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EPISODE 9 - ESG: The New Space for Impact

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John Schol: Hello and welcome back to the CA Catalyst podcast, "Small Firm, Big Impact". I'm your host, John Schol, chief executive at Malloch McClean.

In this episode of "Small Firm, Big Impact", we'll be looking at: environmental, social, and governance, or E-S-G.

You might have seen that investor, regulator, and community expectations are driving increased awareness and action on ESG performance for businesses and corporations, both locally and globally, and this interest is expected to grow considerably over the next decade.

So what are the most effective ways accountants can add value and have an impact in the ESG space, adding to the important role that accountants can play in achieving environmental sustainability?

With me to share their expertise [are] Darren Scammell, former President of Chartered Accountants Australia and New Zealand, and partner at Grant Thornton, and Antz Rohan, director at Fairground Limited.

Antz, Darren, welcome to you both.

Darren Scammell: G'day.

Antz Rohan: Thanks, John.

John Schol: I'd love to start with a quick update on the spaces you're currently working in. Darren, you're a few years out of being CA ANZ president. What have you been up to recently?

Darren Scammell: Yeah, so I had 20 years as a partner at one of the Big Four firms, and now find myself at one of the Big Six firms, at Grant Thornton. I'm head of financial services for the Victorian office here in Australia, for Grant Thornton – helping our consultants, our tax guys, with financial services industries consulting. I'm actually based in audit, doing internal and external audit in the financial services space.

John Schol: And Antz, you've got quite a unique story surrounding your career. Can you fill us in briefly on how you got so involved with ESG?

Antz Rohan: Yeah. I guess I was working away in business advisory services at a firm here in Christchurch, New Zealand, and had been doing so for a few years. And while it was always nice being able to provide advice to clients and help them with their taxes, another side of my life is, I was running a youth charity.

So I felt like I had two parts of my life pulling me apart, really. And at a moment of almost burnout, I guess, I got this unique opportunity. Someone seeded an idea of why don't you do accounting for businesses that are trying to have an impact in the world? That brought those two loves of my life together into one. It was just a complete fluke ... That was about nine years ago now.

John Schol: Wow, what a great story. Thanks, team. It's great to have guests of your calibre here today on our podcast. For those listening who might be new to ESG... Darren, could you please give us a brief explainer – what exactly is ESG?

Darren Scammell: It is around that environmental, social and governance. So these are factors that investors can use to assess whether they should invest in companies. And in fact, you can assess a country about its ESG, as well, how well it does in those environmental, social, and governance factors.

It's happening a lot in the marketplace, particularly superannuation that I specialise in. A lot of people are looking to say, "You know, I'd like to actually be better with my money."

There are companies that are investing into start-ups. One way of assessing as to how well that company is run from an ESG perspective, is to use these factors and make that assessment. So what are those sustainable and societal impacts that this business is having, or is planning to have once you've made that investment?

John Schol: I've been doing a bit of background reading and, according to *Harvard Business Review*, the future of ESG is accounting. What do you think about this statement and why, Antz?

Antz Rohan: I think accountants are in the most appropriate and unique position to be able to support clients to incorporate ESG into their reporting or into the organisation. I mean, we're already there as a trusted adviser. We're already there helping them measure their financials and helping them measure their taxes. Just the natural next step is that we're also helping them measure their environmental impact, their social impact, their cultural impact.

I think we're so well positioned to do it, and we've already got the relationship with clients, that it makes sense that we're the ones that help them along that journey.

Darren Scammell: The word accounting is meaning to account for. Everyone thinks accounting is just financial, but it's not just financial. If you're held to account, you can account for environmental issues that you have, or your environmental practices. What are your social practices? How you deal with the community, particularly in the start-up space, and what you do with the money you provide to not-for-profits, for example. Governance – how well are you governed – is not an accounting premise, but you can be held to account for it.

I see it as how you report this information, and you're exactly right, Antz. Accountants are really well placed to gather this information because they already follow an accounting framework. They're actually used to dealing with numbers in a framework. Let's deal with it in a report sense.

John Schol: Darren, can you tell me how integrated reporting works and how you see it being used?

Darren Scammell: Really the passion I have at the moment is actually ensuring that integrated reporting is being used at this SME entity. So, integrated reporting is a principles-based reporting. It's a global methodology where you report an entity using six capitals, which we can talk about later, but it's really being used at the big end of town.

I'm seeing not-for-profits, in particular, and SMEs are starting to follow the principles of integrated reporting, which links in to ESG, which links in to sustainability accounting standards, as well, and starting to report that, following the principles at that small end.

Integrated reporting is a way of promoting a more cohesive and efficient approach to corporate reporting. It aims to prove the quality of information available to providers of financial capital, and enables a more efficient and productive allocation of capital. That's at the 'what is integrated reporting?'

An integrated report is concise communication about how an organisation's strategy, its governance, its performance, importantly, its prospects, in the context of its external environment lead to the creation of value over the short, medium, longer term.

So what's the purpose of an integrated report? It provides to people that are providing financial capital, how an organisation creates value over time.

So an integrated report is for all stakeholders interested in the organisation's ability to create this value. Employees, customers, suppliers, business partners, local communities, legislators. I believe everybody should be interested in an integrated report, which follows the integrated reporting principles. They are 'the who, the what, the with, and the how'. Which is your strategy, your value drivers, and your key business processes.

John Schol: Darren, would you like to see it legislated?

Darren Scammell: Not yet. It has been legislated in South Africa. All listed companies in South Africa have to follow integrated reporting principles. That's been the case now for some time. Five, six, seven years. In Australia, I would like ASIC to be able to say it's recommended, and I think that would make people do it.

I don't want SMEs to be forced down this space. They have to realise that this is for their benefit, but if they were to be added this, what they might see as a compliance burden, they may not want to do it. So where do you draw the line? At which size company? Do they have to have integrated reporting? I would like it to be that people actually see the benefit of doing it and therefore they'll bring it onboard.

Darren Scammell: A really important development has happened internationally, and that's the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) are merging to become the Value Reporting Foundation.

One of the issues that's existed is that there's been a lot of these types of standard, like the SASB and the IRC and its integrated reporting, so there's a bit of confusion in the marketplace. I'm really pleased to see that the Value Reporting Foundation's being created, so that reporting as ESG, we're talking about, or SASB and the IIRC, will come under the one banner now internationally. I think that'll really help with the reporting going forward.

John Schol: Darren, do you think that the premise of where you actually come from when you adopt this philosophy to try and report is really important? And getting buy-in at a board level, or governance level, whether it's a SME or a large company is also really important?

Darren Scammell: I fully agree. It was October last year, the Business Reporting Group in Australia was meeting. There were 120 people and they're responsible for integrated reporting in Australia, and in that meeting I sent a note to a good friend of mine on that board. I said, "Michael, one of the issues is this is being used by 40 of the top largest companies in Australia, and there's two and a half million entities out there that aren't using integrated reporting or following integrated reporting and I think they should be."

He said, "Right, put your money where your mouth is." I'm now chairman of the Significant Issues Group, under the BRLF [Business Reporting Leaders Forum]. And what I'm trying to do and really get the message out there, it's not just for the big end of town. It's really important for small businesses who are looking to raise capital, who are looking to report to their employees, who are seeking donations.

They might report into the government, they might be seeking debt from a bank. If they were to follow the reporting principles of integrated reporting, it makes it so much easier for them. Actually easier for the banks to lend to them, or investors to invest in them. So I can see a real opportunity for SMEs in particular, and not-for-profits, to follow this framework, linked again to ESG.

You know, they can be reporting on ESG within the integrated reporting framework, and that's much more clarity. It's not just about reporting, it's also about thinking in an integrated way, as well. I think there's a real scope for smaller businesses to be doing this.

John Schol: For a lot of our listeners, this will be the first time they've really heard about this concept. Where would they actually start and where would they actually focus their attention first? Antz, have you got any ideas?

Antz Rohan: I'm thinking of it from a real small start-up business perspective. A lot of it comes down to really thinking along the lines of what is their impact? What is the problem they're trying to solve out there beyond just making a return for shareholders?

And, especially in the social enterprise space, we're working with businesses which have been set up specifically for the purpose to help solve a social or environmental problem. And they've wrapped a business model around it. So, understanding that impact model and being able to put some form of reporting and measurement around it is so important at that bottom end.

But, of course, we're not talking here about a standard that's universal across all businesses. Because these could be metrics which are very specific to this industry or this type of organisation. Whereas I think integrated reporting is starting to get us all talking on a very similar page.

Darren Scammell: I want entities to start thinking and reporting with just 'the what, the with, and the how'. If we just start at that level and say, "What is your strategy? What is the purpose of your business? What are your objectives? What are your KPIs? What are your risks and opportunities at the first level?"

That's the 'what', and the small entities can do all that. What is your strategy? I'd like to know if I'm a potential investor or a donor, I'd like to see it upfront. What's the strategy? What's your KPIs? What are your performance indicators?

Then you can actually go with what do you do to meet the strategy? What's your working capital? What's your property? What's your brand? What are your customers? What's your employee engagement? What are your natural resources you have access to? Report that to me so I can see it in a clear way. That's the 'with'.

And then there's the 'how'. How do you use those assets or the capitals that you're doing the 'what' with? That's what's your governance, how do you manage your strategy, what are your core business processes? It's that sort of thing. So it's really the 'what, the with, and the how'. If you can report that in a clear and concise way, I reckon it'd be really helpful for these smaller enterprises.

Antz Rohan: And it feels like that's like the real basis of what should be a real basic plan for most start-ups. Because I know so many [are] busy trying to make the business model work, trying to get through those first years or two of business.

I mean, the idea of even measuring impact or thinking of their environmental or social impact, it's just, it's almost beyond them. They're just saying, "Look, I just want to survive. I want to be able to bring home some money."

But you can bake that in from day one and a lot of new start-up businesses are already thinking about that, especially with the younger generation coming through.

I do some mentoring out at the university for start-up businesses, and I'd say probably two-thirds of them, without even thinking about it, are trying to run an entity, trying to run a new business that has some sort of impact to what it's doing. They're already thinking about what does this business have? What impact is it having on the world?

John Schol: If I could summarise up what you have just said, you're telling me that people need to be telling the story around the numbers, not just letting the numbers tell the story?

Darren Scammell: Fully agree. And it's not just numbers. It's about the quality of the employees. I love the story of a brewery that's on a river. If you're a brewer on the river, you've got clear and clean water. That's what probably makes your beer fantastic. Well, report that. Explain that. What's your strategy? We'll use the water in the best way to deliver the best beer for you. And some companies have got that. They understand that. But they don't necessarily report it.

Antz Rohan: I guess you've got the financial reporting and you can talk to that, and you can tell a little bit more about what's behind the financials and why it did so well this year, and why we've spent more here, and what does that ratio mean?

But what about all the things that don't get reported by the financials? How happy are your staff? What sort of contribution have you made back to your community? If you're using a local resource like a waterway, have you done anything to help clean the waterway?

All of these things help build a picture and, going back to your point, help tell the story about the organisation and why it exists. Say for an investor, for a lender, for any stakeholder of the company, to know that information makes it way more attractive to want to be a part of.

Darren Scammell: And the financial information, unfortunately, is sometimes six months old. It's last year's information that we're reporting on. Really, you're investing into the future, aren't you?

John Schol: I can see there being a lot of ethical advantages to this type of reporting, but some accountants might ask why make the effort if there's no visible financial benefit to the bottom line? Do you think this view will change over time as more and more stakeholders look towards this type of reporting?

Darren Scammell: A friend of mine is on the Auditing Standards Board in Australia, and she'll tell you that the number one issue that's being discussed in the Auditing Standards Board is non-financial information.

We've had issues, some countries don't like the concept of integrated reporting because they're worried about putting future information into the report and talking about KPIs. And if investors come in and you don't meet that strategy, or don't follow the strategy, or don't meet the KPIs, or you haven't identified all the risks, for example, appropriately, and they lose their money and they might get sued.

I look at it the other way and I think it's actually turned. If you *don't* put that information into the financial statements, explain to existing investors or potential investors, or banks or employees who might come and work for you what the risks are, what your strategy is, I think you're more at risk. Because if something does go wrong, you didn't tell them about it. So I think the world is turning in that regard.

Antz Rohan: I think there's definitely a business case there. I think we've seen some of the stats coming back is saying that those that report more on their non-financial metrics, that are being more transparent about – whether that transparency is about how well we've done or how badly we've done – they're actually creating more of a return for their investors and they're getting more attraction from investors. People are looking for those sorts of organisations versus those that are hiding that information and you're not sure about what's actually behind there.

Darren Scammell: Absolutely. I think it's not being slow, probably, at the big end of town; the big corporates are doing it in Australia, because they can see the benefit of it. Definitely slow at the SME, not-for-profit space. I mean, who has the time to go on the four-week training course? Who has the big back office to gather the information? Who has the interest from their boards to be seeking this information?

Because it's a bit of a fear factor. And where I'm coming from, I really want to simplify it. It's not hard, guys, if you start following the 'with, the what, and the how', as simple as that. Your reports will be better. If you start thinking 'with, what and how' your business will become better, as well. That's why perhaps it's been slow, because of the fear factor.

John Schol: So, Darren, what would you say to those people listening now that do have that fear factor? Where's the first point? Where do they start?

Darren Scammell: I think doing some research. There's some really good papers out there on integrated reporting. There's discussion groups being had. I've attended three discussion groups, trying to spread the word.

I think the next phase is going to be examples. You'll start hearing about entities that have adopted integrated reporting, so that can be shared. It's in their interests, as well. They're getting the message out there, that we're following integrated reporting, we've got a model that's being applied, and here are our accounts. Don't they look really good?

So I don't think there's any fear or shame in providing that information, but I think it's going to take a little while. You can't force any of these companies to do it. They just have to realise to themselves that they need to do it.

And I'd like to get to some audit committee chairs, if you've got an audit committee, or some boards. I've been talking to a couple of the banks, as well, because the banks would like this information to be provided to them rather than them extracting it from the business, if they're going to lend to them. So I think the discussion's out there, and it's happening more and more.

John Schol: Darren, are there places that accountants can go to get templates around this, to get some guidance around how they should actually put this information together?

Darren Scammell: Templates don't exist, and it's a debate we've had. If you're a true believer in integrated reporting at the higher end of town, by definition, you shouldn't create a template. As Antz mentioned before, every business is different;

you should be reporting your information in a different way. But I think smaller entities need a bit of help.

I'm actually working up just a really high level template that'll say, "Here's our strategy, here's our purpose," right? Enter it in here. Here's our value drivers. What is your working capital? What is your debt and equity? What property do you have? What plant do you have to provide the manufacturing information? That's the manufacturing capital. And then, what is your board governance?

You could actually have a little bit of a template there, but I don't want to type in words that people will just use, because that defeats the purpose. You're not thinking in an integrated way, that way.

John Schol: And Antz, what are you seeing on the ground level of business? Are they starting to use this integrated reporting?

Antz Rohan: Not through some of the clients I've been working with, but that's probably more so because I'm working at the real start-up end of town. And also, I guess, New Zealand's probably a bit of a laggard behind Australia, as well. Australia's got a lot more larger organisations and probably more leading the way here.

But what I do find is that organisations that are developing an impact model for themselves – if they're looking at it beyond just a business case of "this will help our bottom line" – it's a marketing tool. They're able to share their story. They're able to go out. There's been some fantastic crowdfunding campaigns where they've met their target in hours. They've just gone gangbusters because they've been able to tell such a compelling story about why they exist, and what impact they're trying to have. "By the way, we're selling soap,".

You start with the why and people get involved and they want ... People are looking for ways to support organisations like this, as well.

Darren Scammell: And it doesn't have to be a 200-page report. I've actually seen some examples at the bigger end of town of a picture; a cartoon drawing of what you do can often tell a thousand stories. How many branches do you have? How many people do you have? Draw it on a page. Show with the detail, how many donations are going out. I've seen some really clever ways of describing a business in an easy to understand and easy to see way, using pictures.

John Schol: Antz, what I've just heard you say is that there are plenty of businesses that you work with that are telling their stories. And, Darren, you're saying that there's lots of great examples where the big end of town have done some wonderful, creative, expansive reporting models. Do you think, Antz, that the smaller businesses would thrive or be able to tell their stories a lot better if they had something to follow?

Antz Rohan: I think if there's standards, some templates – probably just more guidance than templates. I think if they knew they were working to a bit more of a unified... like, I can compare my business against the top business, or myself against last year, or myself against my competitor down the road, that offers a bit more of a compelling reason to want to do it. As opposed to we're doing this for ourselves and our stakeholders, because we want to be able to be transparent and tell our story. We're now kind of going a bit wider into public as a whole.

John Schol: I'd love to give you a quote now from Karen McWilliams, the CA ANZ Business Reform Leader. She said, "The COVID-19 pandemic has shown us the extreme consequences of non-financial risks in businesses, entire industries, and global economies. But if we can learn any lesson, it's that we need to take non-financial risks seriously." What would you say to this, Darren?

Darren Scammell: I specialise in banking and finance, and APRA (the Australian Prudential Regulation Authority) are coming out at the moment with non-financial risk focus, as they measure the risks of organisations and assess the importance of those organisations to the whole of the banking sector, insurance, superannuation.

I couldn't agree more. I really think that we need to improve our non-financial measures and assessment. I think we need to report it, obviously, a bit more, but it's not just for investors and banks. This is APRA saying they would like to see more of this information so that they can assess more accurately the risks of a business, rather than just financial. I agree.

John Schol: And Antz, are you seeing this in the small to medium sized businesses that you're dealing with?

Antz Rohan: Yeah, at a very basic level, one of the things that happened in New Zealand is there was actually some funding available for businesses that were affected by COVID to help them do things like get some HR support, do some cash-flow planning.

One of the big ones that we've been helping clients with has been around business continuity planning. So for a small business who's just focused on getting through the year and getting through day-to-day, I don't think many of them have thought beyond that and going, "What would be the risk to my organisation if...?" And COVID has given them that opportunity to go, "Ah, a pandemic."

And now we're also saying, "Well, what else could there be? What else could happen? Where are the trends in the world going? When's that alpine fault going to rupture down the South Island? How's that going to affect your business?"

Climate change is quite a big and obvious one, where I guess in New Zealand, there's a lot of discussion, there's a lot of ... We've been quite vocal about it. We've already seen some local councils starting to put marks on certain properties if the property's going to be affected by sea level rise. That's causing disruption or distress for some people, but it's starting the conversation.

So, definitely seeing climate change as the biggest one, but then, of course, out of that comes things like moving towards a zero carbon future. And we're just trying to say, "Well, what more can we do?" But we're not just saying from a national government level, but what more can we do as a business and on an individual level? Because business can be the driver for those changes.

John Schol: A lot of these non-financial risks are just being discovered by small to medium sized businesses. They've never had to think about them before. Darren, what do you think some of the major roadblocks are to people identifying what those non-financial risks might be?

Darren Scammell: I think it's just experience, isn't it? In fact, I'm invested in a start-up business. Very small. It's a cocktail syrup business, and off we went. We had the cocktail guy, fantastic concept and idea. We found a hole in the market, so we filled the hole in the market, we hoped. And then along came the pandemic. And our biggest purchaser was Qantas, so 60% of our sales was to an airline. And we just opened up the international shipping, cruise liners. So we had to shift really quickly and, god, who thought that that would happen? We never saw it coming.

But we've been able to shift and we've gone more online, and all that sort of thing. We've survived and thanks to government support around JobKeeper – that sort of thing's helped us – but yeah, we had to pivot pretty quickly.

But as a small business, you don't think about these things. There's the old adage, isn't it? I've been, goodness, in business for 34 years as an accountant. I remember years ago they used to say, and I'll get it wrong, but it was 75% of all businesses fail within five years and 75% of them fail for cash-flow problems.

And that's because the business owner, he or she have got this wonderful idea but they don't have an accountant sitting beside them, right, to help them out. They haven't accessed the finance that they need, they haven't explained the case. It's this non-financial information, come from left field. You have to be ready for it, somehow.

John Schol: Do you think this is a prime opportunity for chartered accountants to take advantage of that trusted relationship that they do have with their clients? I mean, quite often they come to us for compliance based activities. But with the pandemic, and the spotlight that's been shone on these non-financial risks, do you think there's more of a case now for these trusted advisers to really make a difference in their clients' businesses and talk to them more about the non-financial risks?

And also the opportunities that emerge out of those risks, because if you can identify these risks early enough, you can create new niches for yourself as a business owner, can't you?

Darren Scammell: I see two sides of this. You've got the accountants that are actually working in the business. They can help their business to be thinking in an integrated way, to be measuring the ESG that we're talking about, and to report on that, because they're used to following a framework around accounting. They can actually use frameworks now to do that reporting.

And then there's the other side of the fence for our chartered accountants, who are actually in practice, who can actually advise their clients how to do this in a better way.

I can actually see an opportunity to win new clients, right? You become really good in a particular industry at understanding 'the what, the with, and the how'. And you can actually go out and win new clients.

Antz Rohan: It's going from that 'looking backwards' approach, from a compliance, tax return perspective, and really looking forward.

I think out of the back of COVID, I saw a lot of clients approaching us saying, "Look, we really want to see what the next six months look like." The value in such a simple thing to them was amazing. Like, just the sense of relief, of going, "Well, it doesn't look good, but at least I know where I'm going." And then being able to go back to them six months later and go, "Great, so how did we go compared to how we forecasted here?"

I think fundamentally, it's opening up to business advisory. It's going beyond just doing the compliance and doing some true business advisory, and you're really thinking about the future, managing the risks and looking beyond just how are we going to perform financially? But how are we going to perform in these other sectors, as well?

Darren Scammell: I forgot one really important element to this, and that is around compliance. I mean, there's a big opportunity for accounting firms to provide assurance around this. That's certainly happening at the bigger end of town.

I don't want to frighten off the SMEs about more audit fees, if needed. And I know the small end of town don't need auditors, but who is going to assure this?

This is to your point about, and asking me whether it should be mandated. If things become mandated, then there's going to be the assurance to be provided around that. That could be an added cost to business if that was to occur.

John Schol: In one of our earlier episodes, we had Chaz President come on and he spoke about the three tenses of time that accountants tend to work in: the past, the present and the future. And all too often we're spending a lot of time in the past. Antz, do you think that with this new integrated reporting that we'll see a real shift within our own industry towards having these discussions more often with our clients?

Antz Rohan: Yeah, it would have to be, right? We're thinking about, we're talking about future opportunities, future risks, different capitals that could impact performance. It really is about being an accountant for the future, not being just an accountant for the past. Because we still have to acknowledge that compliance is still important and it's still valuable to our clients. But it's then going beyond that.

Darren Scammell: I think what's happening, too, in the marketplace, is that as we become more and more automated, there is less need for accountants as such, or financial controllers. I'd like accountants to become more like CFOs and more responsible for the future of the business and directing where the business should be going, and reporting on that.

As more and more automation occurs, we're spending less time doing the reconciliations and the manual books and that sort of thing, so where does the opportunity lie? It's going to be in that non-financial information. It's going to be providing more strategic information and reporting. I think that's where the future has to lie for us and we have to move that way quickly.

John Schol: Another quote from Karen McWilliams. She talks about achieving environmental sustainability, "We need to have strong corporate standards that are quantifiably enforced, accountants that are trained to accurately and comprehensively measure the sustainability, as well."

So how do we play a role in that and how likely is it for accountants to change the landscape in which they currently operate to meet these standards?"

If we don't have really robust rules around it, then the stakeholders that we're trying to communicate to may get really confused when trying to compare one business with another, or one outcome with another…

How can we communicate to stakeholders in a way that they have confidence in what's being reported?

Darren Scammell: Agreed. What I'm trying to sell here is that following 'the what, the with, and the how' will help people to be following the integrated reporting principles.

And that links, of course, to ESG. So, as we're talking about it, ESG is part of that assessment of an integrated report, or what's being reported on. Antz mentioned it earlier on, you'll be able to compare like with like, with your industry with other industries, if they follow the types of principles.

Now, to have that mandated and have training around it and have requirements is probably a step away for us at the moment. But if we as business advisers and ones within the business can see the opportunities, I think we'll evolve towards getting better, more comprehensive, and more accurate reporting around this. We've got to head that way, again.

Antz Rohan: To go beyond the idea of it being, I guess, the stick of compliance, where's the carrot here? I think we've been talking about it throughout this podcast, is that there's benefits there for the organisation itself, there's benefits for the stakeholders, there's opportunities for accountants to move into this space. This could be a new service offering, a new revenue line. I think the carrots are there. I think we've just got to start realising them and once you have a taste, I think more and more accountants will start getting into it.

John Schol: Darren, for our listeners out there, can you name any big businesses where we can go and actually have a look, a download, view online, of an example of really good integrated reporting?

Darren Scammell: Aussie Post [Australia Post] is a really good one. And I do know three or four years ago, they had a one-page picture which I just loved, of how their business works. Cbus, the superannuation fund in Australia, based in Melbourne – and I supported them on their journey initially to deal with integrated reporting – is another good one. The banks, ANZ, NAB, they follow this. Bupa, globally, have an excellent report. You can download all these reports to have a look at them. And it gives you the flavour of what you need to do at the SME space, the sort of things they're talking about.

John Schol: And Antz, have you got any examples here in New Zealand that you could share with our listeners?

Antz Rohan: Similarly, we've got New Zealand Post, who they're government owned, and they're making a real shift towards being more sustainable. I know they're working closely with the social enterprise community.

We've got a program here called Forward, which is all about developing social procurement. So organisations jumping onboard, thinking, "If we're going to spend our money, how can we spend it with socially responsible organisations?"

While we don't have necessarily ... I'm not too sure from an integrated reporting perspective, what I am seeing is social enterprise suppliers jumping onboard with this program so that they themselves can kinda get the certification, get the mark to go, "Yeah, we're a socially good business and if you do business with us, it's helping you fulfil your own social procurement policy."

Darren Scammell: I'm going to be in trouble here, because I forgot to mention one wonderful organisation that follows integrated reporting, and that's Chartered Accountants Australia New Zealand. So download the annual accounts and you'll see that they've followed <IR>, and there is ESG reporting in there, as well. So, there's been a lot of time spent on those financial statements and I hope you'll find them an interesting, an easy read, following the <IR> principles.

John Schol: So it's safe to say, Darren, that at the moment we're right at the beginning of this journey. It's not something to be fearful of, it's something to be really interested in; to have a look at what best practice is so far, and tell the story within each business, the way that it should be told, rather than have a standard adopted around it.

Darren Scammell: Very well said. Yeah. It is, it is. October is when I started on this. There's a group of us that meet every couple of months now, and we're just spreading the word. That's why I'm really grateful for this opportunity. The conference I talked to. The discussion groups. I'm just going to get it out there more and more and more, and start also sharing examples of where <IR>, with ESG within it, is being reported in a good way.

John Schol: And Antz, you were working a lot with small to medium sized businesses in New Zealand. I'm a public practitioner. I'm sitting here now thinking, "How can I just take this to my other principals, my other directors and say, 'I'd love to start doing this'." What should I be telling them to do first?

Antz Rohan: You really do need a champion and I'm a bit of a believer in 'ask for forgiveness, instead of ask for permission'. So, perhaps it's just about going out there, to one or two of your really close clients and, and running it with them for a bit. Then going back to your other principals and going, "Hey, look, we've just tried this with a couple of clients. This is the feedback they're getting, this is the feedback their customers are giving, and their stakeholders. I reckon this could be something we could roll out."

And then you're sort of, you're getting a run on the board as opposed to here goes a hypothetical thing that I'd like to do. So sometimes you might be battling uphill, depending on where the other principals are at.

Darren Scammell: It's a good point, Antz. I'm working with the Stroke Foundation through Deakin University. Deakin University here in Melbourne actually has an integrated reporting business, that it lectures in. So you can actually do the studies there.

A client of mine is the RSL branch in Victoria here, and they're looking at going [into an] integrated report. Starting the journey. This year's report won't meet all of the <IR> requirements, but they are starting that journey, so next year they'll adopt more and they'll adopt more. So it doesn't have to be done overnight, but the principles will apply.

I fully agree, I've taken this on as a personal thing that I'm doing, rather than just at Grant Thornton. And I'm hoping that more and more clients will come onboard as they realise the opportunities. Really good point, thank you.

John Schol: One of the key messages we're trying to give our listeners out there is that through the storytelling, and through the integrated reporting, we can really provide insights and advice to our business clients on how to tell their story in new and exciting ways.

Darren Scammell: Agreed.

Antz Rohan: Yep, absolutely.

John Schol: Thanks again to Darren Scammell, former President of Chartered Accountants Australia New Zealand and now partner at Grant Thornton, and Antz Rohan, director at Fairground Limited, for spending time on "Small Firm, Big Impact" today. Thank you to you both.

Darren Scammell: Thank you, John. Pleasure.
Antz Rohan: Thanks, John.

John Schol: So my key takeaways from today's podcast are to keep an open mind, that this is a journey, ESG is all about intent, add value through storytelling, shift your client's perception on value, and just get in and give it a go.

That's it for this episode of "Small Firm, Big Impact", but make sure you join me next time as I chat with Kelly Chard, founder and director of GrowthMD, and Brad Turville, director at Modern Firm Practices, as we investigate how to find the sweet spot of specialisation, and the big questions you should ask yourself.

And, of course, don't forget to head over to My CA and join the Catalyst community and check out the fantastic resources that your membership with CA ANZ gives you access to.

It's also worth heading over to the CA Catalyst section of the CA ANZ website where you can find practical resources like case studies and playbooks.

Of course, there's also the library and the tools and resources hub with plenty of practical information and great insights to support you in practice. And lastly, my personal favourite, LinkedIn Learning, which is free to CAs and is tailored to your personal learning needs.

This has been "Small Firm, Big Impact", I'm John Schol, speak with you again soon.

[ENDS]