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## **THINKING BEYOND THE PERIMETER OF THE PARK**

In the seminal book entitled "Thinking in Systems" <sup>1</sup> the famous author Donella Meadows identified a problem with the way we think as follows: "You can't navigate well in an interconnected, feedback-dominated world unless you take your eyes off short-term events and look for long term behavior and structure; unless you are aware of false boundaries and bounded rationality; unless you take into account limiting factors, non-linearities [non-proportional effects] and delays. You are likely to mistreat, misdesign, or misread systems if you don't respect their properties of resilience, self-organization, and hierarchy." She goes on further to say that the reason is because "everything we think we know about the world is a [mental] model. Every word and every language is a model [but] none of these is or ever will be the real world. Our models have a strong congruence with the world [but they] fall far short of representing the real world fully. ... Linear relationships are easy to think about, [but] the world is full of nonlinearities". Ideally, we should have the mental flexibility to find the appropriate boundary for thinking about a new problem." <sup>2</sup> So, what does she basically mean? Take for a simple example what she calls the boundary rigidity model - such as a large park. Years ago, planning for a park used to stop at the physical boundary of the park. But the problem she writes is that "park boundaries ... are regularly crossed by nomadic peoples, by migrating wildlife, by waters that flow into, out of, or under the park, the effects of economic development at the park's edges, by acid rain, and now by climate change ... So to manage a park you have to think about a boundary wider than the official perimeter." <sup>3</sup>

So, let's step back and define what a system is? Here are three perspectives. (i) In a recent book entitled "Systems Ultra" <sup>4</sup> by Georgina Voss, she writes that "systems are both the structure and behavior [such that] systems can be more easily comprehended second hand and indirectly; that is, as a metaphor." Systems are therefore conceptual - a way of knowing the world - and [also] something which is really there. But systems concepts must go beyond the narrative for the thing in order to show the interconnections of things. This requires a new kind of systems literacy to "shift your mindset ... because at their core, systems are about the relationship between things, and then the relationships between those

relationships." <sup>5</sup> Voss even quotes Meadows to simply determine what a system is by asking "how do you know whether you are looking at a system or a bunch of stuff? If it has parts which affect each other to produce a collective effect which persists over time then, yes - it's a system." <sup>5</sup> (ii) Next, in the book The Systems View of Life, <sup>6</sup> the co-authors Fritjof Capra and Pier Luigi Luisi write that "the great shock of 20th century science has been that living systems ... are not intrinsic properties, but can be understood only within the context of the larger whole ... In the systems approach, the properties of the parts can be understood only from the organization of the whole. Accordingly, systems thinking does not concentrate on basic building blocks but rather on basic principles of organization. [It] is contextual [within a larger whole] which is the opposite of analytical thinking [taking something apart]. <sup>7</sup> (iii) Lastly, in the book entitled Systems Thinking for Social Change, <sup>8</sup> the author David Peter Stroh writes that systems thinking can be thought of as a language - a visual language that helps us understand and talk about the world in a way that is different from our daily language. The metaphor of language is important because language shapes our perceptions, and hence our behavior ... Systems thinking is a language that more accurately explains complexity than our everyday language and thus enables us to work more effectively with social systems." <sup>9</sup> Summarizing, the author defines systems thinking as "the ability to understand these [system] interconnections in such a way as to achieve a desired purpose. This prompts them to reflect on the difference between what they say they want [the espoused purpose] and what they are actually producing [their current purpose]." <sup>10</sup> He concludes by stating that "even if you never draw a systems map [i.e. feedback loops of stocks and flows] on your own, you can always ask powerful questions that open the door for you and others to think systematically." <sup>11</sup>

So, getting beyond the definition of a system above, let's look at a complex example, such as economic systems, that has been for the most part in the past 75 years measured by growth. The authors Capra/Luisi, in their book cited above, assert that because of the past narrow-minded mechanistic views of various economic models in the last century, it has given rise to a "broader view of systems thinking more recently such as the biological, cognitive, social, and ecological dimensions of a systems view of life. <sup>12</sup> More specifically, they write that "the continued illusion of unlimited growth on a finite planet ... is the result of a clash between linear, reductionist thinking and non-linear patterns in our biosphere ... The times demand a revolution in economic thought as well as a new way of teaching economics ... [that includes] issues and questions of a broad significance involving the fullness of human existence. " <sup>13</sup> They conclude that "the fragmentary approach of contemporary economists, their preference for abstract quantitative models, and their inability to see economic activities within their proper ecological [systems] context, have resulted in a tremendous gap between theory and economic reality. ... Economics today is in a profound conceptual crisis." <sup>14</sup> Take for example the global financial crisis of 2008-9. The authors write

that the computer risk models were wrong because they "followed a long tradition of economists modeling how consumers behave as rational actors and self-interested individuals competing with each other to maximize their gain. These models, in which pure greed was the main ingredient, are mere caricatures of actual human behavior. The authors quote two respected economics professors who have concluded that "the standard economic theory being taught at our major universities may have been responsible not only for the striking failure to predict the timing and magnitude of the events that unfolded in 2008, but also even the crisis itself." They concluded that "now is the time to acknowledge the failures of standard theory and the narrowness of market fundamentalism ... In many respects this means a return to the soil in which economics was initially born, moral philosophy [ontology] amid issues and questions of broad significance involving the fullness of human existence." <sup>15</sup> Simply put, current economic theory needs to get beyond the proverbial "perimeter of the park".

So where can we begin to solve complex problems today? Because it is impossible to outline, much less solve, all the various issues involved in sustainability systems change in a brief article, below are 10 good questions to think about what a deep systems change would look like. Asking a systemic question is a way to create a framework around what we don't know, and then to think differently about possible solutions. Given the above, the questions below are derived from theories espoused by the writers/scientists/ economists, etc. mentioned above. viz., Donna Meadows, Georgina Voss, David Peter Stroh, and Fritjof Capra and Pier Luigi Luisi, but also Hans Stegeman, author of a recent article entitled The System Works. Just Not for the System. <sup>16</sup> The questions posed below are in part paraphrases of their subject matter, in part a combination of their theories, and in part my thoughts, that I have posed below as questions (because their publications are far too extensive for this article) to begin a discussion about systems change. The questions are as follows.

1. What if global sustainability goals remain an illusion because every incremental gain is swallowed up by more growth (i.e. the rebound effect) because incremental reforms "change the tools but leave the world view intact"? <sup>17</sup>
2. What if "markets" are really not neutral mechanisms, but "arenas of moral [ontological] coordination shaped by norms and narratives"? <sup>18</sup>
3. What if a new view of corporations involves not so much "internalizing externalities" but rather "externalizing internalities" because limiting destruction is wiser than setting a price ("enoughness")? <sup>19</sup>

4. How do you judge if what you are observing is not just your reality (perception) but instead relevant reality (perspective)? If relevant reality involves complexity [math, economics, ecology, finance, etc.], then why are we not embracing it more? <sup>20</sup>
5. If economics and finance are subsystems embedded in commerce and nature ecosystems, that require sustainability as a foundation to properly function, then why is their primary goal measured in unlimited quantitative growth? Why is it not also qualitative growth that can be mapped? <sup>21</sup>
6. If our systems involve many narrative decisions, then why do its participants pretend it is all objective? <sup>22</sup>
7. Why not redefine the purpose of our systems so that we can close the financial gap between social needs and capital allocated to them? <sup>23</sup>
8. How can we get beyond 20th century mechanistic mainstream linear economics and into 21st century relational, complexity science, adaptive economics? For example, why do we "try to optimize something that never should be done at all if our goal is to enhance total systems properties such as growth, stability, diversity, resilience, and sustainability"? <sup>24</sup>
9. In order to have a system that doesn't collapse the minute it stops undifferentiated, quantitative growth, then why isn't qualitative "sufficiency" not considered as important as efficiency? <sup>25</sup>
10. If "the major problems of our time are systemic problems - all interconnected and interdependent", then shouldn't we focus more on systemic solutions? <sup>26</sup>

So how do these structural change questions connect to each other? Stegeman asserts his syllogism as follows. "Transformation is never only technical, moral or political. It requires shifts in all three. Moral [ontological] foundations shape behavioral theories. Behavioral theories shape systems logic. Systems logic shapes metrics. Metrics shape political economy and policies. And these shape metrics. Every reform sits inside this deeper architecture." <sup>27</sup> So, deeper systems changes require deeper questions because systems are networked relationships. As Capra/Luisi write "when we look at the world today, what is most evident is the fact that the major problems of our time - energy, the environment, climate change, food security, financial security - cannot be understood in isolation. They are systemic problems." <sup>28</sup>

So, how should we view what is happening in global sustainability frameworks? More specifically, what is the status of the sustainability reporting standards evolving landscape (both voluntary and mandatory) right now? Here are some highlights to consider.

(a) **In the Americas**, IFRS-S2 (effectively replacing the TCFD), and IFRS-S1 (that incorporates SASB principles and metrics) have both gained traction in the International Sustainability Standards Board (ISSB) global framework. The GRI framework has remained steady. These voluntary frameworks have made steady progress and are expected to continue to grow. Three examples of their progress in the past year are as follows.

- On February 2025, the International Account Standard Board (IASB), issued a major update to the IFRS for SME's accounting standards, which is currently required or permitted in 85 jurisdictions, and will be effective for an annual period beginning on January 1, 2027. (The standards define small and medium size enterprises (SMEs) as entities without public accountability that prepare general purpose financial statements.) The reason stated for the update is to balance the needs of the lenders and other third-party users of financial statements with the resources available to SMEs. According to the IFRS, this update (third edition) will improve the information provided to users of SME's financials while maintaining the simplicity of the IASB standards. (NB. The IFRS for SME's Accounting Standards is a self-contained standard (~ 330 pages) in order to assist the accounting for more than 95% of companies worldwide.) It has significantly fewer disclosures than for larger companies and the text is in plain English. Revisions are scheduled to be made only once every three years in order to reduce the burden of SMEs to adjust to any changes.

- On October 30, 2025, the ISSB held a symposium in London gathering delegates from 45 jurisdictions to focus on the implementation of the ISSB standards. At the symposium, the ISSB Chair Emmanuel Fabor announced the expansion of the jurisdictional working group to address accommodating jurisdiction-specific conditions for ISSB reporting that will help lower costs for preparers and reduce frictions in the system to deliver efficiencies and comparable information for capital markets and preparers. Currently, there are around 40 jurisdictions planning to use ISSB standards, so the IFRS issued a new Jurisdictional Rationale Guide for the adoption of the ISSB standards and the accompanying tools.

- On November 7, 2025, the ISSB announced its decision to move into a standard-setting process on nature-related risks and opportunities that would draw on the disclosure recommendations, metrics and guidance of the task force on Nature-Related Financial Disclosures (TNFD). In doing so, the ISSB acknowledges that the TNFD framework builds upon the IFRS S1 Standard that already covers nature-related issues, so that going forward it will help the ISSB nature-related work in accordance with ISSB standards for future reporting purposes. The ISSB exposure draft is expected to be released in October 2026. (NB. The TNFD, comprised of 40 global businesses and financial leaders, was launched in 2021. It provides recommendations and guidance for market participants and other stakeholders about how nature

beyond climate should be assessed, managed, and reported. Its global movement includes over 730 organizations and over USD 22 trillion in assets under management. They are now committed to reporting their nature-related positions in alignment with the ISSB sustainability standards.)

(b) **In the EU**, there is now a mixed voluntary reporting (for smaller companies) and mandatory sustainability reporting framework (for larger companies). More specifically, in February 2026 the EU Council approved an agreement in line with the Omnibus 1 simplification package. (The Agreement was approved by the European Parliament in December 2025.) This is a major final step for the adoption of the revised Corporate Sustainability Reporting Standards (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) legislation by lawmakers in the European Parliament. Although the Omnibus Agreement cut back mandatory sustainability reporting rules, as well as what companies must comply with them to include mostly larger companies only (as defined therein), the voluntary sustainability reporting standards for SMEs (i.e. "VSMEs") remain intact. It may be environmentally a step back for mandatorily filed reports by corporations within the scope, and what their reports contain, but the disclosure system as a whole is moving forward with a combination of voluntary and involuntarily rules and standards. According to the publication ESG Today [Issues 12/4/25 and 1/13/26], a recent study found that companies preparing sustainability reports are generally seeing more clarity and usability without loss of access to green financing. However, the users of the data are less optimistic of about the impact albeit it will at least partially improve the relevance and usability of the data. According to the EU Sustainability Reporting Standards (ESRS), the Double Materiality Assessments (DMA) was the most challenging area to reduce unnecessary administrative efforts and at the same time improve the usefulness of the data.

(c) **In Asia**, it has been reported that TCFD adoption has held steady, and advancing in some jurisdictions, as well as being embedded in legislation in others. GRI adoption remains steady to align with other climate-focused frameworks, and the SASB adoption rate has increased slightly as industry standards are embedded in broader regulatory frameworks.

So, how should we view this evolving landscape today? First, it tends to show that there are twofold goals that need to be addressed by companies. One is the compliance regulatory system that is slowly evolving for larger companies, and the second goal is shareholder expectations who demand better information to make better decisions, regardless of compliance requirements, with respect to governance, strategy, and risk management that are the core content of the ISSB standards. As such, it appears that the **multi-framework reporting** is the current transition trend with voluntary sustainability reporting framework increasing (e.g. the IFRS S1 & S2). For EU companies outside the scope of the ESRS, the

proposed VSME standards will be the recommended voluntary framework. The IFRS S1 & S2 will be key in financial materiality and decision-useful information for capital markets, and as a gap-filler in all other US and EU mandatory regulations as a compliance framework. As such, multi-national companies should review "trickle down" requirements such as value chain contract obligations, due diligence obligations, and interoperability possibilities.

So, a final question is how can a company design their systems to address the multi-framework reporting trends above? As you now know, systems thinking is about understanding relationships, feedback loops, and patterns. Consideration of broader systems is moving from the periphery to the center of corporate thinking as investors, customers, employees, and other stakeholders are challenging companies to understand the total impact of a company's strategy. DMA (i.e. impact and financial materiality) are more than a regulatory reporting compliance matter, they can also be a strategic tool for corporate decision-making by reducing risks, strategic positioning, and saving costs. Good governance will require deeper and broader systems thinking that addresses shareholders concerns, lenders changing regulations, insurers and customers raising their requirements in contractual terms, company policies and procedures revisions, and the ability to pivot in a volatile economy. So, ask yourself, what systemic risks are you not addressing because your metrics still assume past narrow, mechanistic or non-systems thinking? The 21st century systems transformation is here, so as David Peter Stroh writes, if you are not sure what to do next, then "ask a systemic question"?

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**END NOTES**

1. Donella H. Meadows, THINKING IN SYSTEMS (Chelsea Green Publishing, 2008)
2. Id. at 86-91.
3. Id. at 98.
4. Georgina Voss, SYSTEMS ULTRA (Verso, 2024)
5. Id. at 8.
6. Id. at 61.

7. Fritjof Capra & Pier Luigi Luisi, *THE SYSTEMS VIEW OF LIFE - A UNIFYING VISION* (Cambridge Univ. Press, 2014)

8. *Id.* at 66.

9. David Peter Stroh, *SYSTEMS THINKING FOR SOCIAL CHANGE* (Chelsea Green Publishing, 2015)

10. *Id.* at 39.

11. *Id.* at 16-17.

12. *Id.* at 59.

13. *Id.* at 56-57.

14. *Id.* at 57.

15. *Id.* at 57.

16. Stegeman, Hans, [The System Works. Just Not for The System](#), Substack - Nov. 2025,  
[See also #21, #27, and #38, #45 and #48.]

17. *Id.* at Article #48.

18. *Id.*

19. *Id.* at Article #21.

20. *Id.* at Article #27.

21. FN 6 at 368.

22. FN 15 at Article #38.

23. *Id.* Article #48.

24 & 25. *Id.*

26. FN 7 at 392.

27. *Id.* at 48.

28. FN 7 at 362.

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