



## JOURNAL OF THE ASIA PACIFIC CENTRE FOR ENVIRONMENTAL ACCOUNTABILITY

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## EDITORIAL

Welcome to the first edition of the APCEA journal for 2004. Editorship has now passed to Gary O'Donovan and Trevor Wilmshurst both recently arrived at the University of Tasmania from Victoria University, Melbourne. And believe it or not the Tasmanian jokes appear to be untrue and the climate is far more pleasant than we were told prior to our departure from Victoria.

The quality and variety of articles and information depend on us, the members.

So think about the contribution you can make and make it! Lets see if we can get to the stage where we have too much to fit into the journal.

In this issue we have Roger Burritt providing an article on the Equator Principles and Debt Financing, which introduces the reader to voluntary set of environmental and social screening criteria and guidelines introduced by a number of major banks.

Penny Warren from Forestry Tasmania provides a perspective on Triple Bottom Line reporting from Forestry Tasmania's perspective. The editors are sure that including Penny's article is sure to provide vigorous debate about whether forestry companies are concerned with the environment as it is often argued that their activities are incongruent with the dual aims of maximising profits and being environmentally responsible. The editors welcome the debate and would like to hear from readers with differing views.

Finally Dr Karli James from the Centre for Design at RMIT University provides an overview and description of the work of this important centre whose main work includes the development of

design methods and tools that support sustainable product design.

We have included a 2004 subscription form for those who have yet to subscribe. You would have to agree that at \$AUD25.00 per year the journal is a bargain. Please provide the editors with articles, research notes and any other interesting sustainability and environmental information (in MS Word) you consider will be of interest to our readers.

### **APCEA Editorial Board:**

**Associate Professor Gary O'Donovan** (co-editor) – University of Tasmania, Australia

**Trevor Wilmshurst** (co-editor) – University of Tasmania, Australia

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APCEA web site:

<http://www.accg.mq.edu.au/apcea/>

Back issues of the journal and its predecessor are available on line at the above address. 2004 issues will be available on line in 2005.

# DEBT FINANCING AND THE EQUATOR PRINCIPLES

**Roger L Burritt**  
**Reader, School of Business and Information Management**  
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## **Introduction**

The debate about appropriate processes for the integration of sustainability considerations into investment evaluation as an integral part of debt financing is gradually drawing in the financial sector (Commonwealth of Australia 2003, 14). The Equator Principles have been presented as a base level industry approach for financial institutions to use when determining, assessing and managing environmental and social risk in project financing. These Principles are briefly outlined below.

## **The Equator Principles and project risk**

The Equator Principles provide a voluntary set of environmental and social screening criteria and guidelines and have been adopted by the following nineteen major international banks (as at 6 January 2004).

- ABN AMRO Bank, N.V.
- Barclays plc
- CIBC
- Citigroup, Inc.
- Crédit Lyonnais
- Credit Suisse Group
- Dexia Group
- Dresdner Bank
- HSBC Group
- HVB Group
- ING Group
- MCC
- Mizuho Corporate Bank
- Rabobank Group
- Royal Bank of Canada
- Standard Chartered Bank
- The Royal Bank of Scotland
- WestLB AG, and

- Westpac Banking Corporation

Screening of each proposed project is undertaken to determine the appropriate extent and type of assessment required. The International Finance Corporation (IFC), the private-sector investment arm of the World Bank, established the set of environmental and social screening processes behind the Equator Principles. Proposed projects are classified into one of three categories, A, B and C, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts. The classification determines the tightness of the environmental assessment required.

The environmental assessment includes assessment of environmentally induced social impacts that would be brought about by the project.

**Category A:** A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. A potential impact is considered "sensitive" if it may be irreversible (e.g., lead to loss of a major natural habitat) or affect vulnerable groups or ethnic minorities, involve involuntary displacement or resettlement, or affect significant cultural heritage sites. These impacts may affect an area broader than the sites or facilities subject to physical work or activity. Environmental Assessment for a Category A project examines the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including, the "without project" situation), and recommends any

measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. For Category A risks a full environmental assessment is required which is normally an Environmental Impact Assessment (EIA).

**Category B:** A proposed project is classified as Category B if its potential adverse environmental impacts on human populations or environmentally important areas-including wetlands, forests, grasslands, and other natural habitats-are less adverse than those of Category A projects. These impacts are site-specific; few if any of them are irreversible; and in most cases measures for mitigation can be designed more readily than for Category A projects. The scope of Environmental Assessment for a Category B project may vary from project to project, but it is narrower than that of Category A. Like a Category A Environmental Assessment, it examines the project's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.

**Category C:** A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further Environmental Assessment action is required for a Category C project.

Based on the Principles signatories agree that they will only provide loans directly to projects when:

1. They have categorised the risk of a project in accordance with the environmental and social screening criteria of the IFC;

2. For all Category A and Category B projects, the borrower has completed an Environmental Assessment (EA), the preparation of which is consistent with the outcome of the categorisation process and addresses key environmental and social issues identified during the categorisation process.

3. In the context of the business of the project the EA report has addressed:

- a) assessment of the baseline environmental and social conditions
- b) requirements under host country laws and regulations, applicable international treaties and agreements
- c) sustainable development and use of renewable natural resources
- d) protection of human health, cultural properties, and biodiversity, including endangered species and sensitive ecosystems
- e) use of dangerous substances
- f) major hazards
- g) occupational health and safety
- h) fire prevention and life safety
- i) socioeconomic impacts
- j) land acquisition and land use
- k) involuntary resettlement
- l) impacts on indigenous peoples and communities
- m) cumulative impacts of existing projects, the proposed project, and anticipated future projects
- n) participation of affected parties in the design, review and implementation of the project
- o) consideration of feasible environmentally and socially preferable alternatives
- p) efficient production, delivery and use of energy
- q) pollution prevention and waste minimization, pollution controls (liquid effluents and air emissions) and solid and chemical waste management.

In each case, the EA will have addressed compliance with applicable host country laws, regulations and permits required by the project. Also, reference will have been made to the minimum standards applicable under the World Bank and IFC Pollution Prevention and Abatement Guidelines. World Bank Guidelines are available for 41 industries. IFC Guidelines have been drawn up for 28 industries. In addition, for projects located in low and middle income countries as defined by the World Bank Development Indicators Database (see web site for country classifications at <http://www.worldbank.org/data/countryclass/classgroups.htm>), the EA will have further taken into account any applicable IFC Safeguard Policies (listed at [http://www.equator-principles.com/documents/Equator\\_Principles.pdf](http://www.equator-principles.com/documents/Equator_Principles.pdf)). Safeguard policies are in place for: environmental assessment; natural habitats; pest management; forestry; indigenous peoples; involuntary resettlement; cultural property; child and forced labour; and international waterways). In each case, the EA will have addressed the project's overall compliance with (or justified deviations from) the appropriate Guidelines and Safeguard Policies.

4. For all Category A projects, and as considered appropriate for Category B projects, the borrower or third party expert has prepared an Environmental Management Plan (EMP) which draws on the conclusions of the EA. The EMP has addressed mitigation, action plans, monitoring, management of risk and schedules.

5. For all Category A projects and, as considered appropriate for Category B projects, the lender is satisfied that the borrower or third party expert has consulted, in a structured and culturally appropriate way, with project affected groups, including indigenous peoples

and local NGOs. Information about the EA has been made available to the public for a reasonable minimum period in local language and in a culturally appropriate manner. The EA and the EMP will take account of such consultations, and for Category A Projects, will be subject to independent expert review.

6. The borrower has covenanted to:

- comply with the EMP in the construction and operation of the project
- provide regular reports, prepared by in-house staff or third party experts, on compliance with the EMP and
- where applicable, decommission the facilities in accordance with an agreed Decommissioning Plan.

7. As necessary, lenders have appointed an independent environmental expert to provide additional monitoring and reporting services.

8. In circumstances where a borrower is not in compliance with its environmental and social covenants, such that any debt financing would be in default, we will engage the borrower in its efforts to seek solutions to bring it back into compliance with its covenants.

9. These principles apply to projects with a total capital cost of US\$50 million or more.

#### **Comment**

The Equator Principles provide a framework for financial institutions to develop individual, internal screening practices and policies. Screening of loans is but one of a set of mechanisms that may encourage moves towards sustainable finance. The effectiveness of the screening processes and adoption of the Principles for any given financial institution stand or fall on the level of commitment of management to reducing

environmental and social impacts of the organization. People with an eye on the actual results from the adoption of the Equator Principles will be disappointed when they read the standard disclaimer from responsibility by the financial institutions if poor environmental and social loans are made by a signatory in the future. It states that "As with all internal policies, these principles do not create any rights in, or liability to, any person, public or private. Banks are adopting and implementing these principles voluntarily and independently, without reliance on or recourse to IFC or the World Bank."

Further information about the Equator Principles is available at <http://www.equator-principles.com>.

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Reference:  
Commonwealth of Australia (2003) *Corporate Sustainability – an Investor Perspective. The Mays Report*, Department of Environment and Heritage, Canberra, Australia.

## **TRIPLE BOTTOM LINE ACCOUNTING: A FORESTRY TASMANIA PERSPECTIVE**

**Penny Warren**  
**Chief Financial Officer**  
**Forestry Tasmania**  
**(originally published in CPA News Tasmania December 2003)**

The traditional financial accounting model has been the measurement tool by which internal and external parties evaluate and measure an organisation's performance. The impacts of social and environmental issues on a business have changed the focus away from the financial elements of the business being the only tool by which a business can be measured. An organisation must now be measured on its sustainability. This is a paradigm shift for many businesses, but it is a shift that must occur if the business is to survive.

"Triple Bottom Line" accounting (TBL) is a concept that has been around since the mid 1990's which refers to organisations being accountable and reporting on their economic, social and environmental performance. The basis reporting against these components is tied to the concept and goal of

sustainable development. The following description covers the TBL concept:

"The perspective taken is that for an organisation to be sustainable it must be financially secure, it must minimise its negative environmental impacts and it must act in conformity with societal expectations. These three factors are highly inter-related."

Many organisations, including Forestry Tasmania, are directing their activities and efforts to ensure that all three components are being undertaken. The difficulty is how the organisation's performance in this regard can be reported by bringing together the individual components into an integrated report that can address the relationship

between the three dimensions of sustainability.

This does not infer that every aspect of a company's performance should be reduced to a dollar value, but that an organisation must develop accurate, useful and credible indicators that allows the organisation to manage its business as well as ensuring both management, stakeholders and other external parties can also readily assess and measure the organisation's performance.

#### *Sustainable value creation*

Sustainable development is to create long-term value on an economically, socially and environmentally sustainable basis. To create long term trust and shareholder value, companies must be able to measure progress against the TBL and recognise that for the company to prosper over the long term it must continuously meet society's needs for goods and services without destroying natural and social capital. It extends the time line over which the full range for a company's, and its shareholders', interests should be assessed.

Sustainability is broadly accepted to mean the state where demands placed on the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations.

The focus on sustainability is a clarification of where the organisation is headed, not a fundamental change to what it is doing. It provides an enduring, powerful and meaningful objective for the corporation. It means we must become better at the things we already do well.

Forestry Tasmania produces annually its Sustainable Forest Management report. Best practice forest management demands long term commitment to the principals of sustainability. Today's best

practices reflect current knowledge and practical experience. Forestry Tasmania is committed to ongoing research and monitoring so that forest management can be continuously improved.

#### *Economic value added*

This approach is based on measuring whether companies are adding or destroying value by the decisions that are being made. The economic value derived from sustainable forest management supports regional communities and social infrastructure and guarantees an ongoing return back to the shareholder.

Forestry Tasmania has developed indicators against which it measures its economic performance. This ensures that it maintains and enhances the value of wood and non wood products from State forests and seeks to continue to value add to the timber resource harvested and thereby increase the returns on assets and to the State. The use of the State forest for other non wood activities such as tourism is also producing additional returns both economically and socially to the organisation and the State.

#### *Environmental value added*

The most important values are not in the timber produced by a forest, but in the ongoing capacity of such ecosystems to produce yields on a sustained basis.

The implementation of Forestry Tasmania's Environmental Management System (EMS) requires the systematic analysis of business practices to identify and control environmental risk. Forestry Tasmania achieved ISO14001 compliance during 2002-03 and is required to undertake six monthly audits as a requirement of ongoing certification. The environmental management system together with forest practices legislation provides

benefits and also ensures the provision of benefits from a social and economic perspective.

By striking a balance between protecting the natural values of the forests, and sustainable harvesting practices, Forestry Tasmania will provide an ongoing sustainable and naturally derived resource.

#### *Social value added*

This element covers human and social capital from the perspective of employees and the knowledge and skills developed and/or lost, as well as the focus on mutuality and trust in communities. The social bottom line measures how well an organisation considers the interests of the people it affects, interacts with and depends upon in the course of its business.

In Forestry Tasmania's case it ensures

that it has employee policy and procedures in place and that the occupational health and safety of its employees and contractors is given a high priority. It continues to provide sponsorship and assistance to the regional communities, provides recreational facilities in State forest and has initiated a range of agreements such as the Good Neighbour Charter and the Community Forestry Agreement.

#### References:

John Elkington, Australian CPA March 1999, "Triple bottom-line reporting: looking for balance"

BChydro, The Journey to Sustainability, Triple bottom Line Report 2001  
[www.ecostpes.com.au/sustainabilitytree](http://www.ecostpes.com.au/sustainabilitytree)

Forestry Tasmania Sustainable Forest Management Report 2001-02

## THE CENTRE FOR DESIGN AT RMIT UNIVERSITY

**Dr. Karli James**

**Program Manager - Sustainable Products, Centre for Design  
RMIT University**

The Centre for Design ([www.cfd.rmit.edu.au](http://www.cfd.rmit.edu.au)) promotes environmental sustainability through a directed program of research, consulting, professional development and knowledge sharing. The Centre is recognised internationally as a leader in the development of design methods and tools that support sustainable product design. Our programs focus on sustainability and eco-efficiency as a source of innovation and responsible business development.

The Centre for Design has a strong multidisciplinary research team and access to specialist expertise and resources from within RMIT University. Collaborative projects are undertaken

with industry, government and community stakeholders to develop pragmatic solutions.

The Centre for Design is based in the Design and Social Context Portfolio at RMIT's city campus in Melbourne.

#### *Scope of work*

The Centre for Design aims to:

- Develop and demonstrate new design methods, tools and processes aimed at improving the environmental performance of products, buildings and services
- Assist industry to design greener products, buildings and services and to develop more strategic environmental directions

- Advise government agencies on policy and programs to reduce environmental impacts through design
- Explore new design concepts and scenarios for a sustainable future; and
- Maintain a national and international network of research and information exchange in environmental design.

#### *Past and current projects*

The Centre is structured around four key programs – Sustainable Products, Sustainable Buildings, Sustainable Materials and Life Cycle Assessment (which underpins the other three areas). Examples of past and current projects include:

#### *Sustainable Products Program*

- EcoReDesign2 Program aimed to assist small to medium sized companies to reduce the environmental impacts of their products.
- Development of environmental guidelines and checklist for marketers and packaging technologists at Nestle Australia to use in new product development; Infrastructure for Collection and Reprocessing of Electrical and Electronic Products for *Environment Australia* in 2003. Sustainable Packaging Alliance (SPA) which is an initiative of Victoria University, through its Centre for Packaging, Transportation and Storage, RMIT University, through its Centre for Design, and Birubi Innovation Pty Ltd. The Alliance was formed to provide a focal point for strategic research, technology transfer, education and consulting services to underpin and facilitate the development and commercialisation of sustainable packaging systems.

#### *Sustainable Buildings Program*

- Guidelines for materials specification for 8000 home residential development for VicUrban;
- Documenting a case study of a new landmark green building – Council House 2 for the Melbourne City Council;
- EcoHome – a model green project home; and
- Development of a strategic brief for a new green building for City West Water.

#### *Sustainable Materials Program*

- Docklands Retail Material Guide: 120 boutique retail fitouts
- Southern Cross 50,000m<sup>2</sup> government office fit-out guide
- Development of Ecospecifier which is a tool designed to provide information on eco-preferable materials to construction sector ([www.ecospecifier.org](http://www.ecospecifier.org))

#### *Life cycle assessment (LCA) Program*

- LCA and life cycle costing of Water Tanks as a Supplement to Mains Water Supply for Yarra Valley Water;
- LCA of Selley's No More Gaps (NMG) for Dulux Australia;
- Life-cycle Emissions Analysis of Alternative Fuels for Heavy Vehicles for the Australian Greenhouse Office (2003); The Impacts of Degradable Plastics in Australia for the Department of Environment and Heritage (September 2003); and
- Life Cycle Assessment of the Printer Consumables Waste Stream Before and After the Introduction of the Cartridges for Planet Ark Program.

More information on our programs and specific projects can be found at our website:

[www.cfd.rmit.edu.au](http://www.cfd.rmit.edu.au).

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## **CORRECTION AND APOLOGIES**

In our edition published December 2003 the Journal of the Asia Pacific Centre for Environmental Accountability stated author Susan Brown represented the Australian Democrats. This is incorrect.

Susan Brown was a Democrat policy advisor from 1994-2000 and has been an independent freelance journalist since that time. She is not a member of any political party. The editors apologise for this error.

## **APCEA NEWS**

Many readers have asked us to provide an overview of APCEA and a list of current members.

The Asia Pacific Centre for Environmental Accountability (APCEA) was established at The Australian National University in 1996, following a symposium on 'Environmental Accountability'. The symposium was organised by the international coordinator of APCEA, Roger Burritt. Roger is also a Reader in the School of Information Management at The Australian National University.

The ANU has its own branch of APCEA and acts as the co-coordinating hub for a number of other branches, which have been established at other universities in the Asia-Pacific region. Each APCEA branch operates in an independent financial manner, but has a common management committee and aims. APCEA is fundamentally a networking organisation for groups interested in social and environmental accountability. There are seventeen branches of APCEA in eight countries. A full list of contacts is included on Page 11.

### **Aims:**

APCEA seeks to achieve the following:

- i. the development of undergraduate and postgraduate programs in environmental accountability;
- ii. cooperation in research and teaching;
- iii. joint funding applications for the support of collaborative research projects and infrastructure needs through appropriate bodies;
- iv. provision of environmental accountability advice and the making of submissions to government agencies and other appropriate bodies;
- v. the promotion of environmental accountability matters to professional accountancy and finance bodies;
- vi. collaboration on consultancies to government agencies and other appropriate bodies;
- vii. the organisation of seminars, workshops, and a biennial symposium, responsibility for the latter to be rotated between the branches of APCEA; and
- viii. the production of publications.

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Contact email addresses for each branch are as follows:

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**Further Information:**

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## ENVIRONMENT EXTRA!

### **European News: Reports supports view that UK small firms are uninterested in CR**

New research out this week has confirmed what many have long suspected: small firms are less vexed than large corporates by issues of social and environmental responsibility.

Bibby Financial Services commissioned research amongst 300 SME owners and managers. This revealed that:

- \* 30% have no formal policies on environmental and waste management, equal opportunities, human rights, ethical investment or corporate governance.
- \* 21% believe ethical policies to be unimportant.
- \* 19% believe CSR issues to be no more than “red tape”.

David Robertson, chief executive of Bibby Financial Services said, “Demand for ethical business practices from larger organisations and from consumers are the most likely reasons for smaller firms to invest time and money in CSR.”

Source:

[http://www.bitc.org.uk/small\\_businesses/index.html](http://www.bitc.org.uk/small_businesses/index.html)

### **Best reporters are awarded for 2003 sustainability reports**

The first set of awards for the year 2003 was issued in December. As seen in past years, GRI reporters earned high marks for quality, and often captured top prize across a range of categories and sectors. Some highlights from recent awards ceremonies are summarized below. Follow the link at the bottom of this article to read further details.

At the 7th Annual Japanese Environmental Reporting Awards, the Grand Prize for an environmental report went to Osaka Gas, and the Grand Prize for a sustainability report went to Mitsubishi Corporation, both GRI reporters.

Business Ethics Magazine in the United States awarded Baxter International its yearly award for best environmental report. This GRI reporter was rewarded for reporting on its achievements and good news, but also admitting when it fell short of its environmental goals.

Both winners at the 4th Annual French Sustainability Reporting Awards (Conseil Supérieur de l'Ordre des Experts Comptables) are GRI reporters. Best sustainability report went to Veolia Environnement; and the award for best environmental and social information contained in a corporate report went to Aeroport Lyon-Saint Exupéry.

The Association for Certified Chartered Accountants (ACCA) runs sustainability reporting awards programs for companies operating in UK, Ireland, North America, South Africa, Sri Lanka, Australia & New Zealand, Hong Kong, Malaysia, Pakistan and Singapore. Participants had to enter their reports by December 2003, and results of the competitions in will be included in the next edition of the APCEA journal.

Source:

<http://www.globalreporting.org/news/updates/article.asp?ArticleID=275>

### **The United Nations Global Compact**

The United Nations Global Compact met with senior representatives from 15 of the world's stock exchanges and top officials from three exchange federations to discuss how to advance corporate

responsibility and good governance. The Global Compact also met with senior analysts from 40 investment companies to address the integration of social and environmental factors in research. A high-level report, which will include case studies and findings from the UNEP Finance Initiative, will be released at the Global Compact Leaders Summit on June 24, 2004. "The potential is that we send a signal to publicly traded companies that having proactive policies on social and environmental issues is central to risk management and is increasingly expected by market actors, including those who analyze companies," said Georg Kell, executive head of the Global Compact.

Source:

<http://www.unglobalcompact.org/Portal/Default.asp>

### **Running the risk - Risk and sustainable development: a business perspective**

As individuals, we all have different attitudes to the risks of everyday life. Those attitudes have changed significantly over the generations as society has become more interconnected. Globalization has prompted a shift in our concerns about risk from 'local' to 'global'; indeed, as we enter the 21st century, we are faced with mega risks of a kind that society has never previously had to deal with.

The way corporations view risk has changed in the same way. There is a new recognition among companies that the achievement of their objectives depends on being able to deal with risks of a more 'systemic' nature. These are risks that cannot be tackled in isolation from each other, and which need to be addressed through an alliance of business and society working in unison.

Achieving sustainable development falls squarely into this category.

While corporate actions in meeting societal needs for goods and services undoubtedly contribute to risk, the adoption of sustainable development strategies by businesses can actively contribute to avoiding risk or minimizing adverse impacts.

The challenge for the corporate sector is to understand how different sources and magnitude of risk are likely to affect them over the long term. In order to gain that understanding, companies need to take a genuinely holistic approach that includes a consideration of sustainability as well as commercial, political and societal risks. They also need to find ways of assessing, managing and sharing risk in collaboration with stakeholders, business partners and other responsible bodies.

#### *Looking to the future*

The new mega risks we face present unprecedented challenges to businesses and governments alike. Energy use and its potential impact on climate change, for example, is something that requires co-coordinated action on a global scale. Meanwhile, the world's population continues to grow, raising issues about the shape of future markets and the viability of social support systems and the consequent affects for society and business.

Getting the response to risk wrong may result in serious difficulties for business that quickly spiral out of control.

Corporate reputations can be destroyed in a matter of days, especially in cases where companies depend on intangible rather than physical assets.

Globalization compounds these risks still further since the world has become a place where there is 'nowhere to hide'.

Political upheavals, terrorism, cross-border litigation, environmental pressures and health pandemics are just some of the other mega risks that face the corporate sector. Dealing with them requires far-sightedness and innovation. It also calls for an appreciation that, while many risks have local origins, their impact may rapidly become global.

#### *Developing an effective response*

The traditional approach to risk has been fragmented, largely reactive and focused on the short term. Because risk is multi-dimensional, managers tend to associate it with loss, rather than weighing up the downsides against the upsides.

Recognizing that responding to the new risk environment requires more than just risk assessment alone, forward-looking organizations have developed 'enterprise' approaches to risk. As the name suggests, this involves bringing previously disparate roles and activities into a unified framework. The result is a structured yet practical risk management approach which is aligned with the business and therefore makes the organization better able to coordinate its risk management activities.

Companies that truly embed this approach within their organizational behavior come closest to achieving the 'holy grail' of risk management: that is, embracing risk management as a business enabler rather than as a compliance-driven 'necessary evil'. They assign roles and responsibilities for risk management throughout the organization, creating company-wide awareness of and accountability for risk management.

The result is an approach to risk which moves well beyond the mere use of controls to limit risk exposure. Instead, it creates risk optimization and even risk leadership – the process by which an organization is able to seize opportunities within defined risk parameters and capitalize on the rewards that follow. Such a strategic approach is essential to managing mega risk and achieving sustainable development.

#### *Adopting a new approach*

The challenges inherent in developing new approaches to risk are increasingly interchangeable with the sustainability agenda. Consequently, the issues that have to be faced are as applicable to governments and individuals as they are to companies.

From the CEO's point of view, however, the first task is to develop a wider appreciation of risk within his or her organization; mega risks need to be identified and understood, and people have to be encouraged to 'think the unthinkable'. The next step is to ensure a focus on the long term, underpinned by meaningful consideration of the risks that need to be addressed to secure corporate sustainability.

Companies should make sure that their 'appetite' for risk is clearly defined and communicated throughout the organization. This gives employees the confidence to take decisions within a known framework in which flair and appropriate risk-taking are encouraged. At the same time, risk management needs to be seen as a decision-making tool that facilitates rather than stifles the entrepreneurial approach – risks present opportunities, not just problems.

Finally, there needs to be a recognition that the most effective risk management is likely to require engagement with all the organization's stakeholders. The

performance of customers and suppliers is inextricably linked with the performance of the company itself. Anticipating, accommodating and exploiting the way in which all stakeholders are affected by risk is central to the organization's long-term prosperity and survival.

Source:

<http://www.wbcds.org/plugins/DocSearch/details.asp?type=DocDet&DocId=4660>

### **Corporate Responsibility Index launched in Australia**

The St James Ethics Centre, The Sydney Morning Herald and The Age have launched the Corporate Responsibility Index, the leading benchmark for responsible business practice developed by Business in the Community, in Australia, with support from Ernst & Young.

Launching the Index, Julia Cleverdon, CEO of Business in the Community said: "The expectations on business to be responsible can no longer be ignored. The important thing is that they are able to respond to these expectations in a way that follows a solid business case. An excellent business should be responsible and profitable. The Index, with its focus on quality of management, is a valuable tool for achieving this."

Dr Simon Longstaff, Executive Director of St James Ethics Centre, said the Index is the next stage in the evolution of measuring corporate social responsibility in Australia.

"Profits are no longer the primary measure of business success - businesses today are also expected to fulfill a range of legal, ethical and social

responsibilities in addition to being competitive," Dr Longstaff said.

"With CSR now a key performance indicator underpinning management practices of the world's leading companies, it is important that Australia has an accurate methodology for tracking performance in this area."

A study undertaken by the NSW State Chamber of Commerce in 2001 found that a major disincentive for Australian businesses in engaging in CSR is the complexity surrounding the measurement of returns from investment in CSR activities.

The pedigree of this new index and the structures designed to support its introduction will ensure the delivery of an index that is credible – both in terms of underlying methodology and the integrity of the process.

Dr Longstaff says the Corporate Responsibility Index will meet the highest expectations of business and the community and will encourage all businesses to engage in CSR by offering a measurement tool of proven reliability. While not being involved directly in the task of rating companies, St James Ethics Centre will act as the 'trustee' overseeing the integrity of the process. Company performance on the Index will be determined by business practices demonstrating corporate responsibility.

Australian companies and leading NGOs will now have an opportunity to contribute alongside other global partners in shaping the development of the Index as it extends into the international market place.

Source:

[http://www.bitc.org.uk/news/news\\_directory/crindexaus.html](http://www.bitc.org.uk/news/news_directory/crindexaus.html)

## UPCOMING CONFERENCES/EVENTS

### The Inter-Disciplinary CSR Research Conference

University of Nottingham  
22-23 October 2004

This conference being held at the National College of School Leadership on 22-23 October 2004, brings together academic research from a variety of disciplines to enable better insights into explanations, applications and the value of CSR.

The conference is the Third Annual ICCSR symposium, following the 2003 event, *Stakeholder Democracy*, which enabled preliminary exploration of different disciplinary conceptualisation of CSR. The conference is also a follow up to the 2003 International CSR research conference, *Managing on the Edge*, University of Nijmegen.

The conference consists of focused research workshops comprising high quality refereed papers that are convened by leading researchers in their fields.

Several editors, guest editors, and journal board members are hosting workshops with a view to publishing future special issues (e.g. Accounting, Auditing and Accountability, Business Strategy & the Environment, Journal of Corporate Citizenship, Journal of Productivity Analysis, Corporate Governance: An International Review, Journal of Strategic Marketing).

The conference is organised by the staff of the International Centre for Corporate Social Responsibility; Wendy Chapple, Andy Crane, Dirk Matten, Jeremy Moon, and Dave Owen.

An International Conference Committee of Jem Bendell, David Birch, Andre Habisch, Jan Jonker, Malcolm McIntosh, Abby McWilliams and Don Siegel supports it.

For further information please go to:  
<http://www.nottingham.ac.uk/business/CCSR/conference/index.htm>



### The 10th International Interdisciplinary Conference on The Environment

1-3 July 2004

To be held at the Boston Park Plaza, Boston, Massachusetts, USA, from 1 – 3 July 2004. The Interdisciplinary Environmental Association (IEA), in conjunction with Assumption College, is organizing the 10th Annual International interdisciplinary conference on the environment!

The conference is motivated by the increasing need to combine ideas and research findings from different disciplines to enhance our understanding of the interactions between the natural environment and human institutions.

Conference presentations are aimed at the educated layperson and FOCUS on:

- What all disciplines have to offer with respect to understanding environmental and resource problems;
- What solutions are available;
- What are the implications of the globalization of environmental concerns.

The conference welcomes environmental practitioners, academics, students and all interested persons regardless of background.

All papers will pass a peer review process for publication consideration in the Interdisciplinary Environmental Review.

The program will consist of:

- small concurrent seminar-type sessions with: chairperson, presenters, and at least one

discussant assigned to comment on each paper; time allocated for each session is one hour and 30 minutes;

- round-table thematic discussions with moderator;
- workshops and panels;
- invited speakers;
- pre-conference reception, evening June 30; conference dinner, July 2.

For further information please refer to:  
<http://www.assumption.edu/users/kantar/iea/IICEcall.html>

## ENVIRONMENTAL PROFILE

In this new regular section APCEA will describe and profile the work of various environmental organizations and entities. The first of these is Greening Australia and in particular the Tasmanian division.



Greening Australia (Tasmania) Inc (GAT) is a non-government, not-for-profit community organisation that has been in operation since 1982. GAT is part of the National Greening Australia Federation.

In addition to delivering community-based programs the Business Services Division provides a range of fee-for-service vegetation management services. As a not-for-profit organisation any surplus made in commercial contracts goes back into our community programs. It has a team of 34 professionals involved in the delivery of an extensive range of vegetation management services. It undertakes

projects independently, and works in conjunction with other contractors and the community, to meet client needs.

As well as qualified technical staff they also have teams of experienced works crews that can be brought together for various on-ground projects such as seed collection and planting.

A recent initiative of Greening Australia (Tasmania) is the provision of two environmental scholarships.

### Cultivating the Future through Environmental Scholarships



Greening Australia's Jonathan Duddles and Fran Healy with scholarship recipients Anne Watson and Shane Wells.

Greening Australia is supporting environmental research and higher

education by contributing to the 2004 Tasmanian Governor's Environmental Scholarships.

Two honours students, Shane Wells and Anne Watson, from the University of Tasmania have been awarded the scholarships designed to encourage students to further their study in Tasmania with the ultimate aim of increasing the pool of talent available in the environmental management field within the State.

Greening Australia (Tasmania)'s Acting Chief Executive Officer, Jonathan Duddles, said Greening Australia was very supportive of furthering environmental education.

"The scholarship winners will be a great asset to the future of Tasmania" Jonathan said.

There was strong competition for the scholarships. Applications were assessed against criteria such as environmental worth, capacity of the applicant to deliver the project's outcomes, practical applications of the research and clear relevance to Tasmania.

Anne Watson's research project will centre around the effects of timber harvesting on processing rates of organic carbon in headwater streams.

"Through my research I hope to provide a greater understanding of the nature and timing of inputs of organic matter and the impact of changed organic input on invertebrate fauna" Anne said.

Shane Well's project will examine Environmental Impact Assessment (EIA) in Tasmania under the Resource Management and Planning System (RMPS) and determine if the current EIA procedures are capable of achieving sustainable development together with

determining where EIA procedures are deficient and can be improved.

The research will determine if development outcomes reflect the sustainable development principles of the RMPS, and if not, the changes necessary to EIA to ensure that these principles are reflected in future development.

"Hopefully this project will provide a comprehensive understanding of the Resource Management and Planning System and possible areas of improvement", Shane said.

Another particular initiative of Greening Australia is Enviromark.



Enviromark is an integrated set of corridor markers, management guidelines, quick guide and mapping database designed to assist vegetation corridor managers to protect significant vegetation, habitats, revegetation areas and to manage weeds.

#### *Significant Corridor Vegetation*

Corridor vegetation, for example along roadsides and railways, is sometimes the only original vegetation left in an area. It may contain threatened species, uncommon vegetation communities or habitat and important local genetic material.

Corridors such as roads also form a network across the landscape, making them potentially important for wildlife movement. Roadsides are our 'front garden', so keeping them looking good adds to our lives and the experience of visitors.

Weeds are a major problem on roadsides and along corridors. There are some significant weeds that are spread by normal maintenance activities. Introducing hygiene measures and changing works practices can reduce the spread of weeds along corridors.

Using Enviromark can assist councils, state government and other corridor managers to fulfil their requirements under threatened species and weed management legislation.

#### *Field Markers*

Field markers show the location of management areas. The colours and symbols indicate the issues and the codes relate to the appropriate specification.

#### *Standard Specifications*

These are the definitive reference on management regimes referred to in brief in the Quick Guide and maps. They set out how different activities, such as slashing and drain clearing, should be undertaken.

#### *Quick Guide*

The Quick Guide is a handy glove box sized reference for field workers. It outlines the general management response for the range of field markers available.

#### *Mapping Database*

The mapping database is custom-designed for recording and displaying corridor vegetation and management information. It stores all essential information on threatened species,

weeds, vegetation communities and management activities. It can be used to produce schematic road maps based on a user's requirements.

#### *User Guide*

A user guide is developed for each project to guide implementation. Contact Greening Australia (Tas) to find out how your corridor management issues can be covered by Enviromark. The system can be adapted to complement existing corridor management regimes or used as a stand-alone environmental management system.

This article and information was sourced from Greening Australia's web site at: <http://www.greeningaustralia.org.au/GA/NAT/>

## **ARTICLES REQUIRED**

The editors are seeking articles and news items for publication in the journal. They may be research notes, opinion pieces and general information relating to sustainability issues of interest to our readers.

Articles are subject to independent peer review by members of the editorial board prior to acceptance for publication.

Articles should be submitted in Word format and sent as an email attachment to either:

Gary.Odonovan@utas.edu.au

or

Trevor.Wilmshurst@utas.edu.au

