

Radical Hope for Transformation

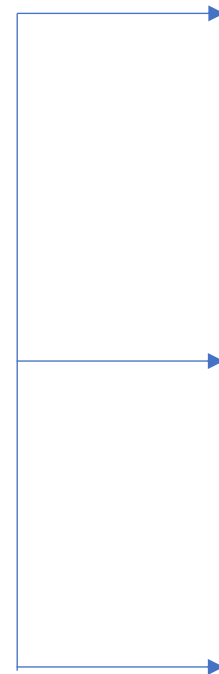
6th International Reporting 3.0 Conference
Implementing Thriveable Transformation
17th – 18th June 2019

Lois Guthrie
WBCSD

WBCSD vision is to *accelerate the transition to a sustainable world*; this can't be done without radically transforming the corporate sector and the financial system



A world of 9 billion people living well within the limits of planet.



More companies making **better decisions** by taking into the account the New Tangibles and the Present Tense risk

Capital markets that **properly value & reward** inclusive, sustainable business practices

More **financial capital that is mobilized** to address the Sustainable Development Goals (SDG's) including the transition to a 1.5 degree world



WBCSD'S RV program has developed guidance and supported companies in making better decisions and disclosing a fuller set of information to the capital markets.

Business Decision-Making

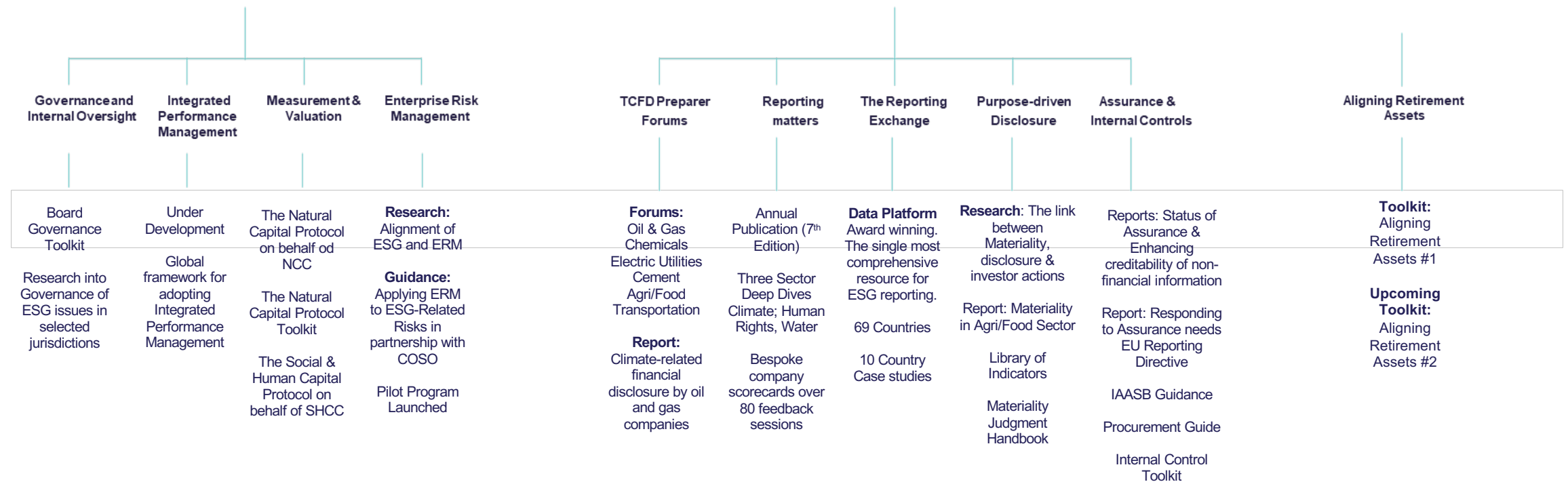
Consultations, programs, handbooks and reports that are designed to help companies improve internal processes to uncover costs and manage risks or opportunities around ESG

External Disclosure

Forums, reports, platforms and resources that help companies disclose and communicate true performance and how ESG risk and opportunity is being managed to outside parties.

Investor Decision-Making

Toolkits that provide guidance on how to align investible assets with sustainable portfolios and companies



Deep Adaptation - Jem Bendell and Jeremy Lent

Research now indicates near term social collapse

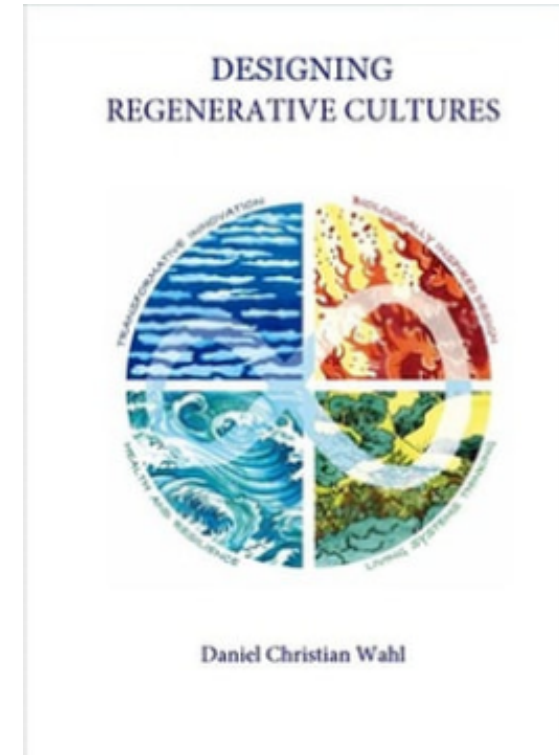
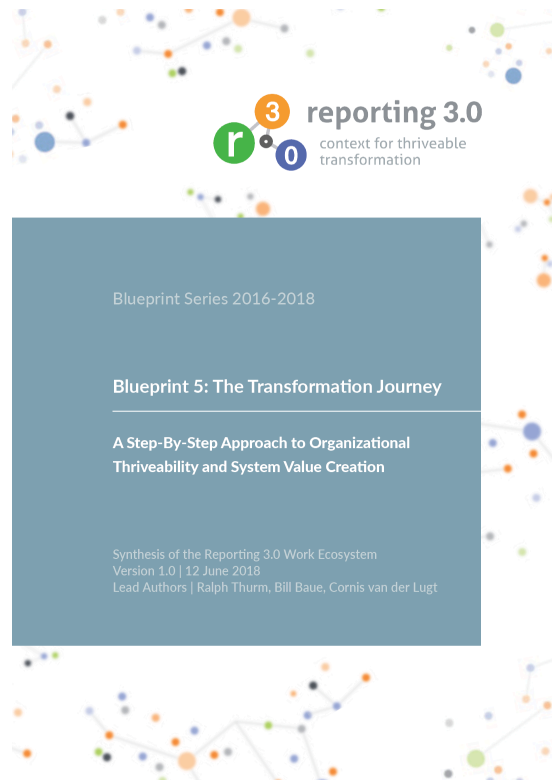
We are about to play Russian Roulette with the entire human race with already two bullets loaded

Unfortunately the recent years of innovation, investment and patenting indicate how human ingenuity has increasingly been channeled into consumerism and financial engineering. We might pray for time. But the evidence before us suggests that we are set for disruptive and uncontrollable levels of climate change, bringing starvation, destruction, migration, disease and war.

Green positivity = implicative denial

I believe the only real path toward future flourishing is one that transforms the basis of our civilization, from the current one that is extractive and wealth-based, to one that is life-affirming, based on the core principles that sustain living systems coexisting stably in natural ecologies. Some of us call this an Ecological Civilization.

The North Star



“Vision without action is useless. But action without vision does not know where to go or why to go there. Vision is necessary to guide and motivate action...vision when widely shared and firmly kept in sight, brings into being new systems...” Donella Meadows 1992

Got the vision – where’s the action?

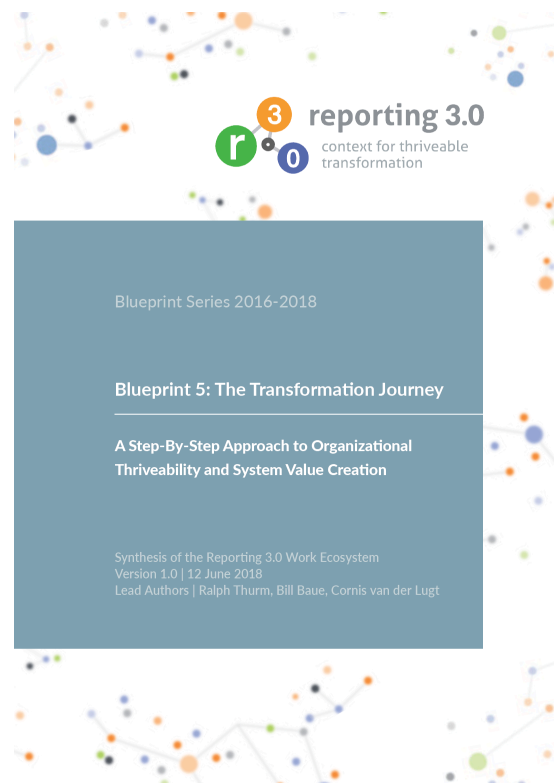


Figure 24: Integral Business Models General Characteristics (Source: Bill Baue & Ralph Thurm, *New Business Models Blueprint*, Reporting 3.0, 2018)

“flourishing/integral business models aren’t as viable in today’s market, with today’s laws and regulations, industry sector orientations, business and investment assumptions and custom and stakeholder values and preferences...” Anthony Upward

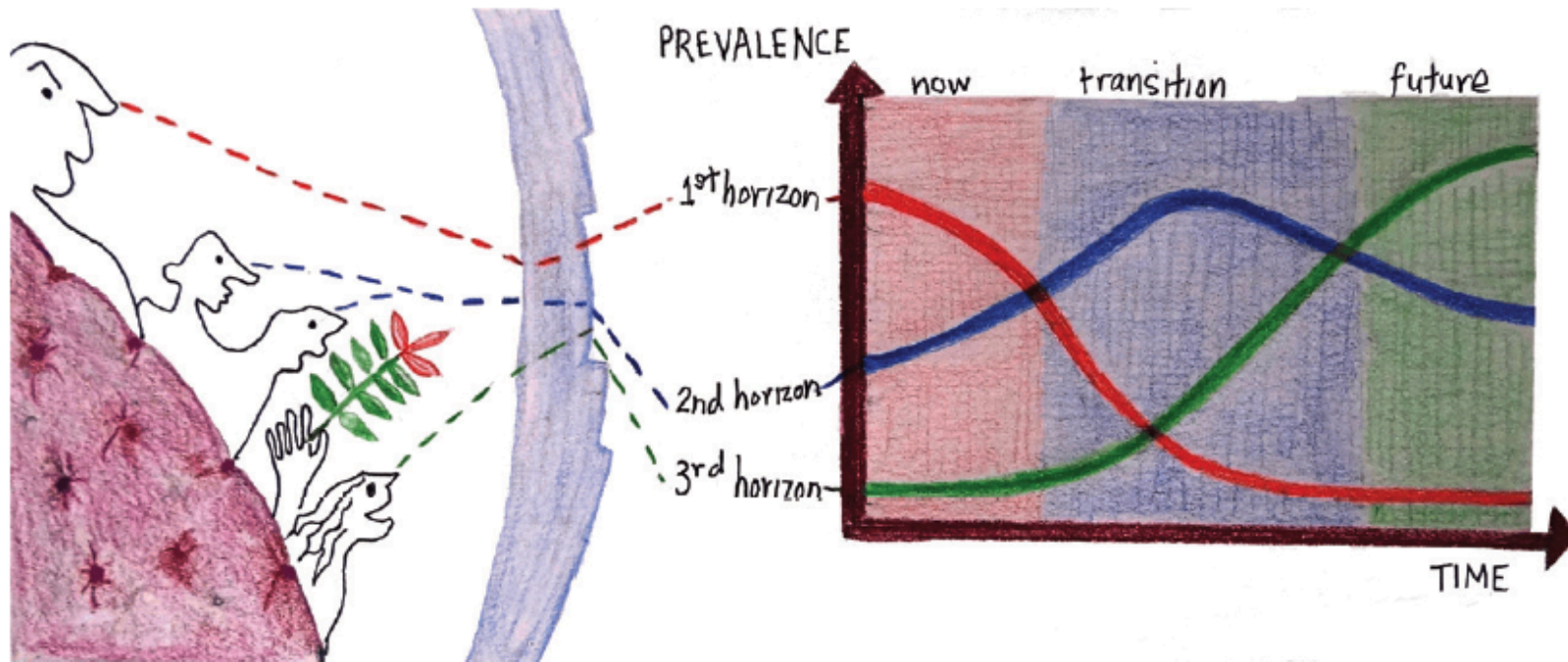
Action in action



Right here, right now is all we got

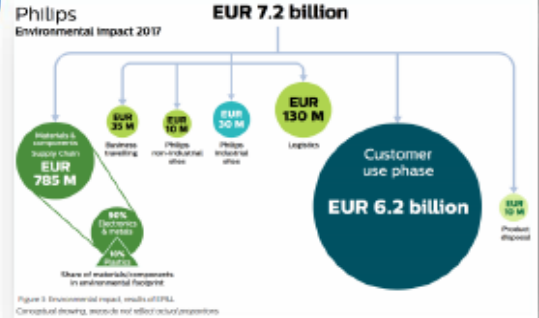
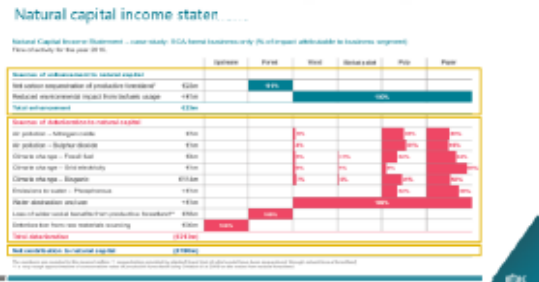
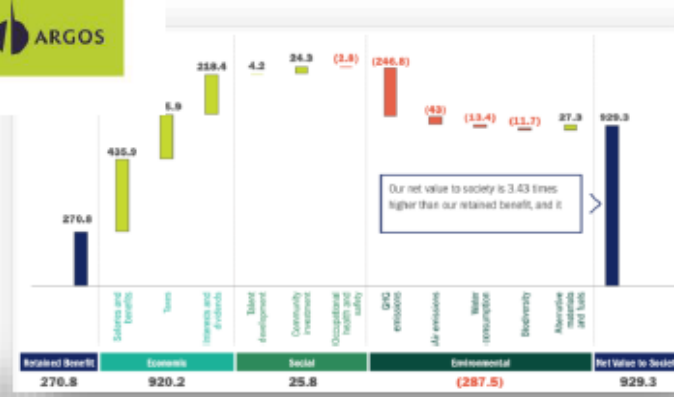
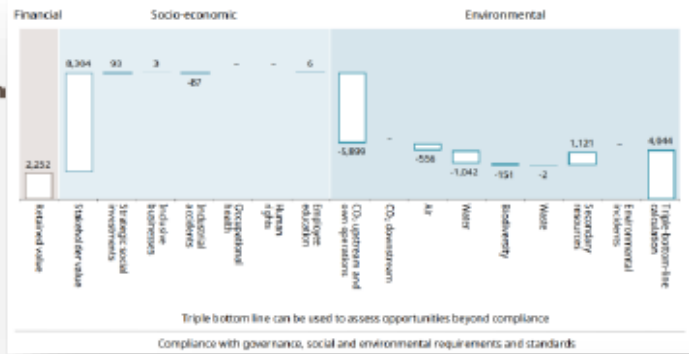
Three horizons – the patterning of hope

“The three horizons always exist in the present moment and we have evidence about the future in how people are behaving now.”

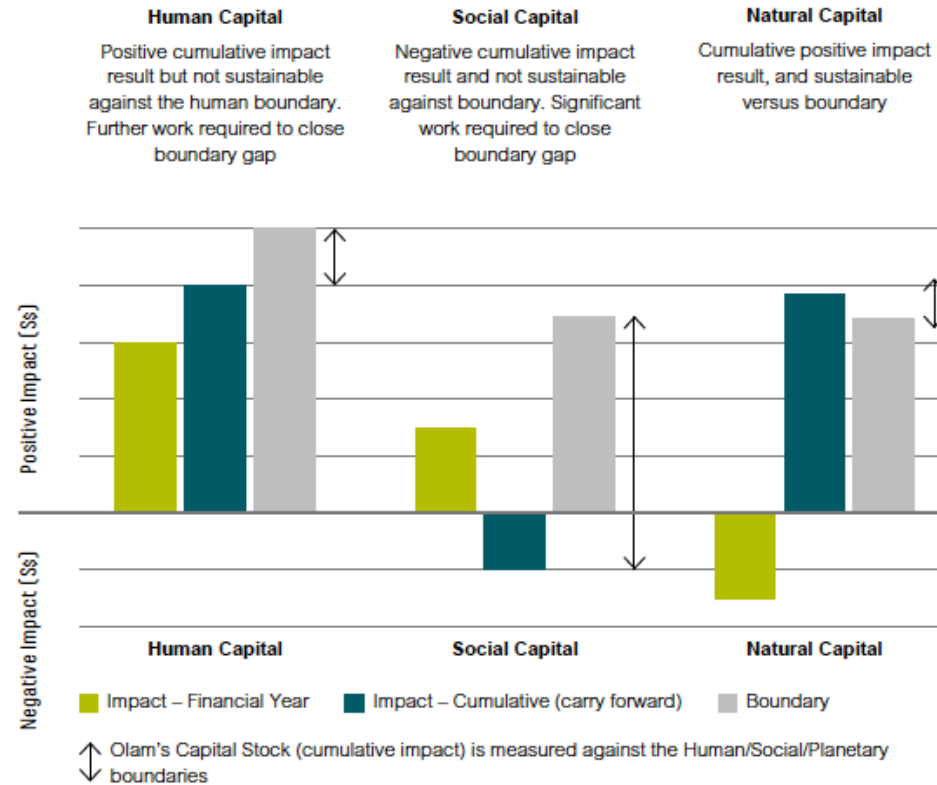


From “Three Horizons” by International Futures Forum 2013 – Author Bill Sharpe

Hope 1 - Impact and contribution



Hope 2 - Sustainability/Context Gap (a)



Illustrative: Integrated Impact Statement result visualisation

From Olam Annual Report 2018 page 109

Hope 2 - Sustainability/Context Gap (b)

Interim measures

- Capital adequacy, stress testing, scenario analysis, viability
- Procurement
- Incentives/rewards
- Legal black hole
- Distinguishing revenue sources
- Natural measures
- Technology-enabled observations



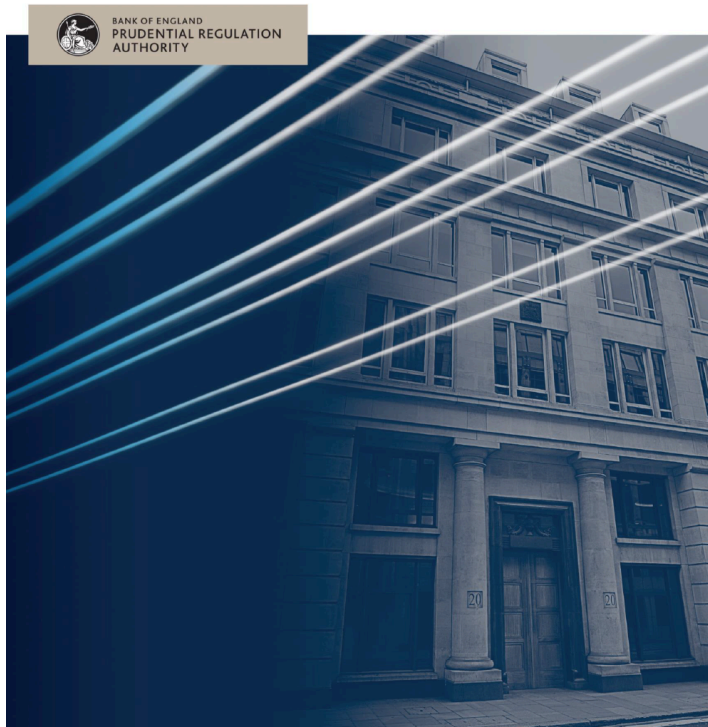
GTAC

Hope 3 - Treating the future seriously (a)

Supervisory Statement | SS3/19

Enhancing banks' and insurers' approaches to managing the financial risks from climate change

April 2019



- Solvency II (insurers) – assess your ability to continue a a going concern
- Time horizon for long term assessment is “to be in the order of decades”
- Do not rely on the existence of a liquid market to sell assets identified as being exposed
- Climate risks distinguished from other risks as non-linear, correlated and irreversible
- The magnitude of future impact will, at least in part, be determined by actions taken today
- Senior Management Functions regime
- Prudent Person Principle (insurers) – only invest in asses for which risks can be identified, measured, monitored, managed, controlled and reported
- Capital Adequacy assessment (extension to all capitals?)

Hope 3 - Treating the future seriously (b)



Closing the Climate Intelligence Gap



Greg Rogers | [Follow](#)
Accounting for Climate Change

28 4 6

Climate Change, Terrorism and Actionable Intelligence

Hope 4 - Purpose



Our purpose is fully anchored in our purpose-led, performance driven strategy: creating brighter live for all and serving the interests of customers, employees, shareholders and society at large – creating value across 3 dimensions of people, planet and profit.



Iberdrola has defined its corporate purpose focused on the well being of people and the preservation of the planet: To continue building together each day a healthier, more accessible energy model, based on electricity.



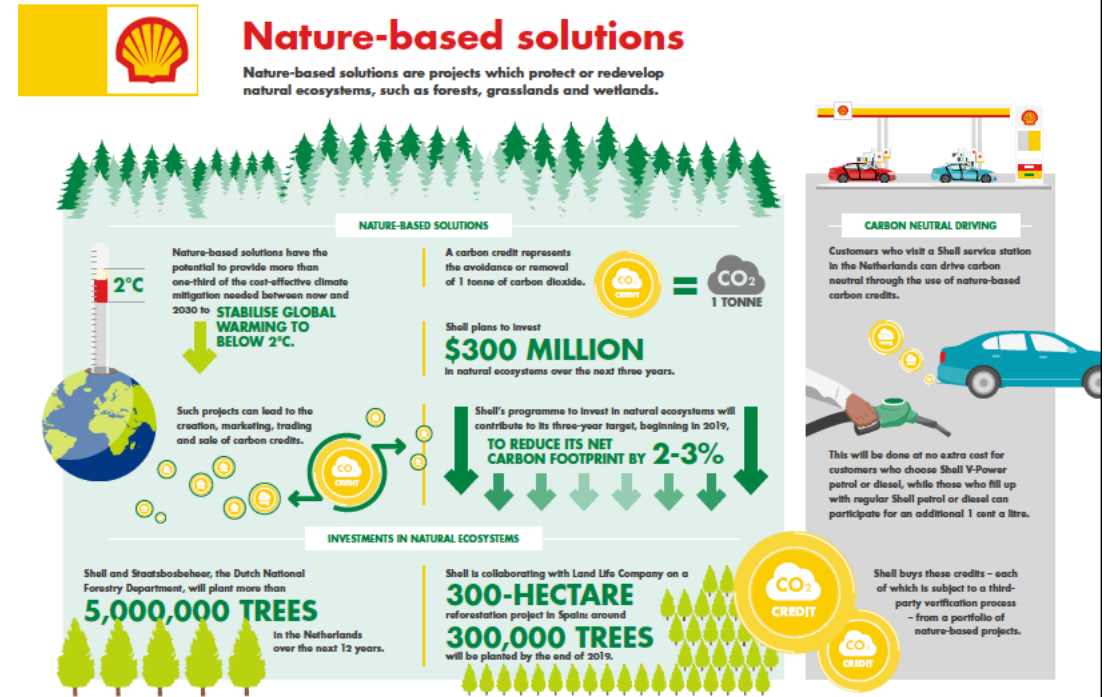
We are dedicated to advancing nutrition, health and wellness in a way that is sustainable and responsible.

Hope 5 – Accounting and investment

Financial Capital derived from Natural Capital in 2018 (may also include other Capitals, e.g. Social)

2018	2017	2016
Selling 32.9m tonnes of product volume from 15.06 million ha land – Olam and third party managed	22.53m MT	14.4m MT
	12.4m ha	9.74m ha
(3.04m managed by Olam directly (2.58 million+ forestry concessions); 1.03 million ha farmers with sustainability support; 10.98 million ha other third party suppliers)	2.46m ha; 0.86m ha = OLC ¹ ; 9m ha = third party	2.41m ha 0.67m ha = OLC ¹ 6.67m ha – third party
The sale of crops/products grown on Olam-managed farming, plantation and forestry concession operations which emitted 1.23 tonnes CO ₂ e per metric tonne (MT) of product whilst sequestering 0.65 tonnes CO ₂ e per MT of product	1.14 tonnes	0.98 tonnes
The sale of products and ingredients from Olam processing operations which emitted 0.209 tonnes CO ₂ e per MT of product	0.213 tonnes	0.268 tonnes
Reliance on water to a value chain intensity of 3,374m³ per MT product	3,587m ³	4,331m ³
The sale of 1,911,709 MT third party verified crops which may generate a premium or better contractual terms		
Diversified funding sources by meeting environmental criteria attached to US\$500m 3-year, sustainability-linked revolving credit facility – Asia's first green 'club loan'		

From Olam Annual Report 2018 page 93



<https://www.shell.com/energy-and-innovation/new-energies/nature-based-solutions.html#>

An idea for scrutineers to keep the hope alive!



Investigation techniques

- Following the North Star?
- Thriving if we back cast from the North Star?
- True to purpose?
- Observing context and thresholds?
- Taking the future seriously?
- Accounting in multi-capital dimensions?
- Investing for purpose and North Star?

From ICAEW "Acting in the public interest: A Framework for Analysis"

Thank you for hoping! Learn more on the TJP!

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