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## EDITORIAL

Welcome to the 2<sup>nd</sup> edition of the 2004 APCEA Journal. I am pleased to provide a detailed report on the activities of a number of our APCEA branches in this edition. It is satisfying to note the broad range of activities people from APCEA branches around the world, from many different disciplines, are engaged in currently.

Associate Professor Carol Tilt, from Flinders University in South Australia provides a thought-provoking piece on the influence of lobby groups on corporate social disclosures. Carol's influential 1994 paper on environmental groups is a regularly cited paper and it is good to see follow up work being undertaken in this often neglected area.

Frances Richards and Daniel Frieman provide a timely piece, which provides constructive information in relation to how ready Corporate Australia is for the environmental performance and reporting practices which are enshrined in the Corporate Law Economic Reform Program 9 (CLERP9). The article discusses what is required and provides guidance on how to comply and discusses the consequences of non-compliance with the environmental sections of CLERP9.

Regular features are included which highlight some of the current issues in environment accountability and information in relation to two important upcoming conferences is included. The editors and editorial team wish to acknowledge the ongoing support of CPA Australia and, this year in particular, the Tasmanian Division, for continued support and sponsorship of the journal.

The editors encourage academics and practitioners from all disciplines to submit articles to the journal for publication. Details of the format required are provided on the last page of this edition.

*Associate Professor Gary O'Donovan  
School of Accounting and Finance,  
University of Tasmania*

### **APCEA Editorial Board:**

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APCEA web site:

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

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

# CORPORATE SOCIAL DISCLOSURE: THE INFLUENCE OF LOBBY GROUPS

Associate Professor Carol Tilt  
School of Commerce  
Flinders University

## Introduction & Literature Review

The academic literature on social and environmental reporting contains many references to the various stakeholders of a company and/or the users of corporate social disclosure (CSD). Ten years ago a paper was published in this area (Tilt, 1994) and found that while such groups did use social and environmental information produced by companies, and did attempt to influence their actions, they considered the information produced at the time to be unreliable, not particularly useful and of poor credibility.

More analysis of the demand for CSD has since been called for, yet, since the Tilt (1994) study, only a limited number of studies have been undertaken on lobby groups' influence on reporting, including a few that indicate that the relationship between corporations and lobby groups is changing.

Deegan and Gordon (1996) found a positive relationship between increases in membership of environmental organisations and environmental disclosure by companies. Deegan and Blomquist (2001) investigated the influence of one of the major environmental organisations in Australia, the World Wide Fund for Nature (WWF), and found that they were able to influence environmental reporting practices.

Other papers suggest that lobby groups are now working with organisations in order to find mutually beneficial outcomes. In Australia, Fiedler and

Deegan (2002, p. 30) investigated some interactions between NGOs and businesses in the construction industry. They found that collaborations were motivated by stakeholder pressure, publicity, and the ability to "set an example for other ... projects to follow".

The most recent study on lobby groups to be undertaken is one by O'Dwyer *et al.* (2003), who interviewed lobby groups in the Republic of Ireland. They were interested in examining 'less economically powerful stakeholders' and found that there is a demand for social disclosure information by lobby groups, motivated primarily by a desire for accountability, but that current CSD practice in Ireland is viewed with "disdain, cynicism and ...scepticism" (O'Dwyer *et al.*, 2003 p. 1). They also found that there is predominantly an antagonistic relationship between corporations and lobby groups.

While some of these more recent studies indicate that the adversarial nature of the relationship has softened somewhat, the research has been concentrated mostly in the area of environment and has been limited to a few large, high profile, lobby groups.

This paper reports the preliminary findings of a study that attempts to replicate the Tilt (1994) study to determine whether the attitudes of lobby group members has changed over the past ten years and to document the amount of influence social and environmental lobby groups have, or attempt to have, on the reporting

activities of large companies. It reports the results of a survey taken in 2003 of 85 major social and environmental lobby groups in Australia, most of which were surveyed in the Tilt (1994) study. Although the final response rate was only 25%, those surveys that were returned provided some useful data upon which to base discussion.

### Results and Discussion

Almost all respondents to the survey claimed to have seen some form CSD, mostly being annual reports, supplements and advertisements, and most had received some sort of CSD

unsolicited from companies. This suggests that companies recognise that lobby groups are a potential audience for their disclosures. Only around half of the respondents actively sought information from companies. This shows little change since 1994.

Respondents were asked to assess each item of CSD they had seen according to its credibility and understandability on a scale of 1 to 5, with 5 being most credible/easy to understand. Table 1 presents the results.

**Table 1**  
**Understandability and Credibility of Reporting Media**

<b>Reporting Medium</b>	<b>Understandability (1994) 1 = difficult</b>	<b>Change</b>	<b>Credibility (1994) 1 = not credible</b>	<b>Change</b>
Annual Reports	3.60 (3.16)	+0.44	3.13 (3.16)	-0.03
Supplements*	3.70 (3.81)	-0.11	3.30 (2.76)	+0.54
Advertisements	3.57 (4.01)	-0.55	2.43 (2.08)	+0.35
Product Labels	4.33 (3.46)	+0.87	2.67 (2.65)	+0.02

\* supplements were defined as items separate from the annual report but produced at the same time, such as social or environment reports.

Since 1994, the major changes are that the understandability of annual reports and labels has increased, as has the credibility of supplements. The increased credibility of supplements most likely reflects the increase in environmental reporting via separate booklets that has been reported recently (Tilt, 1997) and thus, reflects the greater amount of effort directed at the presentation of these reports.

Despite almost all organisations that responded to the survey claiming to have seen some form of CSD, 65% felt that the amount of social disclosure made by companies is not currently sufficient (down from 77% in 1994), while 90% felt that such disclosure was necessary.

They considered that disclosure should be both narrative and quantified and should be part of the annual report and in separate booklets or supplements to the annual reports. There was also support for some disclosure via the media.

Half of the organisations surveyed claimed to support companies with good disclosure practices by making public comment on their activities via the media, however two respondents reported that they worked with companies in collaborations or partnerships to help them with their environmental strategies and activities.

Fewer companies claimed to lobby poor performing companies directly (30%), with indirect lobbying appearing more

common (55%). The prevailing method of lobbying was via the media but also involvement in legislation and attendance at industry forums and company AGMs to raise issues. Again, these figures are not significantly different to those found ten years ago.

Most respondents (80%) felt that the amount of CSD produced had increased over the last ten years, but notwithstanding that, 85% still believe that legislation is needed to require social and environmental reporting (86% considered legislation was needed in 1994).

When asked what companies should disclose, responses were almost unanimous in suggesting that 'anything and everything' related to the community and the environment should be reported upon. Some suggested that measurable information is more useful, and the 'Triple Bottom Line' was mentioned by a few. Generally however, responses indicated that the individuals from the lobby groups had an undeveloped and even naïve knowledge of social and environmental reporting, and appeared unaware of any 'best practice' examples.

In the general comments provided at the end of the survey there did appear a distinct note of pessimism regarding the social and environmental activities and reporting by Australian companies. Although they admitted that reporting had increased, most appeared sceptical about the motives for reporting, many suggesting that economic imperatives were still considered paramount.

### **Conclusions and Implications**

Preliminary analysis of the survey suggests that lobby groups do have some interest in directly trying to influence what is reported by companies, but their primary focus is on changing their activities. This could

mean they assume that reporting will flow naturally from this, or that they do not consider reporting to be an important mechanism for changing corporate actions. This is an important finding, given the attention in the social and environmental accounting literature on reporting as a means of making companies transparent and thus accountable.

Lobby groups did appear to be aware of many types of CSD but did not view any of them as particularly credible or useful, a finding that concurs with other recent research in the area (O'Dwyer *et al.*, 2003).

Finally, on comparison with the study published in 1994, there appeared to be little change in perceptions of CSD after ten years, despite major changes and increases in reporting practice. This poses questions that have been suggested previously, such as who is the intended audience for the increased amount of reporting being produced by companies, and what are the objectives of social reporting.

It does appear that despite some minor engagement with the corporate reporting process, such as the WWF reporting Scorecard, and a few groups' involvement in the Age Newspaper's *company reputation index*, lobby groups are not taking up the challenge to try to influence social and environmental reporting in Australia. An important comparison would be to determine whether the level of influence is greater in other developed countries, and to determine why Australian groups have not seen such engagement as appropriate to date.

### **References**

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Fund for Nature and the Australian Minerals Industry”, CD-Rom Proceedings of the Asia Pacific Interdisciplinary Research in Accounting Conference, Adelaide, 15-17 July.

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Tilt C.A. 1997 “Environmental Policies of Major Companies: Australian Evidence”, *British Accounting Review*, 29(4), pp. 367-394.

## **ARE YOUR ENVIRONMENTAL REPORTING PRACTICES READY FOR CLERP 9?**

**Frances Richards**  
Partner, Gadens Lawyers

**Daniel Freiman**  
Solicitor, Gadens Lawyers

This paper looks at and provides:

- Statutory and non-statutory requirements for environmental reporting
- The impact of CLERP 9
- A checklist for responding to requirements for environmental reporting

As the trend toward greater corporate transparency and accountability gathers pace, environmental reporting is becoming an increasingly important part of corporate disclosure practices. Industry has recognised this for some time through voluntary triple bottom line reporting.

Under changes proposed by the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003 (Cth) (CLERP 9), environmental reporting will soon become a critical component of the statutory reporting regime for public listed companies. CLERP 9 is currently before parliament and is intended to come into force on 1 July 2004.

Here we review existing statutory and non-statutory requirements for environmental reporting and consider how CLERP 9 will add to this framework. We also discuss the implications for companies that will be

affected by the increased focus on environmental reporting.

### **Existing statutory requirements for environmental reporting**

The current statutory regime governing the financial reporting and disclosure obligations of companies (and other entities) deals with environmental reporting, but only to a limited degree. The *Corporations Act* requires the annual directors' report to provide general information about operations and activities, including details of performance against relevant environmental regulation. This assessment of environmental performance concerns operations for the year past.

In addition, the continuous disclosure provisions of the *Corporations Act* require that public companies disclose information, not generally available, which a reasonable person would expect to have a material effect on the value of securities by influencing investors. Information concerning environmental (and social) performance has become an important factor in the decision making of many investors. Indeed, some investment research firms now assess the financial implications of environmental issues for specific companies and analyse performance against environmental standards or targets.

The Listing Rules of the Australian Stock Exchange require public companies to include a review of operations and activities as part of their annual reports. Such a review may include an assessment of compliance with environmental regulation.

Companies with statutory licences will have reporting obligations under the conditions of those licences. The Environment Protection Authority in NSW issues licences for prescribed

activities which impact on the environment.

### **Non-statutory requirements for environmental reporting**

Companies may also be subject to a number of non-statutory requirements to report on environmental performance, for example:

- the National Pollutant Inventory, which requires facilities to report against a list of agreed chemical pollutant emissions
- the Greenhouse Challenge, which requires signatories to report on greenhouse gas emissions
- the Australian Minerals Council Code of Environmental Management and
- the National Packaging Covenant.

### **Best practice guidance**

Many companies also undertake environmental reporting on a voluntary basis in accordance with best practice guidelines.

In Australia, the Group of 100 Inc (G100) publishes the following best practice guides which are relevant to environmental reporting:

- Guide to Review of Operations and Financial Condition, which states that a review of operations and financial condition (such as that proposed under CLERP 9) should report on environmental performance and environmental influences on a company where relevant and
- Guide to Triple Bottom Line Reporting, which discusses environmental reporting practices in detail.

The Commonwealth Department of Environment and Heritage has produced the Australian Framework for Public Environmental Reporting, providing a step-by-step approach for companies to

follow when preparing an environmental report. Importantly, the Australian Framework is compatible with accepted international guidelines.

On an international level, the Global Reporting Initiative (GRI) has produced a set of internationally acceptable reporting guidelines, simply called the Guidelines. The GRI was initiated in 1997 by the Coalition for Environmentally Responsible Economies and is now an independent organisation working closely with the United Nations Environment Program. The Guidelines provide companies with a broad framework to develop environmental reporting practices. They specify general reporting principles and outline report structure, core content and environmental performance indicators. The Guidelines are complemented by industry-specific Sector Supplements and Technical Protocols on the measurement of environmental indicators.

In addition, the International Organisation for Standardisation (ISO) has established standards for environmental management systems known as ISO 14000. The standards contained in ISO 14000 range from environmental auditing, performance evaluation, communication mechanisms, design and development, product life-cycle assessment, labelling and declaration.

### **CLERP 9**

The reforms proposed under CLERP 9 significantly broaden reporting requirements and thereby increase the emphasis placed on environmental and other non-financial performance within the statutory framework.

CLERP 9 proposes the introduction of a new s 299A into the reporting provisions of the Corporations Act. The proposed s 299A creates additional general

requirements for the content of the annual directors' report prepared by listed public companies. The directors' report should contain information that members of the company would reasonably require to make an informed assessment of:

- the company's operations
- the company's financial position and
- business strategies and future financial prospects.

Information about business strategies and future financial prospects can be omitted if that information would likely result in unreasonable prejudice to the company.

Practically, this means that the directors' report must (where relevant) address not only compliance with environmental regulation for the year past, but also provide information on the potential effect of significant environmental issues on business strategy and future financial prospects.

Examples of significant environmental issues that may affect the business, and that the directors may need to address are:

- responses to climate change and greenhouse gas emissions
- water pollution and salinity
- extended producer responsibility and
- access to water resources.

### **What are the consequences of not complying with CLERP 9?**

Existing offence and enforcement provisions under the Corporations Act relating to companies' reporting requirements will apply. If the directors fail to take all reasonable steps to comply or secure compliance with statutory reporting requirements, then the directors would have contravened a civil penalty provision. The court would

make a declaration of that contravention. ASIC could then seek from the court a pecuniary penalty order of up to \$200 000 for an individual or \$1 000 000 for a corporation or a disqualification order. If the contravention is dishonest, the directors would have committed an offence. The prescribed penalty is \$220 000 or five years' imprisonment or both.

As the directors' report constitutes a set of representations made to shareholders, the directors can also be exposed to liability for the offences of making false or misleading statements or providing false or misleading information. This can lead to criminal liability, injunctive action or damages.

### **How to respond to requirements for environmental reporting?**

Obviously, the significant environmental issues will vary from company to company and will change over time. Many companies will already have environmental reporting procedures in place to satisfy existing mandatory requirements or voluntary best practice guidelines. The government envisages that in preparing a report in accordance with the proposed s 299A, directors will have regard to best practice guidance such as that published by the G100 mentioned above.

Companies should take the following steps in relation to environmental reporting to ensure readiness for the implementation of CLERP 9:

- review existing environmental reporting systems against recognised best practice guidelines, such as the G100 guides mentioned above
- carry out environmental audits or other processes to identify significant environmental issues which may require disclosure once CLERP 9 takes effect

- develop methods of presenting and reporting environmental issues (best practice guidelines will be helpful in this regard)
- arrange for external verification of environmental reports in cooperation with environmental organisations
- develop procedures to review future reports internally in order to ensure compliance with the statutory requirements
- assign responsibility within the board of directors for environmental performance and reporting and
- seek further advice on the effect of the reporting provisions contained in CLERP 9 on the company's operations.

### **Beyond compliance with CLERP 9**

While CLERP 9 is clearly focused on the annual directors' report, other methods of communication are available to ensure that a company's environmental performance and the impacts of its operations are effectively and comprehensively disclosed to stakeholders, for example:

- a separate environment report outlining environmental performance and impacts
- a full triple bottom line report incorporating environmental, social and economic issues and
- publishing environmental information on the company's website.

*This article is reprinted with permission from the May 2004 issue of Keeping good companies, the official journal of Chartered Secretaries Australia.*

## NEWS FROM APCEA BRANCHES

### **Australian National University**

Members of APCEA (ANU) have been active in a number of areas in recent times. Members located in the School of Business and Information Management include the following staff and scholars in environmental accounting and environmental management:

#### *Dr Roger Burritt, Reader and Deputy Head of School*

Roger's interests in environmental accounting have a present focus on environmental management accounting. He is member of the United Nations Division for Sustainable Development Environmental Management Accounting international expert Group and the United Nations Department of Social and Economic Affairs Asia Pacific Regional expert Meeting on Sustainable Consumption and Production.

He is a member of a team examining environmental management accounting systems in small and medium sized companies in South East Asia in a four year project (2004-2007). He recently presented papers at the Environmental Management Accounting for South East Asia Workshop in Bangkok, the 9th European Round Table on Sustainable Consumption and Production in Bilbao, the 3rd Australasian CSEAR Conference in Sydney, the Facultad de Ciencias Economicas y Empresariales, University de Burgos, Spain, and the EMAN (Europe) conference in Germany.

Roger is coordinating the EMAN (Asia Pacific) section of the Greening of Industry Network conference to be held in Hong Kong in November. Papers are still welcome until the end of September 2004. They must be registered through

GIN at <http://gin.confex.com/gin/2004>. See further information later in this edition of the journal.

#### *Dr Chika Saka, Visiting Research Fellow (October 2003 to October 2005)*

Chika is working with Roger on research into Pollutant Release and Transfer Registers and also has a program of activities in Japanese environmental accounting and external reporting. She is located at the ANU in Canberra for two years. Chika's home university is Kwansai Gakuin University, Japan where she is Associate Professor in the School of Business Administration. Chika and Roger have recently presented papers in Germany (EMAN (Eu)), Bilbao (ERSCP), Singapore (APIRA) and will present in Kong Kong (GIN).

#### *Mr Sumit Lodhia, Associate Lecturer and PhD Scholar*

One of Sumit's main interests is research into environmental disclosure issues related to the internet as a source of data and information. He is on an Outside Studies Program (sabbatical) in the second half of 2004. He recently presented his ideas at the A-CSEAR conference in Sydney and the APIRA conference in Singapore

#### *Mr Tapan Sarker, PhD Scholar*

Tapan's research is at the interface between environmental taxation and environmental accounting in the petroleum and gas industry in Australia. Tapan presented his research ideas at the 3rd A-CSEAR Conference in Sydney early this year and will be presenting a joint paper with Roger at the 2nd International Conference on 'Environmental Concerns: Innovative Technologies and Management Options' in Xiamen, China in October. He recently completed a pilot project into

waste audit and workplace sustainability for CSIRO Sustainable Ecosystems, with Leon Bateman - a pilot that is now to be rolled out throughout their organisation. He is currently involved with Family and Community Affairs (FaCS) paper audit research project.

*Mr Eric Lee, PhD Scholar*

Eric is developing his environmental accounting interests in the airline industry and is in the early stages of proposal development.

*Ms Prabanga Thoradeniya, PhD Scholar*

Prabanga is concerned about environmental accounting and reporting in the public sector and is focussing her research on Commonwealth entities in Australia.

*Ms Qian Wei, PhD Scholar*

Wei has been pursuing research into local government waste management and accounting in Australia for two years. She is currently conducting interviews in a number of local governments in NSW. She presented part of her PhD project at A-CSEAR in Sydney and a joint paper with Roger at APIRA in Singapore.

*Ms Susi Sarumpaet, PhD Scholar*

Susi is the most recent scholar in the Environmental Accounting Group at the Australian National University. Environmental ratings in the Indonesian tourism industry are her forte. She has chosen the industry in Bali as her main empirical source of data.

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## **Curtin University of Technology**

As stated in "Beyond Grey Pinstripes 2003: Preparing MBAs for Social and Environmental Stewardship" (<http://www.beyondgreypinstripes.org>), in preparing Curtin's MBA graduates for

sustainable progress with a broad range of stewardship skills in a dynamic business world, the challenge of complex decision-making focus in environmental and social issues are infused in the study program.

Commencing this year, students have the opportunity to expand their MBA program to the MBA [Sustainability Management] Specialisation. It includes a completion of four additional units - Global sustainability issues 603, Eco-Efficiency 603, Industrial Ecology 603, Sustainability Management 601.

Environmental accounting and sustainability reporting have already been covered in Financial Management 550 and Environmental Management Strategy 660. The Master of Leadership program has a high level of focus on ethical issues, while the Master of Futures also covers the area of sustainability, foresight and social equity.

The "Governance and Corporate Social Responsibility" Research Unit has recently been established as one of the Areas of Research Excellence (AORE). This multidisciplinary research unit conducts academic and contract research in the area of governance and corporate social responsibility, with a particular focus on the development of leadership and management practice. The unit incorporates issues of governance with not only financial accountability, but also environmental and community challenges increasingly being experienced by business and government.

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## **Macquarie University**

There have been a number of activities in Macquarie. The most recent included the completion of a DBA by Kittya and the number of working papers concerning social and environmental accounting has been posted on the MGSM site.

Kittiya Yongvanich, "Extended Performance Reporting in the Mining Industry in Australia", part-time DBA student.

PhDs near completion in the sustainability area include:

- Anna Lee Rowe, "Greening Corporate Dragons' Accountability: The Role of Accounting", part-time PhD.
- Ward, L, "Corporate Social Responsibility Reporting in the Food, Beverage and Tobacco Industry: Balancing the Balanced Scorecard", part time DBA student.

Current conference papers.

- Yongvanich, K. Guthrie, J. and Kramar, R., (2004), "Extended performance reporting: An examination of the Australian mining industry", For the 4th Asia Pacific Interdisciplinary Research in Accounting Conference (4 - 6 July 2004), Singapore.
- Yongvanich, K., and Guthrie, J. (2004), "Extended performance reporting framework: A form of sustainability reporting framework" The Inter-Disciplinary CSR Research Conference, University of Nottingham, 22 - 23 October 2004

Also, it is noted that Professor James Guthrie will be taking a position at Sydney University at the end of the year and that Dr Lorne Cummings will be

taking over the Macquarie University branch.

## **University of Sydney, Orange Faculty of Rural Management**

The first cohort of students in the Faculty's Master of Sustainable Management (MSM) is nearing the end of their program; they will be graduating in December. The MSM program embodies the belief that for business to be sustainable in the long term, a successful manager must effectively manage the whole of the business' resources from a sustainable global perspective. Students are located throughout Australia, Asia and Europe, a geographical distribution made possible by the use of the teaching platform WebCT to deliver the entire course.

Dr Tom Payne, Dean and Vice Chancellor of the College of Agriculture, Food and Natural Resources, University of Missouri visited the Faculty of Rural Management in early August. The College has undergraduate courses and an extensive research program in sustainable management, and there is a number of Faculty Staff, including Dr Sarah Bell, Dr Judith Crockett and Zelma Bone, working with their US colleagues on recently established joint research projects. We look forward to further increasing our links with the University of Missouri.

## **University of Tasmania**

Members of staff from The School of Accounting and Finance are part of a larger research group within the Faculty of Commerce focusing on the corporate social responsibility side of corporate governance issues.

In particular Dr Trevor Wilmshurst, Associate Professor Gary O'Donovan and Ms Kathy Gibson are involved in projects investigating triple bottom line

reporting and the internet, triple bottom line reporting and community well being

Current conference papers from staff/students:

Baxter, T, "Finding Nemo: Compliance and Enforcement on the Great Barrier Reef", Global H2O Partnership Conference, Magnetic Island, Qld, 11-14 May 2004

### **Baxter, T**

O'Donovan, G, "Environmental Reporting in Australia: 1983-2003", Australian National University Seminar Series, 29 October 2004.

O'Donovan, G & Gibson, K "Social and Environmental Accounting Education in Australia: Taking it to the World, 10<sup>th</sup> Interdisciplinary Environmental Association Conference, Boston, USA 1-3 July 2004.

Wilmshurst, T, "Why is it that managers report environmental information to stakeholders?" 5th Annual Conference of the Asian Academic Accounting Association Bangkok - 11-13 October 2004.

Wilmshurst, T, "Stakeholder theory - Modelling stakeholder theories as a research tradition" 16th Asian-Pacific Conference on International Accounting Issues, Korea - 7-10 November 2004

Wilmshurst, T, "Stakeholder theory - one grand theory or multiple perspectives - an Australian study", 4th Asia Pacific Interdisciplinary Research in Accounting Conference Singapore - 4-6 July 2004

Masters by Research (in progress):  
Molloy, S "Sustainable Education: The University of Tasmania - A Case Study"

### **Universidad de Pacifico - Peru**

Universidad de Pacifico is the newest member of APCEA. Professor Pedro Franco (pfranco@up.edu.pe) is the Director of The Center for Accounting and Management for Sustainability. *Centro de Contabilidad y Gestion Sostenibles (CCGS.)*

CCGS is located in the Accounting Department (Departamento Académico de Contabilidad) of the Universidad de Pacifico (UP). UP is considered to be the leading school of business and economics in Peru and the leader in education, research and practice on Corporate Social Responsibility.

The CCGS focuses on the Measurement and Control of Corporate Social Responsibility and Sustainability. CCGS utilizes a framework or method for performance measurement that is based on the criteria for social responsibility and sustainability used by leading market investors, indexes and banks. Presently, the CCGS is working in consultancies on corporate social responsibility and developing projects on environmental issues.

The Advisor Committee is formed by four of the most important companies in Peru: Banco de Credito de Peru, the largest bank in the country; Minas Buenaventura, one of the leading mining companies of Peru; AFP Profuturo, a leading private pension fund; and Ernst & Young, one of the biggest auditing firms worldwide.

The activities of CCGS include research, classes, executive education, conferences, and international partnerships. These are coordinated and integrated with the Sustainability Group within UP, which includes three other activity areas. CCGS also maintains relationships and develops activities with other partner organizations.

## ENVIRONMENT EXTRA!



### Challenging Corporate Accountability

Geneva, 28 June 2004 - WBCSD member BP is rated as most accountable company in a recent survey measuring the current state of corporate accountability in the world's largest 100 companies.

The Accountability Rating was developed by London based consultancy csrnetwork and AccountAbility, a professional institute dedicated to promoting accountability for sustainable development. The survey was designed to rank companies on their global sustainability performance and evaluate how well they account for their impacts on society and the environment.

Several other member companies rank prominently on the list by demonstrating their commitment to corporate accountability practices. Suez, Shell, Unilever, Tokyo Electric Power, Toyota Motor, Hewlett-Packard and Vodafone are among the top 10.

The survey compiled information on each company's corporate social responsibility policies and performance by examining six areas: stakeholder engagement, strategy, governance, performance management, public disclosure and assurance. The survey drew its selection criteria from key developments in the area of accountability, such as the United Nations Global Compact and the Global Reporting Initiative.

The Accountability Rating is expected to help companies and their stakeholders improve accountability in effective and practical ways. "This new rating provides insight into performance strengths and weaknesses, and will help guide BP and other companies on where disclosure improvements can be made," said Mark Ware, vice president of communications and external affairs of BP.

Measuring the performance of corporate accountability in social, environmental and economic terms, the rating also shows how companies are incorporating responsible business practices within their overall corporate strategy.

"The Accountability Rating moves us beyond a narrow focus on reporting ad-hoc non-financial activities to one that illuminates the links with business strategy, performance and long term value creation," said Simon Zadek, CEO of AccountAbility.

Source:  
<http://www.wbcd.org/plugins/DocSearch/details.asp?type=DocDet&DocId=NjAzNg>

### How Do Socially Responsible Investment Firms Walk Their Talk When It Comes to Corporate Social Responsibility?

Socially responsible investment firms take particulars such as scale and sector into account in their CSR expectations at the companies they own and in their own operations.

Socially responsible investment (SRI) firms' *raison d'être*, in addition to generating healthy returns for their investors, is to promote corporate social

responsibility (CSR) at the companies they hold. At a recent SRI conference, a CSR executive from a prominent computer producer who often interacts with social research analysts wondered aloud how SRI firms' internal CSR performance stacks up. In other words, do they practice what they preach? Looking at the big picture, the answer seems to be yes.

"Trillium Asset Management was founded to embark on a mission--reforming capitalism," said Joan Bavaria, founding president of Trillium, which differs from many SRI firms in that it offers individually managed accounts instead of mutual funds. "We have believed from the beginning that we must walk our talk--hold ourselves to the same standards we ask of other companies."

For example, Trillium has filed shareowner resolutions asking companies to reign in executive compensation and to prepare sustainability reports. According to statistics posted on the Trillium website, corporate CEOs make between 411 and 531 times what average workers make, while Trillium limits the ratio of CEO to median employee pay to approximately 4:1. However, Trillium is not necessarily asking corporations to apply the same ratio as it does, as there is a huge differential in scale between a small investment firm and a huge corporation.

Similarly, Trillium has issued its own sustainability report, and other SRI firms, such as the Calvert Group and Citizens Funds, are preparing such reports. However, many SRI firms find the preparation of sustainability reports prohibitively labor-intensive and expensive. Does this mean they should not ask major corporations, which enjoy economies of scale, to prepare sustainability reports unless they do so themselves?

"Overall, Domini seeks to align its internal practices with the standards it advocates for publicly traded companies, but it should be noted that a small, privately held company such as Domini is very different than a large-cap publicly traded company," said Adam Kanzer, general counsel and director of shareholder advocacy at Domini Social Investments. "Our impact is significantly smaller, and our ability to undertake certain tasks--such as regularly reporting our greenhouse gas emissions--is significantly less."

Others in the SRI community agree.

"In a sense, all companies are held to different standards, but that is more a matter of their industries than their affiliation with social missions or investing," said Julie Gorte, director of social research at Calvert. "For example, we would not hold ourselves (or any other asset manager) to the same standards for environmental performance and disclosure that we do for, say, a manufacturer, where the environmental impact is far greater."

Similarly, most SRI firms support the splitting of corporate CEO and board chair positions. Some SRI firms pursue shareowner action on the issue, dialoging with companies to promote change or filing shareowner resolutions when dialogue stalls, while other SRI firms register their support simply by voting in favor of such resolutions on their proxies. Some SRI firms, such as Pax World Funds, MMA-Praxis, Citizens Funds, and Trillium, split the position of CEO from fund board chairs, while others do not.

"We do not hold ourselves to a different standard than the companies whose social and environmental impacts we examine as investments, nor do we ask companies to do things we do not

believe we should do, or be asked to do," said Ms. Gorte of Calvert. "For example, we have not taken a position, in our screening or advocacy, on splitting the CEO and chair position."

According to Calvert's proxy voting guidelines, it determines how to vote CEO/Chair separation resolutions on a case-by-case basis.

New Securities and Exchange Commission (SEC) regulations prohibiting mutual fund firm CEOs from chairing boards of funds are taking effect.

"Persuant to the new SEC rule, the funds' board will be appointing an independent chair in the near future," said Mr. Kanzer, referring to the fact that Domini CEO Amy Domini currently chairs the board of trustees for the two Domini mutual funds.

Diversity is representative of the many issues where SRI funds' internal CSR practice dovetails with their advocacy for CSR best practice at the companies they hold.

Said Ms. Gorte of Calvert, "We have asked many companies to diversify their

boards, and all our own fund boards include women and minorities."

The Domini funds' eight-person board consists of six women or minorities, exemplifying diversity best practice. Similarly, Pax World places a strong emphasis on diversity, specifically focusing on recruiting and promoting women.

"Half of our portfolio managers are women, three women sit on our fund boards, our CFO is a woman, as is our vice president of social research, vice president of marketing, and the heads of our capital management and shareholder services departments," said Anita Green, Pax World's vice president of social research. "There is one secret formula that we're trying hard to give away, which is that we think the prevalence of women on our boards and in upper management gives us a competitive advantage over all-male firms."

Source:  
<http://www.socialfunds.com/news/article.cgi/article1494.html>

## UPCOMING CONFERENCES/EVENTS

**The Inter-Disciplinary CSR  
Research Conference**

**University of Nottingham  
22-23 October 2004**

This article appeared in the previous edition but the editors thought given the timing of the conference it is worth reproducing again.

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>

## 12th International Conference of The Greening of Industry Network

### Partnerships for Sustainable Development

November 7-10, 2004, Hong Kong

*Organized by:*

**Corporate Governance Programme - CEGP**

**The University of Hong Kong**

Venue: Hong Kong Convention and Exhibition Centre

[www.hku.hk/gin2004](http://www.hku.hk/gin2004)

## Setting the Agenda

If we are to move towards creating societies based on principles of sustainable development, then business, government, and civil society are going to have to play roles in that process. However, acting alone they are likely to achieve considerably less than working in cooperation, providing *collaborative leadership*. Collaboration and partnerships between businesses and other actors are going to be crucial in promoting economic, environmental, and social improvements that contribute to sustainable development. Much of this change calls for new thinking on the part of business and other actors. It requires all sectors of our societies to pay greater attention to sustainable development in a world of globalisation even though some governments often ignore their own responsibilities. In many ways we should expect business to take the lead and help to facilitate productive partnerships. How is this best achieved?

## Conference Themes

The 2004 Greening of Industry Network conference welcomes all contributions on building partnerships for sustainable development. Particularly encouraged are presentations and workshops dealing with the following themes:

- Research into successful partnerships between businesses and their stakeholders contributing to sustainable development.
- Designing and implementing new institutions, public policies, civil regulation strategies, technologies, and business practices to promote sustainable development.
- The dynamics and potentials for public-private partnerships.
- The potential for business-to-business cooperation.

- Partnerships for emerging economies.
- Creating new business models for sustainable development.
- Partnerships in a world of globalisation and competition.
- Engagement with civil society.
- Developing and delivering campaigns and education for sustainable development.
- Examples of successful (and not so successful) partnerships.

### **Presentation Categories**

The conference program committee invites representatives of academia, business, government, NGOs and civil society organizations to submit proposals for participation in any of the following categories as they relate to the conference themes:

- Plenary addresses and debates
- Structured dialogues
- Workshops, breakout sessions, or panels
- Case studies

### **Research papers**

Research paper and case study breakout sessions will feature speakers from the private sector, civil society, government, education, and research communities who will demonstrate the role that these emerging issues play in the development of specific innovations.

Conference documentation will include proceedings published electronically, a special issue of the journal *Business Strategy and the Environment* (ERP Environment & John Wiley & Sons), and one or more edited books. Full papers (for research papers, case studies, position papers) will be reviewed as part of the design of the books and the journal special issue. Note that full papers will be optional for those participating only in panels, debates, discussions and dialogues.

### **Conference Programme**

The Greening of Industry Network provides a platform for people from diverse backgrounds to share ideas and experiences and to strengthen relationships, visions and practices for sustainable development. Features of the Network conference include keynote speeches, plenary debates, breakout sessions, research paper workshops, and poster presentations. There will be preliminary sessions on Sunday, November 7, and a Postgraduate Research Workshop. The conference will open officially on Monday, November 8 and close Wednesday afternoon, November 10.

### **Venue**

The GIN2004 conference venue will be the Hong Kong Convention and Exhibition Centre, with full facilities for the conference, breakout sessions, small group meetings and exhibitions. The Convention Centre is in the Wan Chai area of Hong Kong Island with many hotels located within walking distance. Details can be found on the Web site. We strongly advise participants to book accommodation early since hotels are very full at this time of year (especially in this area).

### **Timetable**

November 1, 2004 Deadline for registrations

### **Conference Secretariat**

The conference chair for GIN2004 is Richard Welford, Corporate Environmental Governance Programme, Centre of Urban Planning and Environmental Management, The University of Hong Kong. The Conference Coordinator is Eva Poon.

### **Contact details**

Email: GIN2004@hkusua.hku.hk  
 Tel: (852) 2857 8641  
 Fax: (852) 2559 0468

## ENVIRONMENTAL PROFILE

# TASMANIAN Environment Centre INCORPORATED

### **Solutions for Sustainable Communities**

The Tasmanian Environment Centre Inc. is an incorporated not-for-profit association with over 30 years' experience in providing community environmental education, information and awareness programs, as well as acting as a central resource centre.

It has successfully managed a wide range of projects, including the Tasmanian Environmental Home Expo, the Cool Communities project, numerous Natural Heritage Trust projects. They have both contributed to and taken an important role in a wide range of community based events such as the 2002 Mountain Festival.

Its aims are:

- To promote and encourage education within the community for the appreciation, enhancement and protection of the environment.
- To establish, manage and carry on a community centre which will facilitate the attainment of the above aims or any other similar purpose.

### **Services and Resources**

The TEC provides a wide variety of services and resources with something to suit everybody. These include:

#### *Library*

The Environmental Resource Library has information on a broad range of

topics for students, teachers and the general public.

#### *Questions and Answers*

The Tasmanian Environment Centre can help you find answers to your environmental questions. Contact the TEC for more information on anything from compost toilets to global warming.

#### *Teachers' Services*

Curriculum materials (teaching activities, posters and kits) and teachers' seminars.

#### *Community Education*

Lunchtime talks, public seminars and displays.

#### *Community Environmental Management Projects*

The Tasmanian Environment Centre may be able to help you with the administration of projects such as those funded by Envirofund and the Natural Heritage Trust.

#### *Environment Awards*

The Richard Jones Memorial Awards are to commemorate the memory of Dr Richard Jones who was instrumental in forming the Tasmanian Environment Centre in 1972.

#### *Book Sales*

The TEC has a selection of Tasmanian environmental publications for sale. Visit the centre, or order by mail.

### *Meeting Space and Mailboxes*

The TEC can provide a meeting space and mailbox service for community groups at a minimal cost.

### *Environmental Hints*

How you can live lightly on the planet. Climate change is the biggest challenge facing the global community today.

### **Projects - Cool Communities**



### **Every home can make a difference**

*Each Australian Home Creates 16 Tonnes Of Greenhouse Gas Every Year*

Greenhouse gases contribute to climate change, which threatens every Australian's way of life. While government and business have their role to play, ordinary Australians can make a big difference too. Individual households create almost one-fifth of Australia's greenhouse gas emissions. Most is produced by energy used for home heating and cooling, water heating, private transport and the decay of household waste in landfill. There are 6.5 million households in Australia, and each produces on average 16 tonnes of greenhouse gas emissions every year. Simple changes to our everyday activities can save 3 or more tonnes of greenhouse gases each year - and save ordinary families hundreds of dollars.

A new project is underway to reduce greenhouse gases in the community. The project, called Cool Communities, will provide information and resources to help ordinary families cut greenhouse gas emissions and save money. Cool Communities is an Australian Greenhouse Office project delivered in collaboration with non-government environmental community groups from

each state and territory. It is run in Tasmania by the Tasmanian Environment Centre.

Cool Communities is pleased to announce that the successful Round 2 communities are the Tasmanian University Union and the Cities for Climate Protection Councils – Hobart and Brighton.

The Tasmanian University Union will be conducting a project in which 50 of its student households will participate in a before and after energy efficiency monitoring program. Students will have their household energy audited at the beginning of the program. For three months they will participate in workshops, incentives programs and personalised support programs to encourage reduction in their energy use.

They will be given access to energy efficient products like compact fluorescent light globes, draught proofing tape and energy efficient heaters and will also be encouraged to use the curtain library set up during Round 1. At the end of the program they will again be audited and a post program workshop will be held to analyse and discuss the results.

The Hobart City Council, as a Round 2 Cool Community will support and extend its innovative Walking Bus Project, developed in conjunction with South Hobart Primary School. This will encourage students living close to the school to form walking buses (supported groups walking together) as a regular way of travelling to and from school. As part of the program, information and arts events will take place and students will contribute to a 2005 Cool Communities calendar.

The Brighton Council is conducting several home energy audit workshops within its municipality to make people

aware of how they can save money and energy by simple changes to their lifestyle. They will engage the support of local schools and neighbourhood houses and will give incentives to households who participate in the monitoring of their energy use over the program.

The Master Plumbers Association is organising two Cool Communities-sponsored workshops on energy efficiency for their members during May following on from the successful water efficiency workshops held earlier this year.

The Cool Communities program, by supporting householders to reduce their energy and car use, aims to save an average of 1 tonne of greenhouse gases nationally by the end of June 2004.

Cool Communities is also pleased to announce that Margaret Steadman has joined the team part-time as Policy and Support Officer. Her role is to engage in national energy efficiency policy discussions and promote sustainable transport, energy efficiency and renewable energy technology policies within the state.

#### *Membership*

The Tasmanian Environment Centre Inc. is a not-for-profit, non-government

organisation that welcomes individual and organisational membership.

#### Annual Membership Fees

Single	\$25.00
Students/Pensioners	\$11.00
Family	\$30.00
Organisations	\$30.00
Library Membership	\$ 5.50

Membership of the Tasmanian Environment Centre provides:

- Subscription to the Link Up Newsletter:
- 10% discount on the sale of publications:
- Membership of the Environment Resource Library:
- The satisfaction of knowing that you are helping to promote environmental education in the community.

#### **Contact details:**

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## **ARTICLES REQUIRED**

The editors are seeking articles and news items for publication in the news 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](mailto:Gary.odonovan@utas.edu.au)  
or  
[Trevor.wilmshurst@utas.edu.au](mailto:Trevor.wilmshurst@utas.edu.au)