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EDITORIAL

Our thanks go to Kathy Gibson for her contributions to the development of social and environmental accounting in the Asia Pacific region. She has been associated with the *APCEA Journal* since its inception in 1996 and, indeed, before its formation as she edited the University of Tasmania's *Environmental Accountability Research Group Newsletter* which provided a pro form for the *APCEA Journal*. Kathy will step down from the Editorial Board in July.

This edition of *APCEA Journal* has two feature articles. The first article was written by Professor James Guthrie from *The University of Sydney*. James has a long history of involvement with social and environmental accounting research. His focus here is on the relevance of industry specific aspects of corporate social responsibility disclosures to external parties. A framework was constructed in relation to disclosures in the Australian food and beverage industry. Content analysis indicates two useful results: first, companies tended to report more about industry specific industry issues than on the issues raised by general systems of indicators such as the Global Reporting Initiative. Further studies of industry specific settings are merited on this basis. Second, the study finds that disclosure of corporate social responsibility information in websites is used more than such disclosure in annual reports.

The UK based Carbon Disclosures Project is discussed in *the second feature article*. Dr Jane Andrew from the University of Wollongong introduces this very timely topic related to one strategy for addressing carbon emissions and greenhouse gas accounting and reporting. Examination of data collected from Australia's top 100 companies and New Zealand's top 50 for The Australian and New Zealand Investor

Group on Climate Change (IGCC) reveals a range of problems that are being addressed,

to improve relevance and comparability of results.

Environmental Extra! the journal's regular column is followed by news of the forthcoming CSEAR Summer School to be held in Scotland and the EMAN – Global Conference in Pretoria, South Africa.

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Instructions for contributors

Articles should be submitted in a word document, *Times New Roman*, 12 point, single-spaced, 2 columns, attached to an email.

Feature articles are independently peer reviewed by members of the Editorial Board in accordance with the following requirements for classification as a C1 journal article in Australia: 'For the purposes of the HERDC, an acceptable peer review process is one that involves an assessment or review of the research publication in its entirety before publication by independent, qualified experts. Independent in this context means independent of the author.'

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SPECIFIC SOCIAL AND ENVIRONMENTAL REPORTING FOR THE AUSTRALIAN FOOD AND BEVERAGE INDUSTRY

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Abstract

Social and Environment (SE) reporting frameworks for examining the discharge of social and environmental accountabilities tend to be of a generalised nature and do not address industry-specific issues. This study attempts to address this limitation by developing an industry-specific corporate social reporting (CSR) framework for the Australian Food and Beverage Industry, and applies it, using content analysis, to the annual reports and corporate websites of a sample of companies. It finds that the companies reported more on industry-specific issues than CSR issues provided by the Global Reporting Initiative's 2002 Sustainability Guidelines (GRI, 2002). Further, this study finds that the companies tended to utilise corporate websites for their CSR reporting more so than annual reports, indicating the need for researchers to also consider corporate websites and other reporting media.

Keywords

Social and environment accounting, CSR reporting, Global Reporting Initiative, Australian Food and Beverage Industry, industry-specific corporate social reporting

Corporate social responsibility (CSR) policy and reporting requirements vary from industry to industry because social and environmental impacts vary greatly across industries. A recent study² (Guthrie,

Cuganesan and Ward, forthcoming) explored the social and environmental reporting of one industry, the Australian food and beverage industry.

The research

The motivation for the research was the widely acknowledged criticism that traditional financial reporting no longer provides a complete account of a firm's activities and the discharge of its accountabilities³. As companies seek to embrace the notion of sustainability, various alternative reporting frameworks were developed to take account of a corporation's social and environmental achievements as well as its financial results. However, these reporting frameworks are mostly of a general nature. The Global Reporting Initiative⁴ has recognized that 'a one-size-fits-all approach' is limited.

Previous studies have assessed the quantity and/or quality of voluntary CSR reporting by companies both within Australia and overseas, many of them criticising the reporting practices adopted¹. These studies have tended to focus on examining the extent and type of disclosures across and between industries. A case study of one industry is a useful exercise. Not only do social and environmental impacts vary greatly from industry to industry but corporate requirements, the needs of stakeholders and mandatory reporting requirements also differ. The social and environmental performance of a corporation cannot be properly assessed without consideration to the concerns and issues prevalent in that particular industry.

This research took the form of an empirical analysis of the issues specific to the Australian food and beverage industry. The researchers developed a framework, illustrated in Figure 1, based on the Global Reporting Initiative's Sustainability Reporting Guidelines⁴ supplemented with industry-specific items relevant to the industry. They drew these industry-specific items from a range of publicly available material, including indicators from the Reputex global social responsibility rating system, company annual reports, environmental and social reports, websites, government reports and media releases.

The framework was then applied to the annual reports of companies located in the Australian top 500 companies (ranked by market capitalization) as reported in the IBIS World (2004) in the *Business Review Weekly* in May 2004. Nineteen companies made up the sample and included two brewers, four distillers and vintners, one soft drink company, five packaged food companies and seven agricultural companies. For each company the latest annual report was collected and the sections of corporate websites relating to CSR issues were analyzed.

Figure 1: Food and Beverage Industry Specific Issues

Category	Element	Sub-element (where relevant)
Environment	Packaging management	
	Supply chain management of environmental issues	
Social	Animal welfare	
Product responsibility	Food safety	Product safety and quality controls on food safety
		Supply chain management and value chain
		Livestock and crop exotic diseases and pest control
	Customer health and well-being	Variety of products for consumer choice
		Healthy and low-fat product options
		Energy and nutritional labelling
		Food allergies and intolerances
		Cultural considerations
		Use of GM ingredients
		Health supplements and nutrition and benefits
		Organics
		Accurate labeling of sources of ingredients
		Use of fertilizers, chemicals and pesticides
	Responsible marketing	Low-alcohol content product options
		Appropriate labeling of alcohol products
Responsible promotion of products, engagement in consumer education, awareness raising of potential negative impacts of products		
	Signatory to codes and guidelines on responsible promotion of products	

However, over the past decade, many organisations have increasingly published their environmental and social information in separate environment and social reports. And with the advent of technology, organisations are increasingly making use of the Internet for posting social and environmental information. The relevance of the annual report as the primary avenue for reporting on sustainability issues has been called into question.

The findings

The research yielded some interesting results. The study found that the group of 19 companies reported more on industry-specific issues than general CSR issues and this is demonstrated in Table 1. This indicates that the companies recognise the importance of reporting on industry-specific issues and highlights the need for industry-specific CSR reporting guidelines. Only by developing industry-specific guidelines will

Table 1: Frequency of Disclosure

Category/element	Frequency of disclosure	
	GRI CSR Guidelines	Industry specific
Environmental performance	23.7	37
Social performance/society	20.5	0.3
Product responsibility	-	44.6
Total	44.2	81.9

Some researchers believe that all forms of data reaching the public domain can be considered part of the accountability-discharge activity of an organisation. This would include advertising, house magazines and press notices, for example, and means that ideally all communications by an organisation should be included in research of CSR reporting. However, for the purposes of this study, only annual reports and corporate websites were examined, due to the still emerging nature of these other means of communication and the impossibility of knowing whether all methods of communication had been included.

The industry

The researchers chose to focus on the Australian food and beverage industry because it is under increasing pressure to manage a number of contemporary social and environmental issues such as obesity, food safety, alcohol abuse and package management issues. While these issues are of specific concern to this industry, they are representative of the kinds of unique concerns that are faced by every industry.

it be possible to capture the issues unique to that industry. Social and environmental reporting will be more robust and useful when placed in this context.

For example, obesity and diet-related disease is an important issue facing the Australian food and beverage industry, with 60 percent of Australian men and 50 percent of Australian women being overweight. A recent study has found that obese adults have more chronic health problems than smokers, heavy drinkers or those living in poverty, and that obesity almost doubles the incidence of chronic health problems, compared to people of normal weight. Obesity is linked to not only a greater risk of illness such as heart and liver disease and various cancers, but more recently it has been linked to Type 2 diabetes. The health and obesity issue was ignited internationally when the *World Health Organisation* declared overweight and obesity a global epidemic in 2002.

Table 2: Category of Disclosure by Reporting Medium

Category/element	Frequency of disclosure		
	Annual Reports	Websites	Total
Environmental performance	27%	56%	45%
Social performance/society	14%	16%	15%
Product responsibility	26%	10%	16%

The obesity issue impacts the industry by putting it under pressure to produce healthier products (such as reduced energy, reduced fat, reduced salt and high-fibre foods), and to provide better nutritional labelling on food packaging.

The food industry has been working with governments as part of the industry's commitment to addressing this problem. It has accelerated the provision of foods lower in fat, salt and sugar so that consumers have a wider range of products they can choose from to follow a balanced diet. The industry has also committed to providing labelling on all packaged foods with information about energy and nutrient content. These pressures mean that the sample companies are likely to want to inform consumers about their performance on these issues. Surprisingly only two companies in the sample chose to report on these.

The finding also highlights the need for researchers examining for CSR disclosures to consider incorporating industry-specific items into their reporting frameworks. This study used a process for identifying industry-specific variables that is easily adaptable by other researchers (see, Guthrie,

¹This paper was presented to the *International Conference on Social and Environmental Accounting Research* (5th Australasian CSEAR Conference), 5th November 2006, Wellington, New Zealand.

² See, Guthrie, J. Cuganesan, S. and Ward, L. (forthcoming), 'Industry specific social and environmental reporting: The

Cuganesan and Ward, forthcoming, for more details).

Interestingly, the researchers also found that companies favored corporate websites for their CSR reporting over annual reports (see Table 2). This suggests that companies may use the annual report and the corporate website for reporting different types of information, and that using either reporting medium as a sole source of information may not provide the full picture of a company's CSR. Specifically, this analysis suggests that the annual report alone may provide only limited insights into environmental and social issues and that the corporate website may be a better source of some types of CSR information. This reinforces the notion that the Internet has become an increasingly important in corporate communication.

There is no doubt that CSR is likely to be a feature of contemporary corporate reporting. This research has provided some indication of the direction in which it may head, as its adoption becomes more widespread. The shape and medium of this kind of stakeholder communication is still in its infancy but its future is assured.

Australian food and beverage industry', *Accounting Forum*.

³ See, for example, Elkington, J. (1997), *Cannibals with Forks*, Capstone Publishing Ltd: United Kingdom; Gray, R. Bebbington, J. & Walters, D. (1993), *Accounting for the Environment*, Paul Chapman: London.

⁴ *Global Reporting Initiative* (GRI) (2002), *Sustainability Reporting Guidelines*, Global Reporting Initiative: Amsterdam.

⁵ See, for example, Gallhofer, S. & Haslam, J. (1997), 'The direction of green accounting policy: Critical reflections', *Accounting, Auditing and Accountability Journal*, 10 (2), pp. 148–74; Deegan, C. & Gordon, B. (1993), 'A study of the environmental disclosure practices of Australian corporations', paper presented at the *British Accounting Association*

Annual Conference, April, Glasgow; Deegan, C. & Rankin, M. (1996), 'Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firms prosecuted successfully by the *Environmental Protection Authority*', *Accounting, Auditing and Accountability*, 9 (2), pp. 52–69; Elkington, J. (1999), 'Triple bottom line reporting: Looking for balance', *Australian Accountant*, 69 (2), pp. 18–21.

THE CARBON DISCLOSURES PROJECT: ACCOUNTING INFORMATION BEYOND 2007

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Abstract

The carbon disclosures project is founded on a simple idea – if corporations are asked to disclose greenhouse gas related information, a number of benefits should ensue. Most importantly, firms will build greenhouse gas related strategies into their planning and it is hope this will have positive environmental outcomes. The project has grown significantly, and in 2007 firms have been asked specifically about their greenhouse gas accounting systems. Although, the results of this new information request haven't been published, this paper considers how this may help enhance the legitimacy of the information corporations are disclosing.

Introduction

Although climate change science has produced evidence of the effect carbon emissions have on atmospheric conditions since the 1970's, global strategizing on the issue has been incredibly difficult. In Australia, it has taken until 2006 for the government to prioritize climate change as one of the most significant challenges facing

policy makers nationally and internationally. Even so, Australia has continued to resist ratifying the Kyoto Protocol, instead insisting on its own national policies to address a global issue.

This is not to say that the Australian government hasn't been working on climate issues, in 1994, the Commonwealth Government announced the establishment of the National Greenhouse Advisory Panel (NGAP) foreshadowed in the National Greenhouse Response Strategy. During 1997 and 1998, the latter was revised, and the new National Greenhouse Strategy was released in November 1998. The Federal government also operates a Greenhouse Challenge and a Greenhouse Friendly Initiative, both of which are largely voluntary. In 2001 a Mandatory Renewable Energy Target was established, and although this target has been reached it has not been increased in the six years since its inception. State governments have stepped in to some extent, providing State based regulatory arrangements such as the NSW Greenhouse Gas Abatement Scheme.

However, the reluctance to address climate issues as part of a global community (let

alone a national one) has been the source of significant frustration, as has the limitations placed on global agreements that have sought a path that balances corporate, national, and global interests (the most current example of such policy making can be evidenced in the Australian Federal Government's policy *A Global Initiative on Forests and Climate*). Such frustration has contributed to the rise of initiatives and groups not bound by the political limitations of modern democratic processes. Many are developing alternative strategies to address climate issues.

This paper considers one such strategy, the Carbon Disclosures Project (CDP) which was launched in the London in December 2000 and is a special project of the Rockefeller Philanthropy Advisers. The project has subsequently grown and now collects vast amounts of data, yet there has been little academic research. Basically, the project facilitates institutional investor requests for carbon related information from large companies. The CDP group collates the data, providing it free of charge to the public through their website. The project is founded on the belief that calls for disclosure can influence corporate activity and that the increasing visibility of the information will influence investment decisions (the impact of environmental disclosures on behaviour is explored by Deegan and Rankin, 1996; Cormier and Gordon, 2001; Milne and Patten, 2002). The CDP4 Australia Report (2006, p.7) stated, "climate change can significantly impact investment value". In the longer term it is hoped that firms will become competitive carbon minimises as the importance of this information increases to institutional investors (www.cdproject.net). Such a position may be difficult to ensure without mandatory guidelines on carbon disclosures (Adams, 2004) but it is certainly raising the

profile of these issues on the investment agenda.

CDP information is collected on an annual basis, and each year more institutional investors are signing on to the request and more companies are providing the requested information. In the first request (known as CDP 1) which was made in 2002, 35 institutional investors collaborated to request carbon information from the FT500 largest companies and 45% of these companies answered the questionnaire in full (www.cdproject.net). The project has grown substantially and in 2007, the request for carbon disclosure information was signed by 280 institutional investors with assets of more than \$41 trillion and was sent to 2,400 companies. It is expected that at least half of these companies will respond to the questionnaire in full (www.cdproject.net).

In 2006, CDP4 provided information pertaining to different regions and a report was released that focused specifically on the carbon activities of firms in Australia and New Zealand. It has been known for some time that Australia has the highest greenhouse gas emissions per capita in the world. Australian firms know they are in the global greenhouse spotlight as they are a significant contributor to global warming and yet they operate without clear regulatory structures (such as the Kyoto Protocol; Wilkinson, 2007). In this context, the response to the CDP is interesting. Although Australian firms are aware of the importance of emissions related corporate information, the CDP reveals they appear unsure about how to strategize to minimize carbon and maximize the benefits that come from good greenhouse gas policies (CDP4, Australia Report, 2006).

The report notes the marked increase in interest in carbon information in the region, with 16 institutional investment groups, managing approximately \$195 billion in

funds joining the call for increased disclosure. The Australian and New Zealand Investor Group on Climate Change (IGCC) combined with the CDP to request climate change related information from Australia's top 100 companies and New Zealand's top 50. The results are interesting, with 94% of the respondents recognizing the potential for climate change related issues to impact on future earnings, liabilities or the company's risk profile (CDP4, Australian Report, 2006, p.8), yet only 9% of respondents have a formal greenhouse gas emission reduction target with articulated timelines and only 9% could provide quantified energy cost information. These results suggest that although Australian and New Zealand firms acknowledge the possibility of climate related impacts on their firm, they are a long way from implementing internal strategies and information systems that target these issues (CDP4, Australia Report, 2006, p.8).

CDP4 also produced a report on Asia (without Japan) indicating similar trends, whereby corporate leaders recognize the importance of climate change, they are struggling to integrate this into their business strategies and information systems. The report suggests that the regulatory context is even more exacerbated in this region because there is a lack of investor request for greenhouse related information and a lack of government regulation in regard to climate change. Within this region, Singapore is the only country to impose reduction targets.

Without a doubt, businesses must adopt carbon minimization strategies if our climate change responses are to be successful and although governments place some regulatory restrictions on firms, the CDP approach offers an additional market based disciplinary mechanism. In her support for the CDP, German Chancellor, Angela Merkel, argued that '[g]lobal climate-protection policy will only be successful,

however, when it is supported by business and industry. Here, the capital market is of great importance, and it is extremely important for investors to take account of climate change in their decision-making. This contributes to enhanced public perception of both the risks and the chances of climate protection.' (2006).

Although the project has garnered increasing international support, both in terms of the number of firms requesting information and the number of firms responding to this request, there are some significant problems that need to be addressed in order for the project to be as effective as possible. Most notably all information is based on 'self-reported, non-verifiable responses' and the information, although substantial, is 'not necessarily an accurate account of the company's actual carbon performance' (CDP, 2006, <http://www.cdproject.net/climateleaders2006.asp>). This is evidenced in the introduction to the questionnaire, where firms are requested to offer 'best guesses' if they are unable to provide exact figures. For instance, the CDP 5 questionnaire asks the respondents to "answer the questions as comprehensively as possible or state the reasons why you are unable to supply the information requested. If at this stage you can only provide indicative information we still welcome this, as a 'best guess' is more valuable to us than no response." (CDP 5 Questionnaire, 2007, <http://www.cdproject.net/questionnaire.asp>). There is sufficient evidence to suggest that without an independent verification of the information, corporations are unlikely to report information with the level of accuracy the project desires (Deegan and Rankin, 1996; Milne and Patten, 2002). It will be interesting to see if this emerges in the future.

This being said, the *Carbon Disclosure Project* has undergone substantial changes

in the way it collects and collates data. From 2007 onwards (CDP5) firms will be asked specifically about their greenhouse gas accounting systems for the six main greenhouse gases, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). This is a significant step beyond the requirements of previous questionnaires and reflects the increasing professionalism of the project. CDP5 asks detailed questions about how the firm is producing the information and guiding the respondents to a universal approach to the calculation of their emissions (via the greenhouse gas protocol produced by the World Business Council; see Sundin and Ranganathan, 2002).

Concluding comment

As a result, greenhouse gas accounting systems are providing one way to standardize the information, making it more reliable and comparable from year to year, sector to sector and within sectors. CDP5's new questions ask for specific information as to the methodology adopted by each firm in the emission measurement systems, requiring the firm to specify the accounting period, the measurement systems used, whether the information is verified externally and they are asked to explain any significant variations in their emissions from period to period. They are then asked to disclose their CO₂ emissions and electricity consumption using the standardized greenhouse gas protocol developed by the World Business Council for Sustainable Development. Finally, firms are asked about their indirect emissions, such as company travel and supply chain choice. This improved rigour should help to overcome some of the legitimacy issues that the project was facing and it will be interesting

to see how this impacts on the results for 2007.

This also presents an enormous opportunity for environmental accounting researchers to gain an insight into the types of information firms are generating, the quality of their costing data and not only their greenhouse gas estimates, but also the measurement systems they have adopted to create these estimates. As stated earlier the carbon disclosure index has come under little academic scrutiny, and from 2007 onwards it will be of significant interest to environmental accounting researchers.

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ENVIRONMENT EXTRA!

Institute of Chartered Accountants in Australia abandon triple bottom line SIG

The TBL SIG has existed in various forms since 1995 and has played an integral role in promoting the Institute's triple bottom line agenda.

Initially established as the *Environmental Accounting Task Force*, the TBL SIG raised awareness of environmental reporting amongst Institute members at a time when environmental reporting was in its embryonic stages, and was responsible for the release of two significant research reports: *Corporate Reporting: The Green Gap* and *The Impact of Environmental Matters on the Accountancy Profession*.

In recent years, the level of member interest in the group has declined and current subscriber numbers are insufficient to sustain the group's continued existence.

The decision to disband the group reflects the Institute's new strategic direction in regards to non-financial reporting; that is, broad based business reporting (BBBR).

BBBR encompasses all issues formerly addressed by the TBL SIG, as well as

emergent forms of non-financial reporting, such as extended performance reporting and GAAP-based financial reporting.

To raise the level of awareness amongst members on the various frameworks of emergent extended financial reporting, the Institute has produced a series of publications to educate members on the trends and new directions of extended corporate reporting.

These publications included:

Extended performance reporting – An overview of techniques by Professor Wai Fong Chua, UNSW, examining intangible asset reporting & corporate social reporting.

GAAP-based financial reporting – measurement of business performance by Professor Stephen Taylor UNSW, exploring financial reporting and elements of business reporting.

In line with the gravitas the Institute awards to the issue of BBBR, all Institute members will be made aware of initiatives and developments regarding non-financial reporting.

As such, there will no longer be a special interest group, but rather the entire Institute membership base will be involved. In addition, any communication regarding BBBR will be made available to all members via e-Bulletin newsletters, the Institute website, conferences and dedicated leadership projects.

The Institute expresses its gratitude to all who have contributed to the TBL SIG and looks forward to members' valued support of broad based business reporting initiatives in the future.

Further information

Should you wish to speak to the Institute regarding the changes outlined which take effect from 1 July 2007, please feel free to contact Lily Shin, Manager, Member Specialisation at the Institute
lily@icaa.org.au

Poor showing for company sustainability disclosure

Carlos Martinez
Friday, 4 May 2007

Source *WME Environmental Management NewsLetter*

Australian companies need a kick in the backside when it comes to sustainability reporting and disclosures, with a study on the quality of local reporting giving the ASX 50 companies an average of just 21%. Some 15 companies scored nothing at all.

The report released today by ACCA Australia/NZ and the Net Balance Foundation revealed a few exceptions to the negative trend, with Rio Tinto and AGL receiving 92% and 85% respectively.

However, they were the only companies in the ASX top 10 to score more than 75%, suggesting there is significant progress to be made on climate change disclosures for the

majority of the companies included in the research.

'Although there were some high quality disclosures on climate change from a few companies, there is significant scope for improvement,' a report summary stated.

'Areas of reporting that were particularly weak were the limited application of the energy-related (Global Reporting Initiative) indicators in reporting, lack of reference to GHG reporting protocols and failure to identify senior members of staff or committees with responsibility for climate change.'

Some 18 companies included emissions data spanning 2-3 years or more, but only 12 of these went on to explain any trends that occurred over time, either positive or negative. Nine of the companies publicly reporting their emissions data had the information externally assured.

Just five referred to all the relevant energy indicators in the GRI Guidelines.

Rio Tinto's score was attributed to specific disclosures outlining the development and implementation of the company's own Product Stewardship Action Plan in association with Japanese customers. As well as completing a study on its Japanese customers and their possible policy responses to climate change.

AGL energy's report explains how the company both generates and purchases electricity from renewable sources including wind, hydro, solar and landfill gas. In addition, it purchases renewable energy from a number of other generators through power purchase contract.

The highest scoring companies were from a variety of different sectors, including mining and resources, banking and finance,

insurance, energy and building and construction. The energy sector was best placed across the board with an average of 73%.

The criteria that companies were assessed against in this study were divided into three different sections:

- Governance and Management, which considered structures in place within the organisation to manage and mitigate climate change;
- Data and Indicators, which focused on disclosure of KPIs relating to climate change and an explanation of any trends in performance; and
- Performance and Transformational Initiatives, which examined whether the company has any initiatives in place to increase energy efficiency and reduce emissions from its products and services.

States set mid-2008 deadline for greenhouse reporting

Source: WME *Environmental management News* Friday, 11 May 2007

The states set a deadline for a national energy and greenhouse gas reporting system. If there's no agreement by July next year they'll require it to be included in the *National Pollutant Inventory* (NPI). A draft variation in the NPI regulations released this week for comment reveals organisations emitting over 25,000 tonnes of greenhouse gases a year would have to report.

Development of a national reporting scheme has been slow. In July 2006, COAG agreed a system was required and resolved to work towards purpose-built legislation by December. It failed to emerge and the next meeting in April again simply agreed to establish a mandatory greenhouse gas emissions and energy reporting system

But the detailed design is to be settled after the Prime Minister's task group on emissions

trading reports at the end of May, with Canberra keen to establish a separate reporting scheme. The states are getting frustrated, with EPA Victoria previously telling EMN this could not be in place before 2009.

Now, the *National Environment Protection Council* (NEPC) Committee, with the Commonwealth dissenting, has called for a report on including greenhouse gas emissions reporting in the proposed variation to the NPI *National Environmental Protection Measure* (NEPM).

A draft was released for a short, sharp comment period, with the final report to be considered at the next NEPC meeting next month.

'Previous submissions varied widely in their preference for thresholds for greenhouse gas reporting from 1kt to 125kt of CO₂-e,' said the draft.

There was general support for a company-based approach as opposed to facilities only. The issue of aggregation of reporting for smaller sites (who collectively trigger the company threshold) was also raised.

'It was decided to retain the original proposal's threshold design of 25kt CO₂-e or 100TJ energy.'

An additional facility threshold of 5,000 tonnes of CO₂-e (20TJ) has been included to allow aggregation of facilities below this level for reporting, where they are collectively captured by the company threshold.

It also proposes that the reporting boundaries will not be restricted to emissions from sites, but extended to transport fleets and off-site sources of electrical, steam, heating or cooling energy. Reports would be publicly disclosed by March 31, 2010.

The NEPC said regardless of timing, if a Commonwealth-based scheme is created it will supersede the NPI scheme.

‘Council intends that, should a more comprehensive national scheme of greenhouse gas emissions and energy reporting come into force, the greenhouse gas and energy reporting obligations established in this Measure will be repealed,’ the NEPC said in the document.

Financial Accounting Standards Board meets with Accounting Standards Board of Japan to discuss global convergence

Norwalk, CT, 6 June 2007

Board and staff members of the Financial Accounting Standards Board (FASB) recently traveled to Tokyo to meet with representatives of the Accounting Standards Board of Japan (ASBJ). Led by Robert H. Herz, Chairman of the FASB, and Ikuo Nishikawa, Chairman of the ASBJ, the meeting was the third in a series of discussions between FASB and ASBJ designed to enhance dialogue between the two Boards in their shared pursuit of global convergence of accounting standards.

Convergence—the development of a common set of high-quality accounting standards for both domestic and international use—has been a major initiative of the FASB and ASBJ. Working in partnership with the International Accounting Standards Board (IASB), the organizations believe that common global financial reporting across the major business and capital markets of the world is a critical component in providing credible, comparable, conceptually sound, and usable financial information.

As part of the meeting, representatives of the ASBJ reported on the current status of ASBJ’s projects, focusing on the goals of the projects and providing analyses of

differences between U.S. GAAP, IFRSs, and Japanese GAAP. In the update, short-term convergence projects as well as other major projects, including segment reporting, intangible assets, and special purpose entities, were discussed.

Representatives of the FASB reported on their current projects, which include employers’ accounting for postretirement benefits (including pensions); financial statement presentation; financial instruments at fair value; leases; and financial instruments: liabilities and equity. The FASB also provided an update on its conceptual framework project, focusing on the re-deliberations of the Preliminary Views, *Conceptual Framework for Financial Reporting: Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information*.

In addition, representatives of both Boards exchanged their views on the current status of their work on the following projects:

- Measurement in the conceptual framework
- Liabilities and equity
- Business combinations
- Post retirement benefits

Representatives of both Boards agreed that their ongoing discussions are useful in promoting mutual understanding that will contribute to subsequent deliberations at their respective Boards and to their respective convergence projects with the IASB. They agreed that both Boards would continue to exchange views on longer-term issues and current concerns.

Robert H. Herz, Chairman of the FASB stated, ‘Our meetings with the ASBJ are a valuable platform for both Boards to discuss important issues related to convergence. They provide great perspective and insight on the accounting and financial reporting

issues most critical to the global stage and enable each Board to share thoughts and views on how to best address them. We look forward to continuing to work with the ASBJ and remain committed to our overall pursuit of global convergence.’

Ikuo Nishikawa, Chairman of the ASBJ stated, ‘We are grateful to the FASB representatives for their cooperation and great results in our periodical meetings. I believe that our meetings are productive and will be of great significance in contributing not only to the development of accounting standards in Japan but also to the global convergence of accounting standards. The ASBJ and the FASB will continue to work together to achieve global convergence by collaborating with the IASB.’

Ed: Any openings here for embedding social and environmental issues into the discussions, given that Japan has a number of standards in the area?

U.S. Financial Accounting Standards Board

Since 1973, the U.S. Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting in the United States. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors, and others rely on credible, transparent, and comparable financial information. For more information about the FASB, visit its website at www.fasb.org.

Accounting Standards Board of Japan

The Accounting Standards Board of Japan (ASBJ) was established in July 2001 as a private-sector organization. Accounting standards developed by the ASBJ are to be authorized by the Financial Services Agency as part of generally accepted accounting principles. The ASBJ develops accounting standards and implementation guidance that appropriately reflect the environment in which business enterprises operate. The ASBJ also communicates with corresponding organizations abroad and contributes to the development of global accounting standards. For more information about the ASBJ, visit its website at www.asb.or.jp/index_e.php.

European Commission Annual Environment Policy Review 2006

The annual Environment Policy Review (EPR) highlights the main developments in environment policy at European Union (EU) and Member States level over the last year, it highlights recent findings and environmental trends and indicates the main issues to come up over the next year.

The EPR serves to monitor progress towards the EU’s key environmental goals, as set out in the 6th Environment Action Programme. The EPR also provides information on environmental issues for discussion at the European Council.

The 2006 Environment Policy Review shows that 2006 was a very active year for environment policy. It highlights the political prominence of the fight against climate change with the EU Emissions Trading Scheme being a clear proof of the EU’s commitment to reach its Kyoto target. But climate change is not the only environmental problem we are facing. There are several other environmental problems that often have a direct impact on the health of citizens. In 2006, the EU made progress

in tackling many of these, notably through the adoption of the last of the Commission's seven Thematic Strategies (soil protection, the urban environment, and pesticides). Also the EU Sustainable Development Strategy was renewed in 2006 and it confirms the commitment to put all EU policies on a more sustainable path. The ambitious Biodiversity Communication showed that curtailing the loss of biodiversity is another EU priority. It includes an Action Plan that proposes specific measures to conserve biodiversity in the EU and to meet the international commitment to reduce biodiversity loss worldwide. In December 2006, a major step was taken when the new chemicals regulation REACH (Regulation on the registration, evaluation, authorisation and restrictions of chemicals) was adopted. The regulation will require the registration of some 30 000 chemical substances in use today. It is expected that the most dangerous ones will be progressively phased out and replaced by safer substances.

Source and further information: Europa
<http://ec.europa.eu/environment/policyreview.htm>.

Shareholders push social and environmental issues to the forefront
(extract)

www.SocialFunds.com, 13 June 2007

With weeks still left in the US proxy season, the 2007 season is on track to set new record highs for the number of social and environmental resolutions in front of shareholders. As of the end of May, there were 359 social and environmental resolutions proposed, reports the Social Investment Forum ([SIF](#)), the national association for the social investment industry. SIF used data supplied from Institutional Shareholder Services ([ISS](#)).

Four themes dominate the socially responsible resolutions: the environment,

political giving, executive compensation and sustainability reporting. Sustainability reporting has already seen a 100% increase with shareholders asking companies to increase their sustainability reporting with 40 resolutions already filed, as compared to only 20 similar resolutions in 2006. Shareholders are also concerned about how corporations are spending their money in the political arena and are demanding clearer disclosure of political contributions and trade association ties. Climate change leads environmental resolutions, with 79 companies already facing votes on this issue. Sixty resolutions on executive compensation have already been in front of shareholders.

Echoing the concerns of people all over the world on the changing climate, shareholder at US companies are concerned if the companies they invest with are considering the risks climate change poses. As of 30 May, 39 climate change proposals had been filed. Climate change resolutions include a number of different tacks including asking companies to reduce their greenhouse gas emissions, report on their climate change strategies, and invest in renewable energy.

[Ceres](#), a non-profit coalition of investors and environmental groups that works to address sustainability issues, points to some of the major highlights on climate change resolutions this year. ExxonMobil saw a 31% vote on climate change issues this year, while its competitor ConocoPhillips announced that it was joining the US Climate Action Partnership and is also funding a \$22.5 million research program at Iowa State University that will help develop biofuel technologies. The vote at another energy provider, Allegheny, showed a 39% support of its climate resolution. Ceres also noted that Wells Fargo agreed, after its proxy statement had been printed, do a climate assessment in three key sectors of its lending portfolio and to share findings with the proponents.

Forty resolutions have been filed this year asking companies to create sustainability reports. Yet less than half of the proposals filed will be voted on, the SIF reports, as filers and companies have reached agreements. Many of the resolutions ask the company to use reporting standards created by the [Global Reporting Initiative](#).

Another issue that bridges the environmental, sustainability and social are the proposals that ask companies to address the toxic chemicals found in their products or used to make their products,

‘The nearly 45% vote at Hasbro on a sustainability report, based on our concern about polyvinyl chloride, was the second highest vote ever recorded for a sustainability resolution opposed by management,’ said Dr. Richard A. Liroff, Executive Director, of the *Investor Environmental Health Network* ([IEHN](#)) IEHN is a group of investment managers that work with their portfolio companies concerning the toxic chemicals in their products.

Liroff continued, ‘Equally noteworthy, however, are the votes that didn't occur

because resolutions were withdrawn at companies that either made firm public commitments to act, like Apple on PVC and brominated flame retardants or were willing to begin conversations with filers on safer chemicals policies, like Sears on PVC, Mohawk Industries on PVC and PFOA, and CVS on cosmetics.’

Liroff pointed to several companies that are working on developing best practices around toxic chemical reporting and sustainability. SC Johnson's Greenlist program works to systematically reduce the toxicity of chemicals in SC Johnson products and reports that thus far it has made progress towards its goal, and the progress is cost-neutral.

‘Nike's *Considered Chemistry* program, part of its *Considered Design* program, has also shown important progress,’ Liroff said. ‘Wal-Mart's *Preferred Substances Policy* offers great potential, but still hasn't produced the critically important *chemicals scorecard* to guide suppliers towards safer chemicals use,’ he added.

FORTHCOMING CONFERENCE

CSEAR SUMMER SCHOOL 2008

19th International Congress on Social and Environmental Accounting Research CSEAR Summer School

**Sponsored by the ACCA
3–5 September 2007
School of Management
University of St Andrews, Scotland**

REGISTRATION LEAFLET

The Centre for Social and Environmental Accounting Research (CSEAR) has held an annual conference (often referred to as the ‘Summer School’) for well over a decade. The next UK *School* will be held in September 2007 in St Andrews, at the School of Management for the plenary and workshop sessions and New Hall for the residential accommodation.

Who should attend?

The Conference is normally a deliberately informal gathering of researchers, teachers, students and practitioners concerned with social and environmental accounting, teaching and research in the very widest sense. Normally limited to a maximum of 50 delegates, the emphasis is on a high level of interaction, discussion and debate in a friendly, supportive and relaxed atmosphere. Attendees include academics, practitioners and doctoral students at all levels of experience, from all over the world and involved with all aspects of social, environmental and sustainability accounting, reporting, theory and practice. Delegates typically get the chance to ask about and discuss their own specific concerns.

Proposed Timetable

Sunday 2nd September 2007

Accommodation is available for the evening of Sunday 2nd September 2007 at New Hall if required by delegates – please see Registration Form. (Accommodation is also available for longer periods before and after the conference, as well as for accompanying partners, contact us for further details)

All delegates arriving on the Sunday usually meet for dinner at a restaurant in St Andrews. An evening meal at New Hall is available if required for delegates. Day delegates are also invited to this pre-conference dinner.

Monday 3rd September 2007 AM Research Methods Workshop Registration available from 9.00am

The conference will open with a half-day Research Methods Workshop. This normally comprises a combination of lectures and small group sessions covering all aspects of the research and publication process and is directed principally at beginner researchers.

Monday 3rd September 2007 pm: Parallel Workshops

Call for papers for parallel workshops

Parallel workshops are small group sessions at which attendees present their current work in progress. Presentations range from completed research papers to ideas which are still at the development stage. All workshops will be lively and interactive.

Offers of presentations and papers are now being sought so please contact the CSEAR office, by e-mail. We will be organizing and finalizing the Conference program over the next few weeks, and further information about presentations, which is required by delegates, will be available later. Some titles of papers offered so far are:

- Socio-environmental performance in Brazil
- Corporate social reporting in developing countries: The case of Argentina
- Beyond the niceties of corporate social and environmental reporting: A proposed bold supplementary report
- Social accountability of NGOs
- Corporate disclosure of greenhouse gas emissions-A UK study
- The symbolic violence of CSR: The destruction of ethics?
- The sustainability reporting of municipalities? A fad, mimicry or true development?
- Companies that swim against the tide?
- The use of environmental information: From an internal to an external perspective
- The connections between corporate governance and CSR reporting in Fortune Global Index companies?
- Review of full cost accounting literature
- Governing the transition to a sustainable Scotland: Evaluating the role of sustainable development indicators
- An assessment of the extent of awareness and protection measures of environmental costs in the Nigerian oil and gas industry

- An in-depth study of a leading Irish social and environmental reporter

(Some delegates have offered papers, but details of the title are still awaited.)

Tuesday 4th September AM
Plenary Sessions and Parallel
Workshops

Further parallel workshops will be held on Tuesday, plus a plenary session. Professor Nola Buhr, of the University of Saskatchewan, Canada has agreed to present one of the plenary presentations entitled, *Ideology, the environment and one world-view: A discourse analysis of Noranda's environmental and sustainable development report.*

Wednesday 5th September AM
Practitioners' Forum

How much?

The full conference fee will be UK£270 for CSEAR members (UK£320 for non-members). This charge covers the cost of the conference, meals and refreshments including single en-suite accommodation on Monday and Tuesday evenings, plus meals and refreshments until 2pm on Friday. (All accommodation is available in en-suite rooms.) Please note that the conference fee does not cover Bed and Breakfast accommodation for the Sunday evening – this requires additional booking. Double rooms/Family rooms are also available – please contact the CSEAR office for further details.

ACCA Bursaries for attendance by PhD students

The Association of Chartered Certified Accountants has provided additional conference sponsorship, and as a result we are able to offer a limited number of bursaries primarily for full-time PhD students. Bursaries will enable a further large discount from the registration fee. Complete the registration form and provide

additional information explaining why you are a deserving case, and return to the CSEAR office. Please note the discount relates to the cost of the conference not travelling expenses, and is available only to deserving cases who are also CSEAR members.

Further information

CSEAR is based at the School of Management, St Andrews University, Scotland. More details at <http://www.st-andrews.ac.uk/management/csear>

EMAN GLOBAL Conference

Final call for papers

The *Environmental Management Accounting Network* (EMAN) Africa in partnership with the Tshwane University of Technology's Environmental and Sustainability Management Accounting Research Niche Area will host the 1st EMAN-Global Conference from Wednesday 24 to Friday 26 October 2007 at the Tshwane University of Technology (TUT) Prestige Auditorium, Tshwane (Pretoria), South Africa.

Keynote speakers will include:

Professor Stefan Schaltegger, Chair of Corporate Environmental Management, *University of Lüneburg*, Germany. He is the chairperson of EMAN-Global and EMAN-Europe and editor of many journals and serves on the board of many organizations.

Mr. Tarcisio Alvarez-Rivero Works for the *Division for Sustainable Development* of the United Nations' *Department of Economic and Social Affairs* (DSD/UNDESA). He was the driver of the development of EMA at the UN and led the *UN EMA Expert Working Group* from 1999 to 2005.

Professor Roger Burritt is Professor in Accounting, *School of Commerce, University of South Australia*, Adelaide, South Australia. He is a Fellow of CPA

Australia, CMA and an Associate of the *Chartered Institute of Accountants* in Australia.

Dr Christine Jasch is Director of the *Austrian Institute for Environmental Management & Economics*, Vienna. She is the co-author of many EMA publications of the UN and the *International Federation of Accountants* (IFAC) international guidance document on EMA.

Professor Don Huisingh is a senior scientist in *Sustainable Development in the Center for Clean Products and Clean Technologies*, at the *University of Tennessee* in Knoxville, U.S.A. He is the founder and Editor-in-Chief of the *Journal of Cleaner Production*.

The keynote speeches will revolve around the integration of environmental management accounting with other environmental tools in support of sustainable development.

Conference theme:

Integrated Environmental Management Accounting (EMA) for Sustainable Development

Call for abstracts, papers, and Power Point presentations

The following deadlines apply

Submission of abstracts and papers
30 June 2007

Notice of acceptance of abstract and papers
30 July 2007

Submission of final papers
30 Aug 2007

Submission of PowerPoint presentations
10 Oct 2007

Further information available at the EMAN web site <http://www.eman-af.net/content/view/30/17>.