

Sustainability Matters

Compiled and published by Ray Skinner, FCA

Business achieving a tomorrow for tomorrow's children

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Climate Crisis Needs to be 'Humanised' to Inspire More Action

"Elizabeth Wathuti, the Kenyan activist who gave an impassioned speech to world leaders at COP26, believes businesses and society need to 'open their hearts and listen' to the communities which are experiencing the worst of the climate crisis already, in order to make informed decisions which benefit society at the next global climate summit.

"COP26 was the showground for negotiations for world leaders in Glasgow in November last year. Some of the world's most powerful decision-makers spent more than two weeks at the summit to thrash out the Glasgow Climate Pact.

"However, one of the highlights of the two-week summit which went viral across social media was a speech given by 26-year-old Elizabeth Wathuti, who took to the main stage to encourage world leaders to 'have the grace to fully listen' to her story and the frontline impacts of the climate crisis which she is witnessing in her home country of Kenya.

More: www.edie.net/news/9/Elizabeth-Wathuti--Climate-crisis-needs-to-be-humanised--to-inspire-more-action/

Source: edie, 20th January 2022. 

Leading Bodies Partner with TNFD

"The Taskforce on Nature-related Financial Disclosures (TNFD) is pleased to announce it is working with a multi-disciplinary group of leading international organisations which will support its task of developing an integrated risk management and disclosure framework for nature-related risks. Building on the expertise and existing definitions, data, analytical tools, and disclosure standards these partners have developed, the TNFD framework will provide companies and investors with decision-useful information to help shift the flow of global capital to nature-positive outcomes.

"These key knowledge partners will contribute expertise across scientific disciplines, market practice and the development of nature-risk scenarios to advise the Taskforce, comprising of 34 senior executives from across finance, business and market service providers.

"The participation and collective experience of this group reflects the commitment of the TNFD to build on existing expertise and initiatives, and to incorporate the best available scientific knowledge and established market practice relating to risk management and disclosure.

"This initial group of knowledge partners are: [13 organisations incl CDP, GRI, SASB, WBCSD, WWF] ...

"Putting nature at risk is not an option for business or investors any longer", said "The world urgently needs a framework which enables 'nature-positive' financial flows and safeguards the planet for future generations."

"With consultation and piloting testing of the draft risk management and disclosure framework due to begin in April, the TNFD will be expanding its global network of consultation and implementation partnerships throughout 2022, including channels for engagement with national conservation and business organisations, as well as local community groups in high nature-risk areas globally.

More: <https://tnfd.global/news/knowledge-partners/>

Source: Capitals Coalition, 26th January 2022. 

What *Don't Look Up* Can Teach us About Climate Conversations

"Screaming scientists, rating-obsessed politicians, profit-driven billionaires: the new Netflix film, *Don't Look Up*, has all the characters we see in our fight for climate justice.

"Can this film teach us important lessons about climate change? Here are 350's three main takeaways and a few helpful points for conversations about the film.

"(SPOILER ALERT – this blog contains plot details!)

1. Who to blame for the end of the world
2. Deadly false solutions
3. Shouting facts won't persuade people

"Don't give up – climate change isn't a comet.

"For all the ways *Don't Look Up* is similar to the climate crisis, it's also wildly different.

"Our foe isn't a massive comet hurtling towards Earth. It's every tiny fraction of a degree of global heating.

"Every drop of oil we keep in the ground; every new regulation that makes fossil fuels less profitable; every court case against a fossil fuel company that lied helps us beat our comet – because every 0.1 of warming we stop will help mitigate deadly consequences.

"We don't need one big shot hero to solve it. We need us. It's already happening because of our movement getting out there and pushing governments to do the right thing – one policy at a time.

"Help us get there faster by asking your friends to join the movement

More: <https://350.org/three-things-dont-look-up-teaches-us-about-climate-change/> plus <https://time.com/6130686/dont-look-up-climate-change/>

Source: 350.org, 18th January 2022. 

Call for Methods - Corporate Natural Capital Accounting

"Have you developed a tool, methodology or resource which can help business measure, account for and/or value natural capital impacts and dependencies in business? If so, we'd like to hear from you!

"The need for businesses and organisations to understand their impacts and dependencies on natural capital is essential not only to address the twin biodiversity and climate change emergencies but also for the long-term sustainability and viability of their business's needs.

"The Transparent project is working to deliver robust, consistent, and practical approaches for implementation in corporate natural capital accounts. The use of holistic datasets and standardised methodologies allows the value of nature and people to be integrated into decision making.

Submissions by: 28th February 2022.

More: <https://capitalscoalition.us6.list-manage.com/track/click?u=2fc87987258faff3d55037cb&id=1c2e594de0&e=92762cc1f8> 4 page PDF – not on web site. Plus <https://capitalscoalition.org/>

Source: Capitals Coalition, 26th January 2022. 

How CAs can Take the Lead on Sustainability

"If accountants don't step up to take the lead in driving sustainable business, others will. As Professor Naomi Soderstrom, deputy head at the University of Melbourne's Department of Accounting, says about tackling climate change: 'We don't want to leave this to the engineers. While their expertise is crucial – and we need to work with many different experts – accountants are the information brokers.'

"Raise ambition: Accountants should encourage businesses to change their approach, to move from being 'less bad' to embracing transformative approaches which help solve global challenges. In other words, accountants should help businesses raise their ambition.

"Accountants capture and analyse a wide range of financial and non-financial data for organisations. This enables more robust and transparent reporting on progress towards long-term sustainability.

"Unique skills: Accountants' unique skills, insights and deep knowledge of business practices, as well as their role as trusted advisers, creates the opportunity for accountants – if not a responsibility – to engage with these issues. Leading by example, they can support other organisations to take action.

"Create awareness: Simply starting a conversation with a small business owner or manager about risk management and its added value can lead to a broader discussion about sustainability – especially where SMEs may have an obvious impact.

"How to add value. Accountants can assist SMEs through many stages of their path to sustainability. They can take the lead by advising, connecting, determining impact and embedding sustainability within organisations.

"Advising:

"Connecting

"Determining impact:

"Reporting and assurance:

"For some SMEs, sustainability may already be a core value of their business and part of everything they do. Others may regard it as unimportant.

"Motivation to embed sustainability within the business may be driven by opportunities to become part of, or continue to be part of, another company's supply chain, including government.

"Accountants shouldn't wait for SME clients to come to them. The growth of sustainability-focused consulting businesses should encourage accounting firms themselves to go after the work. Doing so will involve networking with a range of organisations involved in sustainability initiatives which can enable your firm to assist clients, for example, with analysing their carbon footprint, supply chain, sourcing finance, and becoming more diverse and inclusive.

"At the University of Melbourne, sustainability is integrated into courses for a new generation of accounting students, says department head Associate Professor Brad Potter CA. 'Pretty much every class now has some element of sustainability in it. It's core knowledge. It's not a choice – it's crucial.'

More: www.acuitymag.com/business/how-cas-can-take-the-lead-on-sustainability

Source: *Acuity Newsletter*, 24th January 2022.

Editor: Good to see this discussion – a small number of CA's have been promoting such ideas for more than 20 years. It is puzzling why CA's in general have left it so long to engineers, sustainability focussed consulting firms, PR firms and others which see and take up the numerous – and yes, exciting – possibilities. 

Greenhouse Gas Accounting

"Learn how carbon accounting works and why organisations are adopting its principles to take climate action. This webinar introduces the underlying framework of carbon accounting – including the three scopes of emissions, the carbon accounting process and its outputs. It also explains what climate neutrality and net zero mean, and the labels available for certifying these. [Generic with Australian focus.]

When/Where: Recorded Webinar, 1 hour

More:

<https://store.charteredaccountantsanz.co.nz/Greenhouse-Gas-Accounting-2>

Source: CA ANZ, 21st January 2022. 

Rivers End

"The gorgeousness of the cinematography of breath-taking rivers and lakes and wilderness is reason enough to see this informative documentary which addresses water issues using California's decades-old water wars as a microcosm for practices which are being implemented globally without considering the consequences. For anyone new to environmental awareness, the experts lay out clearly and succinctly the timeline and circumstances which brought California to where it is today and why it is not sustainable.

"In the same way most sentient humans have finally come around to accepting the realities of climate change, environmental degradation, species extinction, air and water pollution. Writ large, it ends up being nearly impossible to ignore as a problem which is happening now and fast. To some extent the impacts are already being felt on the underclasses, the powerless, the underserved of the populations worldwide. And now it is abundantly clear the effects of all of this are soon going to be felt by all of us regardless of social status, power and wealth. The bubble of privilege cannot mitigate the need for a certain quality of air that we all need to breathe. The global lack of fresh water cannot be solved as if it is treated as an infinite resource. ...

"Our national abundance has made us bad stewards of the planet. The chickens have come home to roost. There are things which can be done if there is the will. I hope the film achieves its goal. We all need this.

More: <https://museemagazine.com/culture/2021/11/4/film-review-rivers-end-californias-latest-water-war-2021-dir-jaco>

Source: Center for Biological Diversity, 21st January 2022. 

Inequality Kills: The Unparalleled Action Needed to Combat Unprecedented Inequality in the Wake of COVID-19

"The wealth of the world's 10 richest men has doubled since the pandemic began. The incomes of 99% of humanity are worse off because of COVID-19. Widening economic, gender, and racial inequalities – as well as the inequality which exists between countries – are tearing our world apart. This is not by chance, but choice: 'economic violence' is perpetrated when structural policy choices are made for the richest and most powerful people. This causes direct harm to us all, and to the poorest people, women and girls, and racialised groups most. Inequality contributes to the death of at least one person every four seconds. But we can radically redesign our economies to be centred on equality. We can claw back extreme wealth through progressive taxation; invest in powerful, proven inequality-busting public measures; and boldly shift power in the economy and society. If we are courageous, and listen to the movements demanding change, we can create an economy in which nobody lives in poverty, nor with unimaginable billionaire wealth – in which inequality no longer kills.

More: <https://policy-practice.oxfam.org/resources/inequality-kills-the-unparalleled-action-needed-to-combat-unprecedented-inequal-621341/> 20 page summary, 1.1Mb

Source: Oxfam, 27th January 2022. 

Why Accountants Should be Seeing Green

"Bruce Gilkison FCA**

"Nature-related financial disclosures are an important next step in valuing biodiversity and ecosystems. It could be a win-win for business and nature.

"More than a century ago, conservationist John Muir wrote: 'When one tugs at a single thing in nature, he finds it attached to the rest of the world.' It's a lesson we are still learning today. The loss of one species, for example, could trigger a series of other losses, or maybe an explosion of pest species.

"There are strong attachments, too, between biodiversity loss and climate change. Drought and wildfires can destroy ecosystems and wildlife, leading to further heating, drought and deaths.

"The World Economic Forum has long ranked climate breakdown, biodiversity loss and ecosystem collapse in the top five threats to humanity. Already, humans have annihilated 83% of wild mammals and half of all plants, and another million species are at risk.

"Last year, the G7 climate and environment ministers reported that 'the unprecedented and interdependent crises of climate change and biodiversity loss pose an existential threat to nature, people, prosperity and security'.

"Importantly, a solution to one of these problems might help address the other. Restoration of wetlands or other ecosystems, for example, could store carbon, reduce erosion, restore biodiversity, protect human health and enhance adaptation to climate change. The interconnections mean win-win outcomes are possible.

"Economies depend on biodiversity

"What we need to do now

"Nature counts ...

More: <https://acuity.partica.online/acuity/february-march-2022/futureproof/bruce-gilkison-fca>

Source: *Acuity*, Feb-Mar 2022, pages 30-33 incl.

Editor: ** Bruce Gilkison FCA ran a practice in Nelson, New Zealand, for 20 years and has worked in East Africa, Canada, Scotland and the Pacific. In the past 15 years he has worked as a sustainable business adviser. He has written extensively on environmental and business issues. In December he was advanced to FCA status in recognition of outstanding achievements and contributions to the profession and his community. 

What CFOs Should Focus on in 2022 and How

"This month [December] I [Karen McWilliams] attended the Australian Financial Review CFO Live conference and one overarching message came through loud and clear – CFOs should already be well on their way when it comes to Environmental, Social and Governance (ESG) and if not, it should be right at the top of their 2022 to-do list.

"ESG permeated through all the sessions during the day – from ASIC Commissioner, Cathie Armour listing climate change as a key focus area to a strategic leadership panel discussing the value of an organisation's social licence to operate.

"The key considerations that CFOs need to be aware of if they're just jumping on the ESG train are:

- The need for credibility within disclosures – ASIC are already reviewing disclosures to ensure climate related statements match practice given increasing concerns around greenwashing.
- Key driver for capital raising – ESG funds represent a significant portion of existing company ownership making active engagement with them critical. However, since all investors now have an ESG

framework for decision making and with an increasing pool of capital for ESG investment, ESG is becoming a key driver for capital raising. In some areas, discounts are being offered to organisations for ESG aligned activities.

- Framework harmonisation is coming – a number of speakers welcomed the establishment of the International Sustainability Standards Board (ISSB) last month by the IFRS Foundation – in the hope it will reduce the frameworks and enable better comparability for investors. ASIC welcomed the Board in a recent media release here and so did Chartered Accountants ANZ in our release.
- Consolidation needed for ESG ratings – the conference also focused on the significant resourcing currently required to respond to the numerous ESG rating surveys. Given the consolidation taking place within the reporting frameworks – similar change is needed for ESG ratings.

"As Armour concluded, it is a challenging time to be a CFO – new shocks can emerge at any time and CFOs need to be agile, flexible and responsive. They also need to balance risk and opportunities whilst maintaining trust with the wider community. Looking beyond ESG issues, there are three other areas that CFOs need to be focused on in 2022:

- Collective action and collaboration
- Grow your own talent
- Data, data, data.

More: www.charteredaccountantsanz.com/news-and-analysis/insights/opinion/what-cfos-should-focus-on-in-2022-and-how

Source: CA ANZ, Climate & Sustainability Group, Karen McWilliams, 23rd December 2021.

Editor: in parallel, a key aspect is for CA's to understand why this thinking and actions are necessary; the big picture and the big goals. Get the foundations right then everything else should fall into place e.g. planetary boundaries, consumerism, fairness to all. 

Social and Human Capital: A Primer for Business

"The past two years have highlighted the importance of issues like health, wellbeing, social justice and equality in achieving sustainable economies globally. Put simply – the need to better value our social and human capital.

"Organisations are being driven to move beyond compliance in sustainability and human capital practice towards active management of their impacts and dependencies on nature and people. The vast inequalities laid bare by COVID-19 mean investors and customers are increasingly demanding to see how business gets done with respect for people's dignity – and for companies to integrate social and human capital in decision making.

"This is why we have chosen to launch the *Social & Human Capital Primer for Business*. This is a short introduction to the Social & Human Capital Protocol. It outlines how applying the Protocol and including social & human capital in your considerations will improve your decision-making. By incorporating the value of social & human capital into your decision-making you can gather insights into significant risks, and also discover opportunities for adaptation, resilience and efficiency.

More: <https://capitalscoalition.org/launching-the-social-human-capital-protocol-a-primer-for-business/> plus <https://capitalscoalition.org/capitals-approach/social-human-capital-protocol/> and https://capitalscoalition.org/wp-content/uploads/2021/07/Leap-Capitals-Coalition-Social-Human-Capital-primer_FINAL-SINGLE-PAGES.pdf

Source: Capitals Coalition, 26th November 2021. 

The Top Ten Electric Vehicle Myths which Need to be Debunked

"It is amazing just how persistent some EV Urban Myths are. While several of them are fading away (EVs don't have the range, EVs are about as powerful and exciting as a golf buggy), others just refuse to die.

"As a result of answering the same questions in different settings, I decided to list my Top Ten EV Urban Myths That Deserve To Die in the (probably vain) hope if I provide a collected set of simple, succinct answers to them – I will never need to answer these particular ones again.

"These have all been comprehensively addressed multiple times in scientific papers, economic reports and government reports. Therefore, in regards to this list at least – it's time to move on!

"Myth 1:

More: <https://thedriven.io/2021/11/03/top-10-urban-myths-about-electric-vehicles-that-deserve-to-die/>

Source: *SnippETS*, 16th December 2021

Editor: Written from an Australian perspective. 

Combining the Social with the Environmental – Community Wood Recycling

"The climate emergency is the biggest challenge we collectively face and mitigating it will require all of us to make changes to the way we live and do business.

"Social enterprises are stepping up to the challenge of climate change with many making changes to their business models to help mitigate the impact of climate change. Some social enterprises are working to address both environmental and social issues simultaneously. A brilliant example of such a business is Community Wood Recycling – a UK-wide network of social enterprises collecting and reusing waste wood whilst also creating jobs and training opportunities for people marginalised in the labour market.

"The business is based on a model created by Richard Mehmed in 1998. When building a playhouse for his daughter he spotted some wooden sheets piled up outside a local factory in Brighton. After asking if he could take a couple, he was shocked to find that the pile was just a fraction of the excess wooden packaging the factory had which was waiting to be incinerated or headed to landfill where it would have gone on to produce methane, a greenhouse gas 28 times more powerful than carbon dioxide at warming the earth.

"This incident inspired Richard to come up with a plan to recycle commercial waste timber. The Brighton and Hove Wood Recycling Project was born.

"Beyond the environmental issues Richard also recognised the opportunity to use his growing recycling project to support vulnerable people in the local community, and the business began to target local people who wanted to learn new skills and change their lives. This included people who were homeless, ex-offenders people recovering from substance abuse and those with learning difficulties or mental health issues. Soon the business began to flourish as its profile grew amongst local companies.

"Community Wood Recycling's model is simple – collecting waste wood from businesses and then selling them on. ...

More: www.socialenterprise.org.uk/blogs/combining-the-social-with-the-environmental-community-wood-recycling/

Source: Social Enterprise UK, 1st February 2022.

Editor: Perhaps could be 'seeded' via Men's Sheds, and recycling centres among others. 

Chile Rewrites Its Constitution, Confronting Climate Change Head On

"Rarely does a country get a chance to lay out its ideals as a nation and write a new constitution for itself. Almost never does the climate and ecological crisis play a central role.

"That is, until now, in Chile, where a national reinvention is underway. After months of protests over social and environmental grievances, 155 Chileans have been elected to write a new constitution amid what they have declared a 'climate and ecological emergency'.

"Their work will not only shape how this country of 19 million is governed. It will also determine the future of a soft, lustrous metal, lithium, lurking in the salt waters beneath this vast ethereal desert beside the Andes Mountains.

"Indeed the questions facing this Convention aren't Chile's alone. The world faces the same reckoning as it confronts climate change and biodiversity loss, amid widening social inequities: Does the search for climate fixes require re-examining humanity's relationship to nature itself?

"We have to face some very complex 21st century problems', said Maisa Rojas, a climate scientist at the University of Chile. 'Our institutions are, in many respects, not ready.'

More: <https://techilive.in/chile-rewrites-its-constitution-confronting-climate-change-head-on/>

Source: Climate FWD (NY Times), 30th December 2021. 

100 Millionaires and Billionaires Sign Open Letter Pleading For Higher Taxes

"More than 100 millionaires and billionaires from nine nations have signed an open letter pleading for increased taxes on the wealthy to begin to address the 'injustice' of tax systems around the world.

"The 'injustice baked into the foundation of the international tax system has created a colossal lack of trust between the people of the world and the elites who are the architects of this system,'" said signatories in the 'Patriotic Millionaires' group in the letter released early this week. [3rd week Jan.]

"To put it simply, restoring trust requires taxing the rich. The world – every country in it – must demand the rich pay their fair share', the letter states. 'Tax us, the rich, and tax us now.'

More: www.huffpost.com/entry/patriotic-millionaires-more-taxes-injustice-letter_n_61ecbf2e4b03216750b98a6

Source: *OD Action News*, 24th January 2022. 

Case Study: Electric Vans Prove Economic and Practical for NZ Post

"With support through EECA's Low Emission Transport Fund, NZ Post trialled eight electric vans in their courier fleet across 2018-2019. Here are some of the highlights:

- Vehicle-based emissions were cut by around 90%
- An 80% reduction in fuel costs and a 50% reduction in maintenance costs
- The vans achieved the necessary range, even with delivery loads
- Payback for the vans was achievable within 8 months
- Total cost of ownership was on average 13% lower than for ICE equivalents
- NZ Post has since committed to pilot EVs in rural areas and in their owned fleet.

More: www.eeca.govt.nz/insights/case-studies-and-articles/nz-post-electric-vans/

Source: EECA, 16th December 2021. 