



SASB's Provisional Standards

On April 7, 2016 the [Sustainability Accounting Standards Board](#) issued a [press release](#) announcing the completion of its provisional standards for all sectors of the economy. SASB will now enter a period of consultation on the provisional standards and proposed process to codify and maintain them. There is a [90-day public comment period](#).

SASB invites stakeholder involvement in its next phase. To get involved:

- Submit [a comment](#) on SASB's proposed codification process, as outlined in the [Rules of Procedure](#) and [Conceptual Framework](#). Proposed [updates to SICs](#), SASB's industry classification system, are also open for public comment. To submit a comment, visit SASB's [public comment portal](#).
- Provide feedback on the provisional standards. To schedule a consultation with a SASB sector analyst, contact comments@sasb.org.

If you have any questions please feel free to contact Director of Communications amanda.medress@sasb.org.

Good-Ark

Georg Kell, Vice Chairman of [Arabesque Partners](#) and Founding Executive Director of the [UN Global Compact](#), had the opportunity to visit Suzhou-based Good-Ark Electronics and wrote about it in his *Huffington Post* blog "[When Traditional Culture Meets Modern Corporate Sustainability](#)." He notes that:



"One of the most interesting cases I have come across is the "Happy Enterprise Partnership", a recently established movement in China that uses ancient principles of governance to build successful organizations. At the center of the movement is Chairman Wu, the founder of the Suzhou-based Good Ark Electronics company, China's largest semiconductor manufacturer. He has introduced a new leadership style based on traditional Chinese values and wisdom.

Chairman Wu has forged an organization that puts employees and their families as well as clients at the center of everything. Their "happiness" is the explicit goal of everything he does. No effort is spared to

achieve this goal. Based on wisdoms of Confucianism, Taoism and Buddhism, employees are motivated to learn these wisdoms and to apply them at the workplace and beyond.

I subsequently had the opportunity to meet with Chairman Wu when he was in Boston. While there are some aspects of the “Happy Enterprise” idea that are culturally specific to China, I believe that the general idea is equally applicable in the West and supported by a great deal of research.



Kicking Ass

In another blog on the *Huffington Post* Cecilie Hultmann, Sustainability Risk Manager at [DNV GL](#), a consulting firm focused on helping companies advance their safety and sustainability of their business, writes that its “[A Kick-Ass Era to Be Alive.](#)”

The title of the article is a bit surprising since she starts by citing statistics about millions of deaths per year from air pollutions, 200 million unemployed youth, 1 billion people living in urban slums, 60 million refugees due to political instability, the startling fact that 62 individuals own as much as the bottom half of world’s population, and that somewhere between \$21-32 trillion of private wealth is hidden in offshore bank accounts.

But she argues that the obvious magnitude of these problems, putting our survival as a species at risk, also create an opportunity because they focus our collective mind on what needs to be done—and we have the knowledge, technologies, and resources to do so. “We have a golden opportunity, a unique chance, to shape the future that we would like to see. A future that is not only safer, more resilient and sustainable, but also more convenient, compassionate, collaborative, vibrant and cooler.”

The Paris Agreement

In her MIT *Sloan Management Review* piece [“The Paris Agreement—It’s Down to Business.”](#) Alice Garton, a lawyer who is the Project Leader for the Company and Financial workstream at [ClientEarth](#), rightly notes that historically many corporate commitments regarding climate change are nothing more than greenwashing. So what must be done to keep that from being the main result of COP21? She asserts that “If we’re to make real progress in the wake of Paris, we need the COP21 commitments to resonate through both state and corporate policy.”

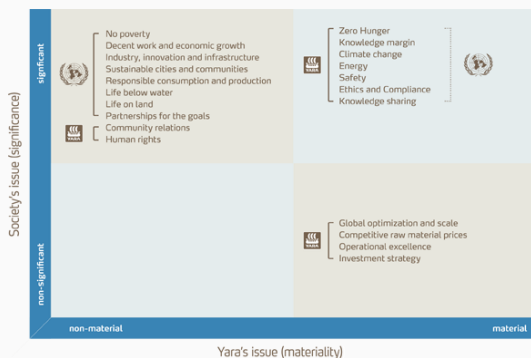


But how is this to be done? By getting directly to the purpose of the company, something that is determined by the company’s board of directors. In the case of the UK this can be taken even further since company law makes it possible to incorporate climate change goals in the corporate constitution. Alice makes this bold but sensible recommendation:

We therefore suggest wording that recognizes this — and almost exactly echoes Article 2(1)(a) of the Paris Agreement:

“The Company will undertake its business in a manner consistent with the objectives of the Paris Agreement (in so far as they relate to the Company’s business), in particular, the objective to hold the increase in the global average temperature to well below 2°C above preindustrial levels and to pursue efforts to limit the temperature increase to 1.5°C above preindustrial levels, and it shall be one of the purposes of the Company.”

Incorporating this duty into a UK company’s constitution would act as a clear signpost to shareholders, stakeholders, and other customers that management’s commitment to the Paris Agreement is absolute.



Yara's Sustainable Value Matrix

Chapter 6 of my book *The Integrated Reporting Movement: Meaning, Momentum, Motives, and Materiality* (with Michael P. Krzus and Sydney Ribot) introduces the idea of a “Sustainable Value Matrix(SVM).” While it builds on the idea of a “Materiality Matrix” it is different in some important ways.

In particular, the SVM recognizes that an entity can only determine what is material for itself, not other stakeholders. Thus, the X-axis is what is material for the company whereas the Y-axis is the company's view of what stakeholders representing society as a whole view to be significant. What is material to the company and significant to society should be included in the integrated report. What is not material to the company but which is significant to society is the basis for sustainability reporting.

The Norwegian agricultural chemical company [Yara](#) published a "[Sustainable Value Matrix](#)" in its [Financial Report 2015](#). One of the points I make in Chapter 6 is that companies need to do a much better job of disclosing the process by which they make their materiality determinations. Yara provides a detailed account of the process they used, including the use of SASB's standards for the relevant industries and guidance from [Global Reporting Initiative's G-4 Guidelines](#).

The work of Yara, along with GE's first integrated report and Atlas Copco being the first company to published a board "Statement of Significant Audiences and Materiality" shows that momentum is building for the integrated reporting movement.

positive+investment

"[Positive Investment](#) is a global organisation of students working with academics, staff, industry experts, and other allies to offer a toolkit of options for maximising the good (and minimising the bad) done with investments – without losing sight of financial goals.



We are especially driven by the urgency of climate change and strongly believe that there can be win-win solutions that bring ethics and finance together." "The organization was co-founded by doctoral student Ellen Quigley at the University of Cambridge to review the university's own investments from its endowments." They are now building a global coalition.

Their current priority is the "[Exxon & Chevron Campaign](#)" which is "effort to influence the outcome of voting on 8 climate change-related [resolutions](#) at the Exxon Mobil and Chevron Annual General Meetings (AGMs) on May 25th, 2016, by gathering support from faculty members at the world's leading universities calling on the Chief Investment Officers of their endowments and pension funds to vote for these resolutions." If you are a faculty member and support these resolutions, I encourage you to sign an [open letter](#) to the Chief Investment Officer of your university's endowment. They also have a [second open letter](#) calling on other shareholders and voting advisory companies to do the same.



The Life Assurance Association of Japan has been conducting surveys continuously over a 42-year period regarding approaches toward enhancing the perspectives of shareholders and investors.

The most recent survey is based on responses from 568 companies and 84 institutional investors. "Approaches toward Enhancing Equity Values (Overview)" provides an English summary of the latest survey results. These include 10 "Requests for Companies" (e.g. enhancement of discussions relating to management strategies at board meetings, disclosure of management plan that includes quantitative goals and business strategies, and feedback on contents of dialogue to board of directors) and two "Requests for Investors" (approval/disapproval judgment based on conditions of company, and explanation of reasons behind such judgment; and promotion of dialogues from a medium- to long-term perspective).