerinas and literary icons as he developed his own innovative and at times radical thought, reinventing Enlightenment liberalism for the harrowing crises of his day – which included two world wars and an economic collapse that challenged the legitimacy of democratic government itself ...

**More:** [www.goodreads.com/book/show/49644992-the-price-of-peace](http://www.goodreads.com/book/show/49644992-the-price-of-peace) plus [www.bookdepository.com/Price-Peace-Zachary-Carter/9780525509035](http://www.bookdepository.com/Price-Peace-Zachary-Carter/9780525509035) and <https://bookmarks.reviews/reviews/the-price-of-peace-money-democracy-and-the-life-of-john-maynard-keynes/>

**Source:** *The Economist Today*, 14<sup>th</sup> May 2020.

## Coronavirus Could Disrupt Weather Forecasting

"The drop in airline travel caused by the coronavirus pandemic has sharply reduced the amount of atmospheric data routinely gathered by commercial airliners, the World Meteorological Organization said Thursday, adding that it was 'concerned about the increasing impact' on weather forecasts worldwide.

"The agency said data on temperature, wind and humidity from airplane flights, collected by sensors on the planes and transmitted in real time to forecasting organisations around the world, has been cut by nearly 90% in some regions.

**More:** [www.nytimes.com/2020/05/07/climate/coronavirus-weather-monitoring.html](http://www.nytimes.com/2020/05/07/climate/coronavirus-weather-monitoring.html)

**Source:** *NY Times*, 14<sup>th</sup> May 2020

**Editor:** Very interesting article.

## The Economist's Coverage of Climate Change

"The first law of Ecology', as the environmentalist Barry Commoner put it some five decades ago, is that 'Everything Is Connected With Everything Else'. That is particularly true of global warming. It ties together almost all of the world's means of transport, manufacture and growth; its buried geological past and its melting Arctic ice. Like the covid-19 pandemic, climate change is a global problem. They both feed a sense of unease by being the result of everyday human behaviour at the same time as being propelled by unbidable forces supremely indifferent to humanity. The responses to both require levels of co-operation that governments find hard. To help readers appreciate these challenges, *The Economist* is running a series of six weekly climate briefs alongside its extensive covid-19 coverage.

**More:** [www.economist.com/news/2020/04/24/the-economists-coverage-of-climate-change](http://www.economist.com/news/2020/04/24/the-economists-coverage-of-climate-change)

**Source:** Arveen Horsefield, 14<sup>th</sup> May 2020.