

Sustainability Matters

Compiled and published by Ray Skinner, FCA

Business achieving a tomorrow for tomorrow's children

17th Sept. 2020



Designed by
www.vecteezy.com

World-first: NZ Financial Institutions to Report or Explain Climate Change Risk

"The new disclosure regime will require annual disclosure of financially material climate-related risks and opportunities in mainstream financial reports, such as annual reports.

"The disclosure requirements will be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD framework recommends disclosure on the governance, strategy, risk management and metrics and targets used to understand, measure and address climate-related impacts.

"The regime will apply to:

- All registered banks, credit unions, and building societies with total assets of more than \$1 billion
- All managers of registered investment schemes with greater than \$1 billion in total assets under management
- All licensed insurers with greater than \$1 billion in total assets under management or annual premium income greater than \$250 million
- All equity and debt issuers listed on the NZX
- Crown financial institutions with assets greater than \$1 billion assets under management.

"The External Reporting Board (XRB) will develop reporting standards, which entities will have to either comply with or, if unable to comply, explain why not. This approach provides flexibility where entities cannot gather necessary information.


"The Financial Markets Authority will be responsible for independent monitoring, reporting and enforcement.

"The Ministry for the Environment will work closely with regulated parties on developing and using climate change scenarios to support risk analysis. Please get in touch [crfd@mfe.govt.nz] if you'd like to be involved in those discussions.

"Subject to parliamentary decisions, the earliest regulated parties may be required to disclose will be in 2023.

More: www.beehive.govt.nz/release/new-zealand-first-world-require-climate-risk-reporting plus www.mfe.govt.nz/climate-change/climate-change-and-government/mandatory-climate-related-financial-disclosures and others including www.stuff.co.nz/environment/climate-news/300107158/election-2020-financial-sector-will-have-to-report-on-climate-change-risk-in-worldfirst-move

Source: MfE, 15th September 2020.

Editor: The mandatory regime would be introduced through an amendment to the Financial Markets Conduct Act (2013). 

At the same time, the financial community should not simply be reactive - it should provide solutions. Regulators should recognise the financial system can itself be a catalyst for investments that accelerate economic resilience and the transition to a net-zero emissions economy. [Page 8]

TCFD Summit 2020

"Co-hosted by the World Business Council for Sustainable Development and the Japanese Ministry of Economy, Trade and Industry. The speakers include Mark Carney, Peter Bakker and Larry Fink.

When/Where: 4:00-9:30 (NZT), Fri 9th Oct 2020; online

More: <https://tcf-summit.go.jp/programEn.html> plus <https://tcf-summit.go.jp/indexEn.html>

Source: *SBC Weekly Pānui*, 10th Sept 2020. 


B Corporation, Transparency and Validity

In a thought piece Robert Howell considers the transparency and validity of B Corps which were started in 2013 with the aim of using business as a force for good. He concludes;

"The purpose, principles and broad strategy of B Corporation is to be lauded. There is no doubt that its methodology for evaluation of how companies need to change to meet these has helped a number work toward the fundamental transformation necessary for a broken world. The three companies described above are innovative and have many desirable features. However, the lack of a public validation of B Lab's processes has meant a full understanding and trust in its outcomes cannot be granted. In some matters – dealing with payment of a living wage – the evidence from outside sources challenges B Lab methodology. It is also disconcerting Sawmill Brewery cannot ascertain their carbon footprint from the material required by B Lab to decide their certification. Hence the aim of leading by example falls short. Pity, the world needs pathfinders and models.

More:

https://drive.google.com/file/d/1Qjeb2b_pR9MFyhPho_1n2QPI9hpyjrO/view

Source: *Issues Today*, Robert Howell, 12th Sept 2020. 

How California's Wildfires Could Spark a Financial Crisis

"Wildfires across the U.S. West are among the sparks from climate change that could ignite a U.S. financial crisis by damaging home values, state tourism and local government budgets, an advisory panel to a U.S. markets regulator found.

"Those effects could set off a cascade of events including defaults and market disruptions, undermining the U.S. economy and sparking a crisis. Here's how:

"MORE FREQUENT AND INTENSE FIRES

"Global warming is making the U.S. West hotter and drier, with wildfires more frequent and intense, scientists say.

"Economists have traditionally seen natural disasters like wildfires as localised shocks. That's changing, according to the report, produced by a 35-member panel for the Commodities Futures Trading Commission. The group included representatives of major oil companies, banks and asset managers.

More: www.reuters.com/article/us-climate-change-market-fire/how-californias-wildfires-could-spark-a-financial-crisis-idUSKBN2611TK plus via www.cftc.gov/PressRoom/PressReleases/8234-20 196 pages 5.85 Mb

Source: *Carbon News*, 11th Sept 2020. 

Lawnmowers, Labour Rights & Buying Local

"Do overseas companies pay their workers fairly, particularly in China? How effective are international organisations like the ILO, and New Zealand Unions in protecting workers' rights? How significant is this in buying-local campaigns? What lessons are there for adapting to a climate crisis?"

These and related issues are explored in an article co-authored by Neil Anderson and Robert Howell in the context of the production of the last New Zealand-made lawnmowers (by Steelfort of Palmerston North) having shifted to China in July.

More:

https://drive.google.com/file/d/1Qjeb2b_pIR9MFyhPho1n2QPI9hpyrO/view

Source: *Issues Today*, Robert Howell, 12th Sept. 2020. 

Sustainable Forest Management: Draft Update of Aust/NZ Standard

"This joint Australian/New Zealand Standard was prepared by the Standard Reference Committee (SRC AS/NZS 4708), ..."

"The objective of this Standard is to provide forest managers with cultural, economic, environmental and social criteria and requirements that support the sustainable management of forests. ... This edition has been developed as a joint Australian and New Zealand Standard and has been reviewed in light of stakeholder expectations in both Australia and New Zealand, new scientific and technological information, and changes to international norms for sustainable forest management. It has been published as the Australian and New Zealand Standard® for Sustainable Forest Management.

"This major revision ... has been aligned with the benchmarks for sustainable forest management provided in the Programme for the Endorsement Standard PEFC ST 1003:2018 -Sustainable Forest Management-Requirements. In addition, it includes new appendices for the sustainable management of trees outside forests and small forest areas, and requirements for group certification. ..."

Closing date for comments: 23rd October 2020.

More:

<https://shop.standards.govt.nz/default.htm?action=viewDraft&mod=drafts&draftId=DR%20AS/NZS%204708:202X> 84 pages, 1.23Mb

Source: StandardsNZ, 4th September 2020. 

Hope in Hell: A Decade to Confront the Climate Emergency

"Join us and host Rod Oram for the launch of Jonathon Porritt's latest book *Hope in Hell: A decade to confront the climate emergency*."

"Jonathon Porritt CBE is a veteran campaigner and has been a voice for the environment since 1974.

"In *Hope in Hell*, he outlines why this is the decisive decade for climate action and explores all the reasons to be hopeful: new technology; the power of innovation; the mobilisation of young people – and a sense of intergenerational solidarity as older generations come to understand their own obligation to secure a safer world for their children and grandchildren.

"*Hope in Hell* is available for purchase here before the event, at the event with Unity Books, and we will facilitate virtual signing for those attending in person. An alternative online supplier can be found here also.

"Rod Oram will lead a discussion via Zoom with Jonathon who is based in the UK. This will be followed by a Q&A with a live audience.

When/Where: 5:30 – 7:00pm, Thursday 24th Sep 2020 online and in Auckland at SBN's new office location


More: <https://sustainable.org.nz/sustainable-business-events/hope-in-hell-a-decade-to-confront-the-climate-emergency/>

Source: SBN, 2nd September 2020. 

Why Bioplastics Will Not Solve the World's Plastics Problem

"Bioplastics are being touted by industry as the solution to plastics pollution. But as our contributing writer Jim Robbins reports this week at *Yale Environment 360*, the idea that bottles and packaging made of plant-based material can simply be discarded and then break down and disappear is false. 'Nobody could engineer something like that, not even nature', one scientist says. If bioplastics end up in landfills, they can last for centuries and release methane, a potent greenhouse gas. The only real strategy which can work, Robbins writes, is overhauling the world's economy so far greater quantities of plastics can be recycled or reused.

More: <https://e360.yale.edu/features/why-bioplastics-will-not-solve-the-worlds-plastics-problem>

Source: *Yale Environment 360*, 4th September 2020. 

Managing Nature-related Financial Risks: A Precautionary Policy Approach [for central banks and financial supervisors]

"Market-fixing approaches, such as the Taskforce for Nature related Financial Disclosures (TNFD) are unsuitable for managing the systemic risks posed by environmental breakdown.


"This paper considers how financial authorities should react to environmental threats beyond climate change. These include biodiversity loss, water scarcity, ocean acidification, chemical pollution and —as starkly illustrated by the Covid-19 pandemic —zoonotic disease transmission, among others. We first provide an overview of these nature-related financial risks (NRFR) and then show how the financial sector is both exposed to them and contributes to their development via its lending, and via the propagation and amplification of financial shocks.

"We argue NRFR – being systemic, endogenous and subject to 'radical uncertainty' – cannot be sufficiently managed through 'market-fixing' approaches based on information disclosure and quantitative risk estimates. Instead, we propose financial authorities utilise a 'precautionary policy approach', making greater use of qualitative methods of managing risk, to support a controlled regime shift towards more sustainable capital allocation.

"A starting point would be the identification and exclusion of clearly unsustainable activities (e.g. deforestation), the financing of which should be discouraged via micro-and macro-prudential policy tools. Monetary policy tools, such as asset purchase programmes and collateral operations, as well as central banks' own funds, should exclude assets linked to such activities.

More: www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/final_kedward_et_al_nature-related_finance_18_aug.pdf 37pages 855kb

Source: *The Aotearoa Circle Update*, 3rd Sept. 2020


Editor: Importance of central banks and supervisors given the severity and urgency of the environmental threats. 

France to Ease Neonicotinoids Ban

"The French government will propose lifting a ban on certain pesticides blamed for harming bees to protect sugar beet crops that have been ravaged by insects this year, the agriculture ministry said on Thursday [6th August]."

"The government plans to support a legislative amendment in parliament later this year to exempt sugar beet for up to three years from a general ban on neonicotinoids, the ministry said in a statement following a meeting with sugar industry representatives."

More: www.reuters.com/article/us-france-sugar-pesticides/france-to-ease-pesticide-ban-for-sugar-beet-to-curb-crop-losses-idUSKCN25210F

Source: SumOfUs, 14th September. 

Paper Bottle with Removable Plastic Liner

"Julie Corbett, a California financial adviser, was wandering the aisles of her local supermarket in 2007, looking for liquid laundry soap in an environmentally friendly container.

"But she was having a tough time finding an alternative that fit the bill. So, Corbett decided to take on the challenge herself.

"The result, two years later, was a moulded cardboard bottle wrapped around a thin plastic liner. The cardboard gives shape and strength to the package, and the liner is the waterproof container that holds the liquid.

"I had no background in packaging, I knew nothing about manufacturing', said Corbett. 'People think you need to be an industry expert to solve the problems but that's not necessarily the case. It just takes a different lens and the grit and persistence to make it happen.' ...

"When the bottles are empty, consumers can reuse them, or simply pull the plastic liner out of the cardboard shell and recycle them according to their local guidelines.

"Almost everything Corbett did had to be built or conceived from the ground up, and her engineers have filed 37 patents, most of them to ensure their cardboard bottle behaved like any other conventional container across the entire bottling and distribution process.

"By 2021, Ecologic expects to be producing 70 to 80 million cardboard bottles and jars a year at the California factory, and all of it capable of being made right back into new bottles.

More: <https://ecologicbrands.com/build-a-better-bottle-from-paper/>

Source: Editor, 9th September 2020. 

Ban Adverts for Cars that Damage Climate

"Many countries now ban adverts for tobacco products and some now limit sales of junk food, to protect public health. All of them have reduced advertising, or ended it outright.

"So, campaigners argue, why not do the same with adverts which promote high-carbon products and lifestyles, damaging people's health and heating the planet?

"There's growing pressure for bans like that in the United Kingdom, with a focus on ending the promotion of highly-polluting cars, gas-guzzling 4x4s, also known as SUVs, an argument developed by a campaign called Badvertising.

"The Rapid Transition Alliance (RTA) is a UK-based group which argues humankind must undertake widespread behaviour change to sustainable lifestyles ... to live within planetary ecological boundaries and to limit global warming to below 1.5°C (the more stringent limit set by the 2015 Paris Agreement on climate change).

"As part of its work to publicise how projects and communities can withstand the effects of climate heating, the Alliance too is supporting Badvertising, which it is convinced can succeed.

"Hundreds of millions of people around the world are already suffering because of climate change, he points out. Infectious diseases are spreading faster as the climate heats, hunger and malnutrition are worsening, allergy seasons are getting longer, and sometimes it's simply too hot for farmers to tend their crops.

"Professor Dalby's suggestion? Not only should we restrict adverts for gas-guzzlers. We should treat climate change itself, not as an environmental problem, but as a health emergency.

More: www.eco-business.com/news/ban-adverts-for-cars-that-damage-the-climate/

Source: eco-Business.com, 9th September 2020. 

Institutional Investors Design Net Zero Investment Framework

"The Institutional Investors Group on Climate Change (IIGCC) aims to keep global temperature increase to no more than 1.5°C. It has opened for consultation a guide for major institutional investors to help them truly invest to reduce greenhouse gas emissions to a limit compatible with 1.5°C, the international Paris agreement commitments of governments.

"Five major investors are trialling the guide. Together those five hold US\$1.3 trillion investments. Collectively more than 70 global investors who helped to develop the Net Zero Investment Framework hold US\$16 trillion in assets. The IIGCC has more than 240 members such as pension funds and asset managers in Europe, and they control EUR 33 trillion in assets.

"The IIGCC says it aims not only to help investors to decarbonise, but to invest in climate solutions to drive down emissions to net zero emissions, rather than just selling the problem of climate damaging assets to others.

Closing date: 25th September 2020

More: www.iigcc.org/resource/net-zero-investment-framework-for-consultation/

Source: Tieke: *ECO Alerts & Events*, 2nd Sept. 2020. 

Antarctica Discovery – 200th Anniversary

"2020 marks the 200th anniversary of the discovery of Antarctica. It is also the year when the highest temperatures ever were recorded on the continent. With melting ice, warming waters, and increased fishing, all of the creatures that live there need us more than ever. But we need Antarctica just as much. This vast icy continent is critical to stabilizing our climate, and it circulates vital ocean nutrients that sustain fish populations, and humans, all over the world.

"This October, delegations are considering three new marine protected areas (MPAs) at the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) meeting. Together, the East Antarctica, Antarctic Peninsula, and Weddell Sea MPAs would protect almost 1% of the ocean globally by covering approximately 4 million sq. kms. and represent the largest act of ocean protection in history. ...

Petition.

More: <https://only.one/act/antarctica>

Source: Tieke: *ECO Alerts & Events*, 16th September. 

Job Available: Executive Officer for ECO

"This is a 24 hours per week position with a broad range of duties in this not-for profit organisation of organisations, which works on a largely voluntary basis for conservation and the environment.


"The Executive Officer services ECO's executive committee and the 45 member bodies and Friends of ECO. The position is paid and is at the heart of the organisation. It is a challenging job. You would interact with ECO members bodies, ECO Friends and other environmental organisations, mainly electronically.

"The Executive Officer has responsibility for a sole-charge office in Wellington, although work can be done by internet, telephone and other remote means. The role includes production of the weekly email newsletter *Tieke* and organisation of ECO meetings and events.

"The Executive Officer is frequently the first point of contact for the ECO member bodies, government agencies and others

Applications Close: Noon, Monday 28th September.

More: <https://drive.google.com/file/d/1E8K2701z-2Uy0xSweOQT6DXUiX8ymRVo/view>

Source: Tieke: *ECO Alerts & Events*, 16th September 2020. 

The Sackings at Rio Tinto Look Like a Victory for Shareholders, but...

"In the coming days thousands of (digital) column inches are going to be devoted to the idea that institutional shareholders acted decisively to force the resignation of Rio Tinto chief executive Jean-Sebastien Jacques and two others responsible for the destruction of the Juukan Gorge caves [in Australia].

"However the resignations mask a deeper failure of institutional investors to take action over governance problems. Rio Tinto (and its predecessor companies CRA and Comalco) has a chequered history in indigenous relations, labour relations, foreign bribery and interference in politics. It was even blacklisted by Norway's sovereign wealth fund for a decade over its environmental record.

"Despite these problems, and a long record of aggressive political lobbying, Australian institutional shareholders have loved Rio for its high and consistent dividends. Rio Tinto shares are held by many pension funds and in many cases even make the grade for their ethical investment options.

"Rio and the mining industry must be hoping the resignations are a circuit breaker that derails any momentum to change the laws that give them cover.

"They are probably hoping the community latches on to the concept of a social licence to operate – the idea that so long as they behave well, they get the right to keep laws that don't require them to.

"That would be ironic, given the mining industry invented and promoted the concept of a social licence in the early 2000s in order to convince the community they could regulate themselves.

"For all the sound and fury, the three executives will be paid handsomely to walk the plank. Buried at the bottom of Rio's announcement to the ASX is the news Rio Tinto chief executive and JS Jacques and the two other executives get to keep their financial packages.

More: <https://theconversation.com/the-sackings-at-rio-look-like-a-victory-for-shareholders-but-146004>

Source: Barry Coates via LinkedIn 13th Sept. 2020. 

New Dates for Climate Change + Business Conference *Redefining Our Future*

EDS has announce it has secured new dates to host the 2020 Climate Change + Business Conference: *Redefining Our Future*.

"This premier climate change event is bringing together a diverse range of voices on climate action across business sectors and Government. There is a lot to cover, and our comprehensive conference programme reflects this. Don't miss the conversations; if you haven't already done so, register now!

"Among other things, it will consider:

- The flow of Govt. funding toward recovery projects;
- The impact of recent policy and legislative changes;
- International recovery trends;
- Perspectives from the Climate Change Commission;
- Revised climate science projections;
- Impacts on the price of carbon and carbon markets;
- Sectoral issues and opportunities; and
- Our adaptation preparedness. ...

"We cannot afford to let it slip off the global or domestic radar, ... Let's keep the climate conversation going; see you there!

When/Where: 11th and 12th November Auckland.

More: <https://web.cvent.com/event/0df0b9b3-4524-4e4c-ad9a-d5be61e8775e/summary>

Source: EDS. 8th September 2020. 

2020 Stormwater Professional of the Year

"The 2020 Stormwater Professional of the Year has been awarded to Clare Feeney of Environmental Communications Ltd.

"Clare has been a member of Water New Zealand since the 1990's. She has presented several stormwater papers and is a long-standing and actively contributed to Friends of the Stormwater Committee. Clare has judged the Innovation Awards since its inception in 2018, has chaired conference sessions, been actively involved in AGMs and regularly supports local events.

More: <http://stormwaterconference.org.nz/awards2020/> plus www.waternz.org.nz/Story?Action=View&Story_id=1359

Source: Clare Feeney, 7th September 2020.

Editor: Author of *How to Change the World: A practical guide to successful environmental training* 2019. 

'The Name's Brick' – COVID-19 and Climate Change

"Despite the rumours, pandemic-caused restrictions have not been a 'temporary reprieve' or 'silver lining' for climate change.

"In this infographic, Kiwi science communicator and climate expert John Lang introduces the world to a new climate character: the name's 'Brick'. Together, they explain why temporary CO2 emission reductions caused by COVID-19 will not slow down global warming – unless, that is, another set of characters, namely governments, decide to intervene and make the reductions permanent.

[VERY Long info-graphic]


"So – you might be thinking, why is this relevant to NZ?

"Personally, I think it's a good way to break the issue down for the average Joe. Or for the average Judith. When Greta Thunberg says we have less than 10 years, Judith, she does not mean we have 10 years to save the planet. She means that we have 10 years to take the collective actions necessary to slash greenhouse gas emissions and give humanity a two-thirds chance of maintaining temperatures at about 1.5°C of global warming – the temperature target that science recommends, that countries have signed up to and that people want.

"And, just to clarify, Judith, it is not the planet that's at risk; the risk is rather, as climate scientist Kate Marvel so chillingly puts it, 'not about what climate change will do to us, but what we'll do to each other because of it.'

"New Zealand's Brick In NZ, the brick we plonked into the atmosphere in 2018 was 79 million tonnes of CO2e. In other words, our country is still putting the equivalent weight of about 1700 Titanics of greenhouse gases into the atmosphere every year. Much of these emissions are of course not just from carbon dioxide (only about 44%), but rather from methane (about 43%) – a much more potent, but much more short-lived greenhouse gas.

More: <https://pureadvantage.org/news/2020/09/07/the-names-brick-covid-19-and-climate-change/>

Source: Pure Advantage, 8th September 2020. 

Banned Pesticides Shipped to Poor Countries

Long article and graphics – Some exported to New Zealand. A key issue is the ethics or rather lack of them of UK and European companies.

More: <https://unearthed.greenpeace.org/2020/09/10/banned-pesticides-eu-export-poor-countries/>

Source: Editor, 14th September 2020. 