

Purpose, people and planet

An environmental and social approach to sustainability
in not-for-profits and charities



Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 134,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live. Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.



Foreword

Chartered Accountants Australia and New Zealand (CA ANZ) is a strong supporter of the not-for-profit (NFP) and charity sector and understands the crucial role it plays in communities across Australia and New Zealand.

In their role as advisors, auditors, employees or volunteers, Chartered Accountants make a difference in many NFPs, helping to drive them towards their mission.

Faced with the climate and environmental crisis and persistent, widening, social inequality, it is clear we need to act with urgency to create a sustainable future.

Tackling social and environmental needs is at the heart of many NFPs and charities. Yet applying an environmental and social lens to **how** they achieve

their mission and remain financially sustainable is a challenge for many.

CA ANZ has published this playbook to encourage and support NFPs and charities to incorporate environmental and social considerations into how they deliver on their purpose. The case studies and practical insights included in this playbook provide inspiration on where and how to start. And the good news is that looking after people and the planet can enhance financial sustainability too.

In commending this playbook to Chartered Accountants and the broader NFP and charity sector, I would like to extend my appreciation to the members of the CA ANZ Charities and NFP Advisory Committee, Sustainability Management Advisory Committee and others who contributed their expertise, insights and experiences to its development.



Simon Grant FCA

Group Executive – Advocacy,
Professional Standing and International

**Chartered Accountants
Australia New Zealand**

Introduction: The time is now

The not-for-profit (NFP) and charity sector plays a crucial role in Australia and New Zealand.

And just as the corporate sector is experiencing pressure to alleviate environmental and social harm and create positive impact, NFPs are also under scrutiny.

Many NFPs do not have a strategy or plan that aligns their operations with wider initiatives, such as the Sustainable Development Goals (SDGs) or incorporates social and environmental risks and opportunities.

Yet taking an environmental and social lens can assist NFPs to better deliver on their mission and enhance their financial sustainability while staying relevant to community and stakeholder expectations.

Benefits include strengthening resilience and reducing costs, as well as attracting finance, grants,

corporate partners, employees and volunteers. This enables expansion and increased capability to achieve positive outcomes.

NFPs that deliver on their purpose sustainably can be at the forefront of this change.

In time, NFPs that do not embrace this broader lens risk stagnation, a diminished reputation, being less attractive for talent and missing out on funding.

A coherent plan combined with a focus on good governance are the starting points to address sustainability more broadly within NFPs.

This playbook provides insights from NFPs that are already taking steps to incorporate an environmental and social lens and practical recommendations to assist others to start. It is one of a number of resources produced by CA ANZ specifically for the NFP and charity sector.



CA ANZ resources for the NFP and charity sector

- [Charity Fraud: Tools for Prevention](#)
- [Not-for-profit | Reporting | CA ANZ](#)
- [Guidance for NFP Assurance in New Zealand](#)
- [NFP Cash Reserves](#)

What is sustainability?



What is sustainability?

Sustainability means different things to different people.

Many NFP's use the word "sustainability" to describe their capacity to stay operational with sufficient funds to keep projects and programs running.

Sustainability is also used in the context of contributing positively to environmental, social and governance outcomes and reducing or eliminating negative impacts.

In this playbook, we offer insights and broad practical guidance on how NFPs can, and should, incorporate environmental and social considerations into their operations and supply chains, within the context of being a well governed and financially sustainable organisation. In other words, how NFPs can achieve their purpose more sustainably by applying an environmental and social lens.

'There's a significant shift in the dial – a greater focus from many stakeholders on not just what an NFP does but how they deliver that service in the most sustainable way.'

– Bhavesh Narsey CA, National Head of Not-For-Profit at Grant Thornton Australia.



Sustainability resources

Resources and tools provided to assist for-profit organisations in their sustainability journey are useful for NFPs too.

Larger organisations can access resources provided by Accounting for Sustainability [Knowledge hub](#).

Smaller organisations can access resources provided by Chartered Accountants Worldwide in the SME hub [Sustainability Hub - Chartered Accountants Worldwide](#)



What is sustainability? (continued)

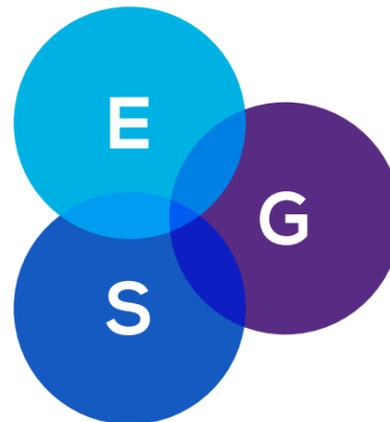
The ESG approach to sustainability

E =

Environmental includes an organisation's energy use and other resource consumption that impacts the natural world. This includes greenhouse gas emissions, water, waste and recycling and biodiversity loss.

S =

Social refers to interactions an organisation has with employees, volunteers, suppliers, customers and clients and how its operations affect communities where it does business.



G =

Governance refers to how an organisation, through its policies, practices and processes, makes decisions, complies with the law and interacts with external parties.

It includes board composition, directors duties and governance frameworks that address anti-money laundering, fraud, bribery and corruption, whistleblower protections, and risk management.

It includes respect for human rights, such as the eradication of modern slavery in the supply chain, work practices, health and safety, and diversity and inclusion.

Governance resources

- [ACNC Governance Standards](#) and other resources for NFPs and charities
- [Governance Institute of Australia Not-for-Profit governance resources](#)
- [Charities Services Ngā Ratonga Kaupapa Atawhai governance resources](#)
- [Institute of Directors New Zealand Not-for-Profit Governance Hub](#)

Environmental, social and governance issues

Many NFPs and charities have purposes founded in tackling environmental or social issues. Applying a social and environmental lens more broadly, together with good governance, can assist organisations develop a well-considered and practical approach to minimising unintended negative impact and maximising the positive contribution they make to the wellbeing of the planet and society.





What is sustainability? (continued)

Sustainable Development Goals

The 2030 Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, form one of the most comprehensive statements of intent ever made by the world community and provide a global lens for people, planet, prosperity, peace and partnership. Many organisations have adopted this framework to develop their own approach to sustainability.

'It is a roadmap to ending global poverty, building a life of dignity for all and leaving no one behind. It is also a clarion call to work in partnership and intensify efforts to share prosperity, empower people's livelihoods, ensure peace and heal our planet for the benefit of this and future generations.'

- Former UN Secretary-General Ban Ki-moon.





What is sustainability? (continued)

Indigenous knowledge

For Indigenous or First Nations people worldwide, sustainability has remained integral to social and cultural practices for millennia. In New Zealand, a Māori proverb says: ‘Manaaki whenua, manaaki tāngata, haere whakamua.’² If we care for the land, if we care for people, we can move forward into the future.

The climate crisis has encouraged deeper reflection on sustainability. This includes learning from the concepts and practices of First Nations peoples.

An example of this is the growing practical application in Australia of fire-management practices of Indigenous Australians to avoid catastrophic bushfires.³

Government agencies in New Zealand are increasingly applying Mātauranga Māori to inform practice in key government agencies, particularly in the Ministry of the Environment. See [Mātauranga Māori: Applying a Māori lens to environmental management | EPA](#) and [Integrating te ao Māori and mātauranga Māori in environmental reporting](#).



Learn more

Climate change is a crucial issue for the accounting profession

Tackling climate change
The Paris Agreement aims to achieve net zero emissions globally by 2050. This legally-binding international treaty on climate change, adopted by 196 countries at COP21, seeks to limit global warming to below 2 degrees Celsius, preferably 1.5 degrees, compared to pre-industrial levels.¹ While the treaty is not binding on individual organisations, many are already taking proactive steps to reduce emissions, and setting a strategic goal of achieving net zero by 2050 or earlier.

1. [The Paris Agreement | UNFCCC](#)
2. [NZ Sustainable Business Network](#)
3. See PK Virtanen et al. (2020) Indigenous Conceptualizations of ‘Sustainability’, Volume 43 (2020)



'Walk the talk' on sustainability

The Ākina Foundation is a NFP consultancy that advises a range of organisations wanting to "do more for people and the planet." It has 15 full-time employees, receives no donations and has revenue of NZ\$2.8 million from its client work.

Sustainability is a significant part of Ākina's core purpose. It tries to "walk the talk" and ensure all operations are aligned with that purpose. This is very important to its trustees, clients and employees. Its name in Māori means "to challenge, to encourage, or urge onwards".

"Encouraging businesses to have a more sustainable impact is what we do every day with our own clients," says Nicola Nation, Ākina's CEO, which includes something as simple as persuading Qantas to source a more environmentally friendly wine.

One of the ways the Wellington-based consultancy achieves this in its own organisation is Ekos Climate Positive certification, says Nation. This means it commits to reducing its carbon footprint, created directly and in its supply chain by setting, measuring and achieving



'Walk the talk' on sustainability (continued)

SPOTLIGHT
THE ĀKINA FOUNDATION

science-aligned reduction targets and contributing to wider environmental and social outcomes.

Ākina is also a member of the Climate Leaders Coalition in New Zealand - a group of 100 CEOs who are leading by example, reducing emissions in their own organisations, influencing businesses in their supply chain and advocating for climate change policy locally and nationally.

Every year, Ākina produces its own impact report which includes what measures it is taking on sustainability, with a procurement policy that encourages sustainable decision-making with all procurement spend.

"For example, we always have vegan catering at events for social and environmental reasons, we have bought sustainably-sourced organic cotton cushion covers with environmentally-friendly dyes made in local communities," Nation says.

Transport is another issue. Ākina's 15 employees walk or bike to work and client meetings. "There's benefits in that for the environment, our health and the obvious financial savings," Nation says.

Many organisations are unaware which of their activities are sustainable, she says. "Other organisations think they are having a huge impact when in fact it is quite narrow."

Also, she acknowledges that greenwashing is a huge issue across all organisations. "We only work with those that we believe are ethical and have integrity," she says. "We ask some hard questions and by measurement of the outcomes, we try to mitigate that risk (of greenwashing)."



Tip

"My advice to any organisation wanting to go down this path is to have a hard look at your procurement," says Ākina's CEO, Nicola Nation. On their website, Ākina offers an [impact directory](#) which provides a range of positive environmental, social and cultural outcomes with their products and services. Nation also recommends:

- [Sustainable Business Network's Circular Economy Directory](#)
- [Sustainability Trust](#)
- [Climate Action Toolbox](#)
- [Doing Business for Good](#)

Create a sustainable future



Create a sustainable future

Why operating sustainably makes sense

Living your purpose

NFPs are purpose driven. Taking a sustainability lens to how you achieve your purpose could broaden the ways you create positive impact and minimise unintended negative impact. This can help your NFP to demonstrate that you live your purpose and consistently walk the talk.

If your purpose is to alleviate social inequality, then adopting a sustainable procurement policy across your operations can contribute to your purpose. Taking action to reduce emissions tackles climate change, a driver of social inequity. And by measuring, tracking and reporting your sustainability initiatives you can communicate more broadly that you are achieving your purpose sustainably.

Funding

NFPs that do not address social and environmental concerns in their operations risk losing financial support.

Many corporate donors, grantors and shared value partners are setting goals and targets for social and environmental issues. These include

diversity and inclusion, reducing emissions and eliminating modern slavery from their supply chain. It is inevitable they look to the NFPs in their value chain to contribute to these goals, for example that the NFP has addressed modern slavery in its own supply chain. Those NFPs that cannot demonstrate commitment to these goals may miss out.

→ Bhavesh Narsey CA of Grant Thornton, gives an example of two NFPs competing for funds to run a program. The NFP that includes in its proposal details of how it will manage the program sustainably, increases its likelihood of being selected. NFPs, as recipients of funds from government bodies, private foundations and donors, need to be cognisant of how they will be addressing the sustainability objectives of their funders.

Financial health

Sustainability makes financial sense. Research that shows businesses that embrace sustainability do better financially than those that don't.⁴ For NFPs, reducing energy, water use and waste, and increasing employee and volunteer wellbeing may decrease operational costs. Employees and

volunteers may already be implementing initiatives or have great ideas on how to do this. You could also seek pro-bono advice on becoming more sustainable while remaining focused on your mission and taking financially viable decisions.



4. McKinsey & Co's **Profits with purpose: How organizing for sustainability can benefit the bottom line** (2014) and Friede, G., et al (2015) ESG and financial performance: aggregated evidence from more than 2000 empirical studies, *Journal of Sustainable Finance & Investment*.

Create a sustainable future (continued)

Talent

Hiring and retaining employees, attracting volunteers and appointing board members with the skills and knowledge to achieve organisational goals is a challenge for many NFPs. Prospective directors, employees and volunteers often seek to engage with organisations that share their values.⁵ A stronger sustainability focus on how you deliver on your purpose may make your NFP a more attractive destination and increase your people and volunteers' engagement. This means less churn, reduced recruitment costs and increased capacity to service clients.

Resilience and Innovation

By focusing on sustainability and embedding it into decision-making your organisation can be better prepared to manage risks and embrace innovation.

This lens enables NFPs to incorporate sustainability-related risks, such as modern slavery and climate change into your strategy. It also empowers leaders, employees and volunteers to be more innovative to improve operations and how they engage with the community. This leads to a more resilient future-focused organisation with stronger roots in the communities you serve.

5. [Future Of The Sustainable Workplace Report | Unily](#)

6. Family Life [Here for families. Always. Through COVID](#)

7. [2022 Edelman Trust Barometer Global Report_Final.pdf](#)

8. [Trust in charities post-Covid](#) Charity Commission for England and Wales 2022

Trust

The latest figures from the global 2022 Edelman Trust Barometer ranked NFPs among the most trusted sectors of society. NFPs are regarded as the most unifying force in society and the most competent and effective driver of positive change.⁷

The Charity Commission in England and Wales suggests society sees NFPs as special and distinct from other businesses or organisations because of their purpose and passion.⁸ Discussing publicly the sustainability steps you are taking will continue to enhance the public trust you enjoy now.

Wellbeing Out West is a service delivered by Royal Flying Doctor Service (RFDS) Queensland providing free mental health education, one-on-one counselling and support to people living and working in remote and rural parts of Queensland. The service targets anyone experiencing tough times because of worsening rural adversity - an initiative introduced to increase the resilience of people who are now more vulnerable due to a number of factors, including climate change extreme weather events.

Engaged and connected

The pandemic spurred Australian charity Family Life to bring the focus back to its people. It created policies and shared COVID-safe business practices and says it put "huge amounts of effort and focus" on supporting an engaged and connected workforce during remote operations. Initiatives included implementing a hybrid workplace, ensuring staff were prepared for digital change, new Customer Relationship Management (CRM) software to improve communication with stakeholders, including volunteers, and online training for staff at "every opportunity" to support personal and professional growth. By implementing these initiatives it improved staff retention and achieved a volunteer retention rate of 80% through the pandemic.⁶

NFPs are seen as 'the most competent and effective driver of positive change' in society.



A holistic view of health and wellbeing

The Royal Flying Doctor Service of Australia is a national NFP bringing emergency medical and primary health care services to regional rural and remote Australia, to reduce disparity and access to health services. RFDS is a federation of six charities with a combined revenue in 2020/2021 of AU\$474 million. It has 2,100 full- and part-time employees. Last year, their aircraft flew 28 million kilometres - equivalent to 34 trips to the moon and back.

Over the past two years RFDS Queensland section conducted an in-depth review of the organisation's mission, purpose, and activities to create a vision for its 100-year anniversary in 2028. In parallel to this forward planning, they also hired a consultant to assess how they aligned to the UN's SDGs.

"In fact, we were already aligned to five goals without fully appreciating it," says Russell Postle, FCA and Chair of the RFDS Queensland section, pointing to the organisation's dental truck program, which addresses targets within two of the SDGs to promote health and wellbeing and reduce health inequality.





SPOTLIGHT
ROYAL FLYING
DOCTOR SERVICE

A holistic view of health and wellbeing (continued)

“It’s on the road constantly going to communities where there is no dentist, so we won’t compete with a dentist that’s already on the ground. Our doctors in our primary health care service told us that we needed to address dentistry to have a holistic approach to people’s health and wellbeing,” he says.

Another initiative is the “Wellbeing Out West” program, Postle says, which has pop-up stands at agricultural shows, field days and other events.

“We engage people to get a holistic view of health: we’d check your blood pressure and blood sugar, ask if you have any skin sunspots, ask if you’re sleeping well and just discover how you’re going mentally as well,” Postle says.

RFDS’ unique experience on the health frontline, gives it the depth of experience to be innovative. Telehealth is an area it has led for nine decades. In the early days, telehealth consultations were done by pedal-powered radio. Today, it uses video calls. Last financial year, it held 63,837 remote telehealth consultations.

While this does reduce the number of face-to-face consultations and the amount of fuel burned by planes or trucks, Postle says that RFDS is in conversations with air fuel manufacturers who are developing more environmentally-friendly alternatives which should be available soon.

Advocacy is also a significant part of what the RFDS does. In the last year, it has contributed submissions to more than a dozen relevant federal and state government commissions and policy reviews.



::: Tip :::

Russell Postle’s advice to other NFPs embarking on the sustainability journey is: “You can’t necessarily contribute to all the SDGs. It might not be immediately apparent what you can do, but just taking the first step to assess your operations and think about what you can do better is important. And it’s important to note that the conversation is so much broader than just environmental sustainability. It can be as much an opportunity as a challenge.”

How to incorporate sustainability into your NFP



How to incorporate sustainability into your NFP

Start with small steps and steadily increase your ambition

Ambition is important but so too is the need to be pragmatic.

It is common for people who run NFPs to feel overwhelmed about how they can address sustainability in their organisations, according to both Craig Fisher FCA, consultant at RSM Audit in Auckland and Bhavesh Narsey CA of Grant Thornton Australia.

The preliminary step is to ensure they understand the broad concepts of sustainability.

'We try to get them to look at sustainability in a more holistic manner, through an ESG or SDG lens, not just focusing on the environmental perspective,'

– Craig Fisher FCA, consultant at RSM Audit

The following is an indicative approach to incorporating sustainability into your organisation.

Network with other organisations. Engage with other NFPs in informal and formal networks to learn from their experience implementing sustainability initiatives and how they might apply to your own organisation.

Raise awareness of broader sustainability issues and the UN's SDGs by educating board members, employees and volunteers, so everyone understands the issues.

Engage stakeholders and consider where you are having a material impact – positive and negative – to identify the environmental and social issues to focus effort on in your NFP. You could use the **SASB Materiality Finder** which considers risks most likely to occur in particular industries. Ask customers and clients, employees, volunteers and other stakeholders what matters to them, and research what peers are doing.

'Instead of getting lost in general sustainability measures, determine what matters to your organisation. This will be different for every NFP. Then decide on actions that are manageable and meaningful, and think about how to achieve them.'

– Bhavesh Narsey CA, National Head of Not-For-Profit at Grant Thornton Australia.

Reflect on your purpose, vision and values. Deep consideration of why your organisation exists brings everything else into sharper focus, including areas where you already contribute to a sustainable future, and what you can do better.

'NFPs are great at aligning their key strategic decisions to their purpose. This should not change when assessing sustainable outcomes. Running a sustainable organisation should be embedded in the purpose.'

– Bhavesh Narsey CA, National Head of Not-For-Profit at Grant Thornton Australia.

Analyse the financial impact of your goals and potential ripple effects. Consider different scenarios and their consequences. Include a cost-benefit analysis. There may be no additional cost or even cost reductions, while in other cases such as investing in solar panels, there may be a significant upfront cost and long term savings.

How to incorporate sustainability into your NFP (continued)

Establish a sustainability working group that conducts the planning and tracks your actions. This could include a cross-section of the organisation including those with specific expertise such as employees, volunteers and senior leaders.

Set goals about how your NFP aims to improve its sustainability and when you will achieve those goals. Use SMART goals (Specific, Measurable, Achievable, Relevant, and Time-bound). Be granular and specific. Benchmarking your organisation against the SDGs is a good starting point or dividing what it does into environmental and social and governance outcomes.

→ Many NFPs fail from not having enough of an objective perspective, says Fisher.

Conduct a self assessment to assess where your NFP is on the sustainability journey and how that aligns with its purpose. Your people may have already adopted sustainability initiatives such as recycling, buying local, or switching off all laptops and appliances at night. You may have an investment strategy tailored to your mission and organisation, which already incorporates broader social and environmental considerations.

To delve deeper you may need to engage an outside consultant or accountant to assist with this if it is beyond your internal capabilities – perhaps you already have a volunteer with this expertise or can attract pro-bono assistance.

Assess your risks. Every organisation needs a holistic approach to risk management that takes into account the interconnected, multi-tiered nature of risks. These include environmental and social risks. Consider risks that will impact on demand for your services as well as risks that impact on how you deliver your services.

Get board endorsement. Obtain board sign-off for your sustainability approach and goals. Many board members can also contribute valuable ideas from their corporate experience of sustainability.

[Learn more](#)

Accountants are pivotal in identifying and managing non-financial risk | CA ANZ

How do you engage people in sustainability?

Beginning the conversation is not always easy. Some may believe highlighting sustainability is mission creep rather than about how you achieve your purpose. Others may raise concerns about costs or how donors and other stakeholders

will react. But if you successfully engage your people in sustainability they can be your best ambassadors.⁹

9. ESG for Non-profits: What Your Group Needs to Know – BoardEffect

How to incorporate sustainability into your NFP (continued)

Create a detailed plan, including targets, setting out in detail how and when you are going to achieve your sustainability goals: short term, medium term and long term. Adopting the 'Theory of Change' approach can help organisations more effectively achieve their sustainability goals.

Get buy-in from everyone in your organisation and identify sustainability champions to motivate people from within to stick to the sustainability journey. Putting sustainability as a standing item on the board's agenda is also important to ensure it aligns with your purpose and governance.

Communicate your sustainability journey to all your volunteers, employees, clients and donors so they know what you are doing and why. Use your intranet, newsletters, website, social media, webinars and include it in your annual report. This reporting must be transparent and balanced to avoid green or colour washing.

Resources to engage your people in sustainability

[How to talk about climate change: a cheat sheet](#) by New Zealand consulting firm The Workshop has tips on talking about sustainability.

The [UN Global Compact](#) provides free short [e-learning courses](#) designed for professionals at all levels to learn more about integrating the SDGs into their organisation.

Future-Fit Foundation, a UK-registered charity that aims to help businesses build a better world, has created an [introductory video on sustainability](#).

The Nature Conservancy of Australia has resources available on its [website](#) and recommends five principles in discussing climate change.

1. Meet people where they are.
2. Connection outweighs facts.
3. Start with what's already happening.
4. The goal is conversation, not conquest.
5. Focus on the person across from you.

Seek partner collaboration. Clearly stating your sustainability achievements, goals and targets might open opportunities to partner with other NFPs, donors and corporates who share your vision and are a natural fit.¹⁰

Participate in local community sustainability initiatives. This demonstrates your commitment to sustainability.

Learn more

Chartered Accountants Worldwide
Sustainability Roadmap



10. Civil Society UK [Having an ESG strategy is 'more important than ever before'](#)

How to incorporate sustainability into your NFP (continued)

Find collaborators

An effective and accelerated way to become more sustainable in your operations is to find collaborators and donors who want to support sustainability projects. Seek funding, for example, from organisations that want to collaborate with NFPs that align with particular SDGs.

In the case of business partnerships, Fisher from RSM warns NFPs to enter corporate partnerships with their eyes wide open. NFPs should think about what they can gain from a business and what the business can gain from them. From the corporate's perspective, involvement with an NFP can also elevate their sustainability profile, he says.

Sustainable procurement

NFPs can create a positive impact by implementing a sustainable or social procurement policy to align purchasing with social and environmental goals. This could include buying Fairtrade products, purchasing from other certified traders or simply buying locally.

For those NFPs that are engaged in a social enterprise, they may consider and be eligible to become certified themselves, for example as Indigenous, Māori or social traders. This is an advantage for these organisations if they seek to become suppliers to corporates or governments, who are looking to their suppliers and supply chains to not only reflect but improve their own sustainability performance.

[Learn more](#)

Smart purchasing Sustainable Business Network

'The NFP has to be very careful not to be 'brand washed'. They need to ensure it's a true partnership and not just a corporate buying the NFP's brand value because unfortunately this happens.'

– Craig Fisher FCA, consultant at RSM Audit



What actions to take

Equipped with a plan, your NFP needs to act

This section takes a deeper dive into four aspects commonly addressed by organisations starting their sustainability journey.

1. Understand your carbon footprint

Tackling climate change means reducing emissions. Identifying the sources of your greenhouse gas (GHG) emissions is the first step in reducing them.

Measure GHG emissions

Measuring and tracking emissions is challenging. You could start by measuring Scope 1 and 2 emissions and your most material Scope 3 emissions, and broaden as your approach and expertise evolves.

- Gather data to determine GHG emissions across the different scopes and sources.
- Analyse resource use such as electricity and water, raw materials (including metal and timber products), product/machinery life cycle and waste.

- Decide on a baseline year to set reduction targets against.
- Set emissions reduction targets and timeframes.
- Measure the emissions gap and determine changes and steps to cut emissions to meet those targets.

Every NFP is different, so how you seek to reduce your emissions will depend on your circumstances. Some examples are included below that may prompt your thinking.

1

Scope

Scope 1 - are direct emissions from the organisation's vehicles (cars, planes, trucks), also during industrial processes and any on-site manufacturing (for NFPs with a social enterprise). This also includes fugitive emissions, largely refrigerants for cooling buildings.

What you could do

- Reduce consumption of fossil fuels in your operations.
- Switch to cleaner alternatives, such as electric or hybrid trucks and cars, if this is financially and physically feasible in your location.

Resources

NFPs can use some of these tools to measure their carbon footprints

- Carbon Footprint calculator
- Climagap
- CoGo
- Climate action toolbox





What actions to take (continued)

[Learn more](#)

Overview of GHG Protocol scopes and emissions across the value chain

Scope 2	What you could do
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Scope 2 - are indirect emissions from the generation of purchased electricity, heating/cooling, to power equipment, computers or lighting.

- Change your energy provider to one with renewable energy if you have this option.
- If you own your own building, consider solar panels to generate your own power and sell excess power back to the grid or adopt other energy-saving measures such as insulation. This does require up-front investment for long-term savings, but you may find grants are available to assist with the up-front cost.
- Choose products with longevity, made with less carbon, from recycled materials or renewable energy. When necessary, replace technology, appliances and equipment such as computers, lighting, air conditioners and water heating with more energy efficient options. Consider if you need to purchase assets outright, or use a more circular approach such as sharing or product as a service (PaaS).
- Operate from premises with a high environmental efficiency rating. Buy or rent an energy efficient office or operating space built to energy efficient construction standards.



::: Tip :::

State and national governments have a lot of information on energy efficiency and schemes to encourage energy savings. For example, in NSW the Energy Savings Scheme provides organisations with financial incentives to upgrade equipment and processes.



What actions to take (continued)

3

Scope

Scope 3 - are indirect emissions in a NFPs value chain. This could include the extraction, manufacture and transport of products you use as well as the transport of waste. It includes emissions from the travel of employees and volunteers to and from work, board member and client travel to your organisation.

What you could do

- Decrease business travel domestically and internationally by using tele- and video-conferencing services.
- Encourage employees and volunteers to work flexibly if their role allows. When they attend a workplace, encourage them to reduce car use. It may be feasible to bike to work so provide bike racks and changing facilities. You may be able to subsidise their use of public transport or assist them to access subsidies. Car pooling may be an option you could encourage and facilitate.
- Go digital and use the cloud. Operating in the cloud can be a more sustainable option provided you select a cloud provider optimised for efficiency and operating on renewable energy.
- Consider your purchase of goods and services. Consider the products used in your organisation - think about how they are manufactured and the energy used in that process. Consider how they are shipped to you by boat, truck or plane.

Resources

Refer to the [GHG protocol](#) for the global standardised frameworks to measure and manage greenhouse gas emissions. [ISO 14064](#) specifies principles and requirements for organisations measuring and reporting GHG emissions and removals.

Report progress

Measure and track your emissions and report progress to employees and volunteers, your board, donors, and more broadly on your website and annual report.





SPOTLIGHT
ZEALANDIA

Sanctuary dives deep into sustainability

Zealandia is the world's first fenced urban wildlife sanctuary, located in Wellington, covering 225 hectares and home to over 40 rare species of native New Zealand wildlife. The fence keeps out possums, cats, rodents and stoats that threaten these animals. It has a revenue of NZ\$5.5 million and employs 51 people.

Although Zealandia has always been seen as an environmental organisation, it only began aligning itself with sustainability and the UN's SDGs with a wider outward-looking mission five years ago.

"We regarded ourselves as a sanctuary, claiming back the area from predators who had wreaked havoc," says Dr Danielle Shanahan, Zealandia's Chief Executive since 2021. "So for the first 20 years of our existence, our strategy was pretty much solely focused on inside that fence and how we could keep nature in and the predators out to get back that environment."

Then in 2016, the organisation went through a metamorphosis. Shanahan together with the board created a new strategy, refocussed with



Sanctuary dives deep into sustainability (continued)

SPOTLIGHT
ZEALANDIA

an SDG lens, and with a new core purpose: “We connect people with our unique natural heritage, and inspire actions that transform how people live with nature in our cities, towns and beyond.”

Zealandia’s board, management, employees and volunteers are all enthusiastic ambassadors of their new strategy and alignment with the SDGs. Many suggestions for change come from the “bottom up.”

Shanahan says the sustainability journey is an iterative process with a mixture of grassroots and high level strategic initiatives. “We’re not there yet but we’re actually reporting on what we’re doing on the ground and diving deep into our sustainability targets to determine how we can achieve them.”

So far, they have aligned the organisation with nine of the 17 SDGs. Some of these notable achievements include initiating the Sanctuary to Sea Kia Mouriora te Kaiwharawhara project, a collaborative catchment restoration project, creating an environmental corridor from Zealandia to the sea. They’re working with local

businesses, government and Māori organisations and other not-for-profits.

Other initiatives that contribute to their net zero emissions for the last six years in a row include buying electric shuttle buses - the first not-for-profit to do this, building bike racks to encourage employees and volunteers to cycle to work and ending the sale of plastic bottles for juice and water to glass. They also pay all their 50 employees a living wage and offer a te ao Māori course for everyone to get up to scratch.



Tip

Dr Danielle Shanahan’s advice to other NFPs is: “The process shines a light on where you are going. It forces you to ask: do we really need to measure that? Is that sensible? So, you can invest in areas that relate back to your core purpose but are also sustainable.”



What actions to take (continued)

2. Share, repair, reduce, reuse and recycle

Rethink waste throughout your whole organisation. Consider sharing, maintaining, reusing, redistributing, refurbishing and remanufacturing items wherever possible.

Reduce the purchase and use of single use plastics and other non-recyclable fibres including product packaging and choose alternative materials where possible or packaging reused or returned. Discuss cutting plastic packaging with your suppliers. Switch to those offering recycled products or those with sustainably certified products

Many jurisdictions are increasingly seeking to ban single use plastics so it is important for NFPs to be prepared for these changes and act proactively across their organisation.

Take steps to share, repair, reduce, reuse and recycle in your own operations. Consider how you can contribute to reducing waste in your supply chain, and from what you supply.¹¹ Start by evaluating what you consume and waste, and implement measures to eliminate excess consumption, waste and pollution as much as possible.

- Choose quality products made to last and ensure your organisation maintains and repairs them. Wherever possible use sustainable products with longevity and multiple uses, instead of ones with one-off use such as disposable cups, plates and cutlery or

coffee capsules. Try suppliers such as [Again Again](#).

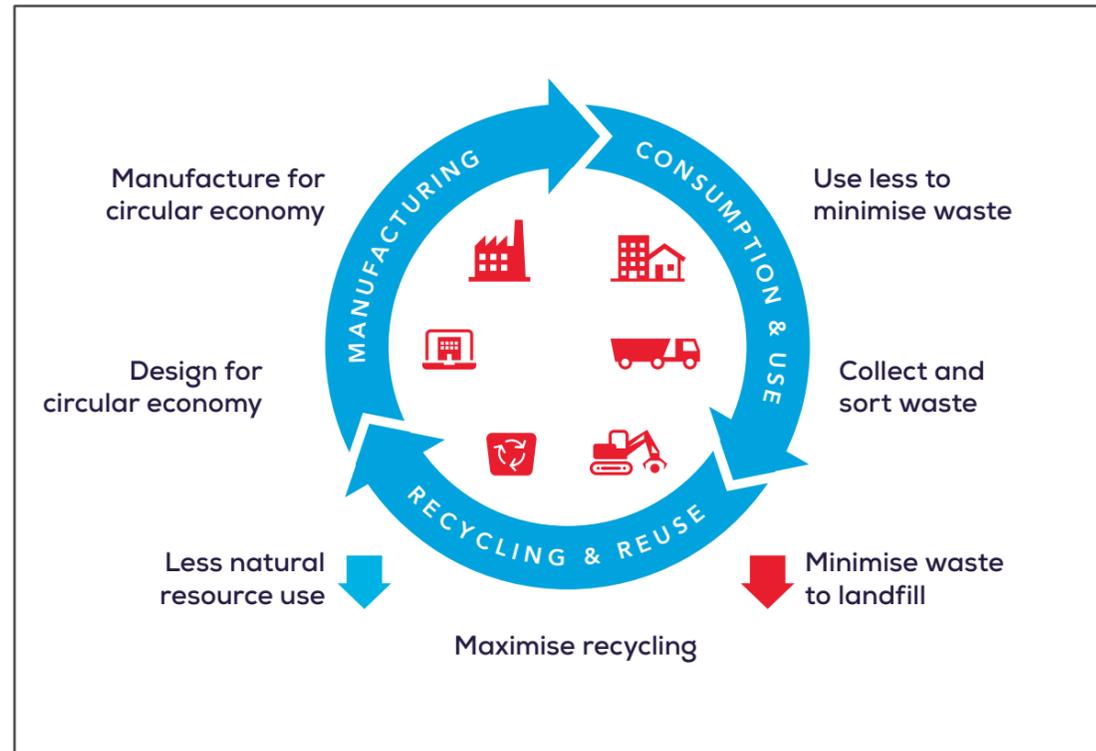
- Reduce food consumption and recycle food waste in a designated bin or get a worm farm. Accept donated food, or donate your excess food to other NFPs or charities. Use food produced using regenerative agricultural methods where possible.
- Get designated bins to separate your waste. Educate volunteers, employees and clients about why you are recycling and how to do it effectively. Follow local council directions about how to recycle.

Where feasible choose closed loop products and those designed with circularity. For example, choose products that can be recycled and were made from recycled products. You may be able to accept used products and use or recycle them through your NFP.

Redistribute office equipment, furniture and e-waste, such as computers, monitors and printers, and permit employees to bring in theirs from home too.

11. [The Circular Revolution | Sustainable Business Network Grant Thornton](#)

What actions to take (continued)



Waste reduction resources

The [Environmental Protection Agency](#) in Australia has information sheets on every material or product that businesses can recycle in Australia. Connect with your local hub. [Recycling Near You](#) and [Business Recycling](#) are Australia's largest recycling and reuse hubs, listing 20,000+ recycling points for individuals and organisations. In New Zealand, organisations such as [Onehunga Community Recycling Centre](#), provides a range of recycling

services or [Computer Recycling](#) particularly for e-waste. Consider the [Fit for Office Furniture Stewardship](#) and sharing your assets at [Mutu](#). The [Sustainable Procurement Toolkit](#), is a free diagnostic tool helping organisations to see how sustainable they and their suppliers are. For more information on circular economy see [The Circular Revolution | Sustainable Business Network Grant Thornton](#).

Op-shops

The op-shop industry in Australia has led the circular textiles industry since the Salvation Army opened the first op-shops 140 years ago. An estimated 285 million products (which includes clothing and household goods) every

year are given a second life, bought by 40 million consumers. It underpins Australia's second-hand economy.

The country's 3,000 charitable op shops and reuse social enterprises save more than 622,000

tonnes of waste from landfill each year and earn more than \$550 million for these NFPs. They also enhance social impact by providing employment and volunteer opportunities.¹²

12. National Association of Charitable Recycling Organisations [The Charitable Reuse and Recycling Sector's Commitment to Circularity](#) [The Inquiry into Australia's Waste Management](#)





Look to 'financially sensible' alternatives

Established 138 years ago, the Royal Society for the Blind (RSB) in Adelaide has a five-pillar mission to cater for the blind and vision impaired people of South Australia. This includes health services such as occupational therapists, optometrists and mobility instructors, guide and assistance dogs, an employment service, a Low Vision Centre with the latest assistive technology and also its own packaging and manufacturing factory. RSB's revenue is A\$15 million and it employs 175 people.

On the factory floor in Gilles Plains in South Australia, the mix of 72 sighted, blind and vision-impaired employees are playing an important role in making the RSB more sustainable. This factory is part of its core purpose to provide sustainable employment to vision-impaired people.

Using specially-designed thermo-forming machinery, they mould recycled food-grade plastic to make the packaging for a number of national Australian brands who use it for a wide range of consumer products from crackers and biscuits to confectionery, health bars and seafood.



Look to 'financially sensible' alternatives (continued)

SPOTLIGHT
ROYAL SOCIETY
FOR THE BLIND

"In many cases, we're introducing sustainable alternatives to the food manufacturers by demonstrating and creating sustainable packaging," says Damian Papps FCA, executive director for RSB. "They think it's a great idea because it's good for sustainability in their supply chain and good for their environment, social and governance requirements."

The recycled packaging they source from suppliers is often also cheaper than other plastic that isn't recycled. "So it's financially sensible as well as environmentally-friendly," Papps says.

Sustainable employment

RSB has promoted the packaging to its customers as one of several steps to address its environmental, social and governance responsibilities. These initiatives - which have to pass board scrutiny - also include paying factory employees according to the National Employment Standards and the National Supported Employment Services Award so they get a fair living wage.

"It's part of our core purpose to ensure visually impaired people have a rewarding and productive working environment, which gives them financial independence," Papps says. "So making their employment sustainable and the organisation sustainable goes hand-in-hand."

This is also beneficial for clients, many of whom have to report on Modern Slavery Act compliance in their supply chains.

Papps insists RSB doesn't provide a discounted or subsidised client quoting environment. It competes for contracts in the open market and must remain competitive. "We could never have taken these steps if they didn't make business sense because our services must have financial sustainability to be viable," he says.

Other measures RSB takes to reduce its carbon footprint include replacing all lights with LED lighting, factory waste recycling and optimising gas and electricity usage with timers. It is also looking at options for hybrid and electric vehicles as fleet vehicles are replaced.

"Sustainability has become part of our vernacular at RSB. We talk about it in board meetings, in newsletters, on our website and to our employees. It's part of everything we do and how we think."



::: Tip :::

Damian Papps advice to NFPs is: "You have to build a business case for sustainability - even in a NFP. You need to bring everyone along on your sustainability journey, your board, your employees and your clients so they understand its significant contribution. But you still have to continually link back to your core purpose and values or you'll never get buy-in. It is also important to keep reminding everyone that you won't get instant results. This is a longer term investment with a strategic lens."

What actions to take (continued)

3. Focus on people

- **Create social impact** by embedding an inclusive culture and practices in your NFP. Creating an environment where people feel comfortable and confident to embrace their differences, not only provides a social benefit, but it also encourages employee loyalty, trust, retention and performance. This increases your attractiveness as an employer and when engaging volunteers, broadens and deepens your ideas and innovation and improves the wellbeing of all.
- **Review your recruitment, selection and promotion policies and processes** to check they are impartial, fair and provide equal possible opportunities for every individual. Have diverse selection and promotion panels.
- **Conduct exit interviews** to listen and understand the reason for an employee's departure and act on their reason, if possible, especially if it reflects that the organisation is not diverse or inclusive.
- **Accelerate career paths** of underrepresented groups with mentoring, leadership, training and networking opportunities.

- **Consider whether there's a pay gap** in your NFP - large employers in Australia are already required by law to report annually on gender equality indicators including remuneration. CA ANZ has produced its own gender pay gap report [Narrowing Your Gender Pay Gap](#).

Address any pay gap in your NFP by:

- measuring how many women and people of colour your NFP employs from entry-level to executive roles
 - requiring that all employees are paid at least minimum wage rates, if not above
 - holding frequent and transparent performance reviews
 - ensuring all employees are offered equal pay for the same role – it is required by law in [Australia](#) and [New Zealand](#)
 - publishing remuneration rates, promotions and pay rises.
- **Offer career flexibility** by allowing employees and volunteers to choose to work regularly from home or in the workplace where this is feasible. This improves work-life balance and mental

Resources

The [Workplace Gender Equality Agency](#) in Australia has resources on creating a more inclusive workplace, the difference between equal pay and the gender pay gap, conducting a gender pay gap analysis, introducing a gender strategy and flexibility in the workplace or mentoring more women into leadership positions. CA ANZ also has its [Narrowing Your Gender Pay Gap](#) playbook. The [Ministry of Women in New Zealand](#) also has resources on the gender pay gap.

health. Make career breaks normal for parental leave (for both parents), carer leave, study or travel leave.

- **Encourage education.** More training and learning can lead to innovation in your NFP, making your operations and programs more efficient, cost effective and sustainable.



What actions to take (continued)

4. Communicate your actions

Base it on data

Greenwashing or colourwashing can be a trap. Many organisations claim they are taking sustainability actions but can't demonstrate impact.

'Stakeholders of NFPs value outcomes-based data. NFPs are aware of the challenges of demonstrating their social impact through appropriate measurement tools. The challenge with reporting on sustainability measures comes with the application and measurement of relevant data. Start with data the organisation already has and then look at how you can mine more information from industry and other publicly available reports.'

– Bhavesh Narsey CA, National Head of Not-For-Profit at Grant Thornton Australia.

Report on progress

Your annual report can be a good place to communicate your sustainability progress. Some NFPs choose to measure and share their progress, including referencing the SDGs. Some report on the change in their Greenhouse Gas (GHG) emissions and carbon footprint including what measures they have taken to achieve this.

"Although sustainability reporting is still voluntary among listed companies in Australia and New Zealand, more and more are doing it. This is having a trickle-down effect on SMEs and it's something that NFPs need to keep on their radar," says Narsey.

Larger organisations in particular should monitor the progress of the **International Sustainability Standards Board** (ISSB), which is due to launch its new international sustainability standards in 2023. Established by the International Financial Reporting Standards (IFRS) Foundation at the UN COP26 in 2021, the ISSB is a significant step to create unified global sustainability reporting standards.¹³

In New Zealand certain large organisations will be required to disclose climate related information from 2023.

Advocate

Most NFPs have some aspect of policy or regulatory change as part of their purpose. This gives them an unprecedented opportunity to be changemakers and leaders. They have the potential to influence other organisations and sectors, and to improve social outcomes across the country. NFPs that deliver their core purpose in an environmentally and socially responsible manner can use this as a talking

point with corporate partners, donors, government agencies and other NFPs. Together, with a strong united voice they can advocate for meaningful change.¹⁴

Working collaboratively to achieve SDGs

In New Zealand, NFPs have joined together with government agencies, businesses and universities to form an **Aotearoa SDG Alliance**. With more than 250 attendees and annual national summits, their goal is to coordinate and collate a national response to achieve the SDGs in New Zealand with national system-level actions.

The **Social Good Summit Australia** held annually with more than 400 attendees is a parallel UN-affiliated movement held at RMIT connecting individuals, corporations, NFPs, government, and grassroots organisations to inspire and discuss solutions to take action for social good. Similar summits are held in 100 countries.

13. IFRS Foundation announces International Sustainability Standards Board, consolidation with CDSB and VRF, and publication of prototype disclosure requirements

14. PwC Putting the 'S' back into ESG - NPC



Live what you advocate



SPOTLIGHT
BLUE CRADLE
FOUNDATION

Blue Cradle Foundation is a start-up NFP created in April 2020 to amplify and deepen awareness about the ocean. It works with communities in New Zealand and the Pacific. The Christchurch-based NFP has one founder, trustees and a revenue of about NZ\$120,000.

A filmmaker and marine scientist, James Nikitine conceived Blue Cradle Foundation during the COVID-19 pandemic lockdown in New Zealand.

Blue Cradle's core purpose is to respond to the complex and intertwined crises facing the marine environment including climate change impacts, sea level rise, ocean warming and acidification, overfishing, estuary health and micro plastics.

"We do this through engaging and facilitating marine research partnerships with scientific institutions and delivering education to the wider public. Every project we get involved with must have that educational output," Nikitine says.

He uses digital media as his main medium to amplify the research and tell the story. "We aim to make marine science more accessible and tangible for communities," he says."





**SPOTLIGHT
BLUE CRADLE
FOUNDATION**

Live what you advocate (continued)

We also encourage communities to be part of our projects, so they can collect data, get involved in citizen science and then communicate that back to their people.”

From its inception, Nikitine aligned Blue Cradle to the UN SDGs, particularly #4 Quality Education, #14 Life Below Water and #13 Climate Action. To promote positive action to save the ocean, he had to live what he advocated, he says.

He bikes to a co-shared office space run by Green Lab called Understorey for NFPs and start-ups involved in sustainability. It has a

vegetable garden and takes every step it can to offer responsibly-sourced, recycled and upcycled products in their kitchen and all the furnishing.

One of Blue Cradle’s recent projects was to develop alternative solutions in the Cook Islands and the wider Pacific region about proposed deep sea mining, creating a short film about it that screened at the UN Climate Change COP27 Summit in Sharm el Sheikh, Egypt.

“The main message of the film is that although we need these metals to produce electric vehicles and solar panels, we have to look at the

cost and the effect on the marine environment and the communities where this mining is happening,” Nikitine says. Other projects include marine biosecurity workshops in French Polynesia, research on estuary health in Tahiti, expedition to research and collect microplastics in North and South islands in New Zealand.



Tip

James Nikitine’s advice to NFPs is: “Look around you, identify the gaps, the things that are missing across society, focus on people and the planet. Go with your gut instincts. Good legal advice and good accounting will also help, even if you have little experience with administration. Never give up and don’t waste too much time thinking nothing can be done a little differently. Finally, always stay true to your values, and you’ll go far.”

Our values¹⁵

<p>Inclusivity</p> <p>In all our relationships and actions, we pledge to - at all times - remain inclusive of all the different social groups and communities that we happen to work with.</p>	<p>Complementarity</p> <p>Our organisation believes in the validity and efficiency of complementing different knowledge systems together.</p>	<p>Inspirational</p> <p>As an education provider, our diverse and often young audiences are presented with different pathways for their future.</p>
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15. Blue Cradle Annual Report 2022

Acknowledgements

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